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Chapter four Corporate Management and Institutional Reforms

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During the year under review, the Bank Group continued to steadfastly implement its institutional reforms in order to improve its corporate performance, the quality of its operations, and its development effectiveness. The Bank also pursued its path of becoming the premier development institution for the continent, a center of excellence for knowledge and research, and the preeminent voice on Africa's development issues. This chapter presents the program of the Bank in the various functional areas toward realizing these strategic objectives.

INSTITUTIONAL REFORMS

The Bank has made sound progress in all areas of institutional reform established under the 2007 core reform agenda. The implementation of these reforms in 2010 has achieved the following: (i) improved coordination and enhanced monitoring and management of corporate performance; (ii) enhanced operational effectiveness by fine-tuning the Bank's organizational structure and strengthening its field offices (FOs); and (iii) streamlining the budget reform process by further decentralizing budget management.

Improved Coordination and Corporate Performance

The position of the Chief Operating Officer (COO), and the strengthening of the Senior Management Coordination Committee (SMCC) are central to the Bank's overall coherence, coordination, and optimal effectiveness. It has helped to align resources to strategic priorities and has enhanced the monitoring and management of corporate performance. The SMCC ensures that the Bank Group's corporate functions operate with optimal efficiency and effectiveness, and in arbitrating cross-Complex resource allocations in line with strategic priorities. The Committee also leads the review of corporate strategies, policies, procedures, and guidelines throughout the Bank Group. In this way, the SMCC has become an important forum for information sharing amongst Senior Management, as well as for performance monitoring, consensus building, and coordination. One of the key initiatives coordinated by the SMCC

in 2010 was the Review of the Bank's Risk Management Framework.

Key priorities for the COO Office include coordinating the effective implementation and sustained focus of the institutional reforms confirmed by the Board of Governors in 2010, as captured through the ADF-12 and GCI-VI Commitment Matrixes.

Following recommendations made by the Task Force on assessing the effectiveness of the operations review and approval process, Management took action in 2010 to strengthen the functions of the Operations Committee (OpsCom). OpsCom was established in 2006 and oversees operations review and approvals processes to sharpen the strategic selectivity of the Bank Group's operations. The Bank bolstered the capacity of the OpsCom Secretariat through the appointment of a Director, while increasing its allocation of high-caliber staff. OpsCom has also stepped up its efforts to ensure quality-at-entry in operations, including increased alignment of its guidance with Board decisions and recommendations, and by strengthening the upstream peer review and country team structures.

Budget Reforms

In January 2010, the Bank launched the Unit of Account (UA) Budgeting System, which is a key component of Phase II of the ongoing budget reforms. UA Budgeting has further decentralized budget management, as the responsibility for managing financial resources is delegated to Managers, who are empow-

ered to make decisions geared toward achieving results.

With the advent of UA Budgeting, the Bank discontinued Staff Headcount Control. However, as compensating controls, the Bank introduced a more rigorous staff planning process and established Fixed Cost Ratios (FCRs). The Annual Staff Plans and the FCRs are intended to strengthen the alignment of staff numbers, skills, experiences, grade levels, and profiles to Work Program needs, while containing costs. The new system has empowered Managers and facilitates holding them accountable whilst maintaining an appropriate level of control by Senior Management.

Decentralization

The Bank continues its decentralization exercise by hosting well-staffed, fully equipped, and effective field offices. At year-end 2010, the Bank had signed Host Country Agreements for its targeted 26 field offices, of which 23 are fully equipped and functioning, with differing levels of staffing mix. A comprehensive revision of the Delegation of Authority Matrix was carried out in 2010; this has subsequently empowered field offices with the authority to negotiate, sign and administer loans, manage portfolios, supervise projects, and dialogue with RMCs and partners. To reaffirm its commitment and deepen the benefits to be garnered from the decentralization process, the Bank is fine-tuning its implementation plan through a Decentralization Roadmap, to be approved in 2011. The objectives

Table 4.1
KPIs for Institutional Effectiveness in 2010

Key Performance Indicators (KPIs)	Unit	2009	Dec. 2010	2010 Target	Progress	Overview
I- Human Resources						
Gender Balance Index (PL staff)	%	26	27	27	✓	The trend on Gender Balance Index continues to be positive. Decentralization of PL Staff has to be accelerated.
Field Based PL Staff †	%	27	26	30	+	
II- Portfolio Management and Process Efficiency						
<i>Disbursements</i>						
Bank Group Disbursement Ratio (Investment only)	%	28	19	30		Performance on disbursement ratios, in general, slowed down. Internal processes are under review to identify areas for further improvements.
ADB Public Disbursement Ratio		32	20	20	✓	
ADB Private Disbursement Ratio*		67	34	50	+	
ADF Disbursement Ratio		18	17	20	+	
Projects at Risk	%	31	34	40	✓	The supervision activities on Bank operations have increased, leading to a discernible positive impact on portfolio quality.
Operations Supervised Twice per Year	%	58	62	40	✓	
Timely PCR Coverage (exiting project with PCR in 12 months)	%	91	91	75	✓	
Impaired Loan Ratio	%	1.34	0.76	<5	✓	
Weighted Average Risk Rating (WARR) (non-sovereign Only)	Score				✓	
Elapsed Time between Approval and First Disbursement	Months	11.01	12.04	12	✓	
III-Operational Deliverables						
Knowledge Management Products						
Country Strategy Papers (CSPs)	Number	26	23	25	✓	All planned products were at final preparation stage at the end of 2010.
Country Portfolio Reviews (CPRs)	Number	21	14	22	+	
Formal Economic & Sector Work (ESW) pieces	Number	60	62	42	✓	

Source: AfDB Programming and Budget Department (COBS)

Notes:

✓ Progress is satisfactory

⊕ Progress is unsatisfactory

† Expressed as a percentage of Operational PL Staff

* Private Sector Disbursement Indicators are calculated exclusively with data extracted from SAP

of the Roadmap are to enhance services to clients in RMCs, based on three pillars: (i) to strengthen existing field offices by increasing their responsibility for portfolio management and implementation as well as for expanded analytical work to support policy dialogue; (ii) to expand the Bank's presence in fragile states to enhance portfolio management and address weak government capacity; and (iii) to consolidate regional capacity by establishing five Regional Service Centers. The ultimate goal is to improve the Bank Group's portfolio, strengthen analytical work, and provide clients with assistance tailored to their specific needs.

Operations Business Processes

As part of the ongoing enhancements to its operations business processes, the Bank undertook an organizational fine-tuning exercise in 2010, to set up and strengthen those units responsible for sharpening the Bank's strategic focus, reinforcing its mandate, and directing its Managing for Results agenda. The fine-tuning exercise included: establishing the Energy, Environment and Climate Change (ONEC) department and the new Strategy Office (STRG) within the Presidency, as well as placing the Quality Assurance and Results (ORQR) department within the oversight of the COO.

The fine-tuning exercise, together with the decentralization process, led to considerable improvements in a number of the Bank Group's Key Performance Indicators (KPIs) for 2010 (see Table 4.1). These include: (i) improved portfolio management, supervision, procurement, financial management, and portfolio quality; (ii) enhanced dialogue with RMCs and closer coordination with other development partners in line with the commitments of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action; and (iii) timeliness in the delivery of some key knowledge products such as Country Strategy Papers and ESW. But certain slippages in the KPIs

have raised some concerns such as the slow disbursement rates, and the need to accelerate field-based professional (PL) staff levels. In this connection, the internal business processes continue to be under review to identify the constraints that need to be addressed and areas for further improvements.

Strengthening Risk Management Capacity

On the basis of the growing volume of private sector operations in both ADB and ADF countries, and following the Sixth General Capital Increase (GCI-VI), the Bank has made the strengthening of its risk management capacity a key priority. Accordingly, the Bank is taking steps to mainstream risk management in its operations in a systematic and holistic way. During the year, the Bank took the first significant step toward developing the Bank Enterprise Risk Management Framework. The goal is to reinforce the Bank's risk governance structure for the credit approval process and operations risks as the size of its portfolio grows and the share of private sector operations increases.

COMPLIANCE REVIEW AND MEDIATION

The Bank Group established the Independent Review Mechanism (IRM) to promote accountability in its operations. IRM is mandated to examine complaints from parties adversely affected by any Bank-financed operations and to effect appropriate remedy through compliance review or mediation. The review examines whether, as a result of non-compliance with the Bank's policies and procedures, harm has been inflicted on people and/or the environment. It recommends remedies that the Bank can carry out through improvements to the projects that are the subject of complaint, as well as in its internal systems and procedures. Mediation facilitates dialogue among the requestors, the Bank and any other interested parties to find agreeable solutions to complainants' grievances.

Following the 2009/2010 IRM structure and process review, the Boards of Directors approved key amendments to the IRM Rules. The amended Rules enhance the independence of the mechanism by providing:

- that the Director of the Unit administering the IRM be appointed by the President with concurrence by the Boards;
- that the Compliance Review Panels comprise the three IRM Experts appointed by the Boards for a non-renewable term of five years;
- facilitation of accessibility to the IRM by permitting complainants to submit their requests to the mechanism by any means at their disposal;
- enhanced effectiveness of the review process by providing Bank Management with the opportunity to submit a response action plan to address the instances of noncompliance and mitigate the inflicted harm.

Two new complaints were received in 2010. The first relates to the Marrakech-Agadir Highway Project in Morocco, concerning compensation of damages caused to farm land, houses, and access to land and water. This complaint is being handled through a problem-solving exercise. The second complaint relates to the Medupi Power Project in South Africa and concerns climate, environmental, social, and procurement issues. This was registered for compliance review.

With respect to complaints submitted to the IRM in previous years, the Bujagali Hydropower and Interconnection Projects in Uganda continue to be subject to IRM monitoring. On the two complaints received about the Gibe III Hydropower Project in Ethiopia, the concern over the negative impact on Lake Turkana and on livelihoods of people living alongside the Lake was handled through problem-solving. The case concerning Gibe III's impact on the Omo River basin in Ethiopia and on procurement issues was registered for compliance review, however, it

has been closed, as the Bank is no longer financing the project. Similarly, the case regarding the Combined Cycle Power Plant Project in Egypt has been closed owing to the relocation of the project.

In 2010, the Bank organized subregional workshops and community sessions and participated in internal seminars, national workshops, and regional training programs to raise awareness of the IRM. Full information about the IRM, including functions, activities, and registered complaints, are posted on the Bank website (www.afdb.org/irm).

EVALUATION OF OPERATIONS

A wide range of evaluation activities was carried out in 2010. A major independent evaluation of the Bank's system of operations supervision concluded that it needed to be overhauled. These recommendations were taken up by Management in a program of reforms. Other major evaluations were initiated during 2010 and the reports on them will be published in early 2011. These include evaluations on the Bank's policy-based operations, its assistance to fragile states, and its implementation of the Paris Declaration.

In 2010 the Bank, jointly with other major donors, completed a quantitative review of donor assistance to public financial management in Africa. Project evaluations covering operations in the energy, transportation, and water subsectors, natural resources management, and institutional capacity development were also completed.

The Operations Evaluation Department also undertook several reviews. These included synthesis studies of lessons learned from Project Completion Reports (PCRs) and Expanded Supervision Reports (XSRs) for private sector operations, and a global review of evaluation evidence on gender mainstreaming. A summary of these reviews is presented in

Chapter 2 in the section on “Knowledge Development from Operational Activities.”

The department also organized seminars and workshops to enhance evaluation capacity. For instance, a training session was given to Bank staff on the evaluation of private sector operations. Furthermore, the Bank lent its support to an evaluation seminar for stakeholders in Morocco’s water sector and it developed exchange programs with development partners such as the Islamic Development Bank (IsDB). The Bank is also supporting a global program to establish regional Centers for Learning on Evaluation and Results (CLEAR), which firmly adheres to the institution’s focus on knowledge development and establishing regional centers of excellence in evaluation.

INTERNAL AUDIT

In accordance with its mandate, the Internal Audit Department provides independent and objective assurance, advisory, and consulting services for the Bank Group operations, finance, and corporate administrative activities. By so doing, reasonable assurance is given to the Board and Senior Management that the internal resources of the Bank and those allocated to operational activities are being appropriately safeguarded and efficiently and effectively utilized, in line with the Bank’s objectives and in compliance with relevant regulations and policies. The department adopts a methodology of identifying essential, auditable activities of the Bank, assessing the attendant risks, and determining the frequency with which such activities are to be audited. The department’s Annual Work Program provides reasonable assurance to the Board and Management of meeting Internal Audit responsibilities within the constraints of the available resources.

Internal Audit maintains a quality assurance program consisting, among others,

of internal and external quality assessments. External quality assessment is conducted every five years. In November 2010, an external quality assessment was carried out by the Institute of Internal Auditors, which resulted in the Bank’s Internal Audit being awarded the Institute’s highest rating. This confirms that the department conducts its activities in line with the International Standards for the Professional Practice of Internal Auditing.

In 2010, the Bank conducted: 12 audits in the Finance and Corporate Complexes, 20 audits of trust and grant funds, 10 project audits in the RMCs, and six audits in field/regional offices. There were three specially requested audits and advisory services undertaken.

INTEGRITY AND ANTI-CORRUPTION

Within the context of the Bank’s 2010 initiative to fine-tune its organizational structure, the Integrity and Anti-Corruption function, formerly part of the Office of the Auditor General, was upgraded to a separate department. In the course of the year, the department witnessed more than a 100 percent increase in the number of its investigative staff compared to 2009. Today the department has six principal investigators and three senior investigators.

During 2010, the Bank received 35 complaints, all of which were reviewed. Twenty-one were closed, with two resulting in the debarment of one company and two individuals. Sanctions proceedings concerning the function’s recommendation to debar another company and an individual were still ongoing at year-end, as were 16 other investigations.

With respect to preventive activities, the focus was on exploring the use of new investigative technologies and on developing a red-flag system for preemptive detection of potential cases of fraud and

corruption in Bank-financed projects. In addition, during the year under review the Bank held a regional workshop aimed at sensitizing project beneficiaries, government officials, Bank staff, and NGOs on issues of fraud and corruption.

In 2010, the Bank joined the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank in signing the Agreement for Mutual Enforcement of Debarment Decisions. This agreement establishes a system whereby the compliance and enforcement actions on sanctions, carried out by one participating institution, can be mutually enforced by others, thus substantially strengthening the efforts of any one institution to deter and prevent corrupt practices. Accordingly, the department has focused on developing policies, processes, and procedures necessary to implement the agreement with sister institutions.

To improve overall investigations management, the Bank completed the review of alternative, off-the-shelf commercial systems to replace the current case management system. In addition, the department developed a communications strategy for increasing general awareness of the challenges of integrity and anti-corruption, both within and outside the Bank. In line with best practice, the Bank is considering the outsourcing of its whistleblowing hotline to an independent service provider.

LEGAL SERVICES

The 2009 restructuring of the Legal Services function of the Bank strengthened the institution’s capacity to mitigate the growing risks arising from its increased nonsovereign lending portfolio. Accordingly, during 2010 the department proactively engaged in the negotiation and conclusion of the Sixth General Capital Increase of the Bank (GCI-VI) and the consultations for the ADF-12 replenishment.

The Bank developed an innovative four-step process to ensure the total allocation of all shares from GCI-VI. This enabled its member countries to subscribe to the full general capital increase, thus mitigating the risk of capital subscription arrears, which had occurred previously. The Bank also revised its Share Transfer Rules to enable member countries to continue, as far as possible, to preserve their preemptive rights as shareholders of the Bank.

The Legal Services also advised and counseled the Board of Governors with respect to increasing the number of Executive Directors on the Board of Directors, under Article 33 of the Bank Agreement, in order to enhance the governance of the Bank.

During the year, in addition to its regular support to the Bank's operations and its sovereign and nonsovereign guaranteed transactions, Legal Services achieved the following outcomes:

- assisted in drafting contracts for the rehabilitation of its headquarters building in Abidjan, and to lease or buy real estate properties for field offices;
- favorably resolved the Bank's claims in respect of its outstanding investment in a restructured investment vehicle;
- assisted in the implementation of the Bank's borrowing program, including the successful completion of several socially responsible bond issues;
- advised the Bank to approve its second risk management product to a borrower;
- negotiated and drafted the documentation for a number of new multilateral funds, including the Zimbabwe Multidonor Trust Fund and several climate funds;
- drafted a Bank policy on de facto governments, providing clear guidelines on how to deal with them;
- advised the Board of Directors on the review and reform of the Independent Review Mechanism and the Bank's Compliance Review Unit; and
- advised on the structuring and implementation of the Integrity and Anti-

corruption Department, and facilitated the drafting and implementation with other MDBs of the Agreement for Mutual Enforcement of Debarment Decisions against firms confirmed to have engaged in procurement misconduct.

KNOWLEDGE MANAGEMENT AND DEVELOPMENT

Development Research

Significant progress was made during 2010 in enhancing the Bank's visibility through the mainstreaming of knowledge development in Bank Group operations. This strategic thrust, which is an institution-wide approach engaging various departments, included the following activities:

- high-quality research to generate a deeper understanding of the development challenges facing the continent;
- enhancing the Bank's statistical capacity and knowledge platforms for which it has designed and maintained a Data Portal to facilitate online access to its statistical databases;
- strengthening the network of economists through more frequent interaction and professional exchange (seminars, workshop) to enhance the quality of knowledge products; and
- increased collaboration with the Operations Complexes, especially in the preparation of knowledge products related to Economic and Sector Work (ESW).

Building on the momentum acquired in crisis-response activities in 2009, the Bank contributed significantly in 2010 to policy dialogue in RMCs, providing analytical and policy support to the activities of the Committee of Ten (C-10) African Ministers of Finance and Central Bank Governors. This support also helped to build a consensus, whereby Africa's voice could be clearly heard at key international fora, such as the Third Korea-Africa Economic Cooperation (KOAFEC) meeting in September 2010 and the G-20 Summit in Korea in November 2010.

The Bank's knowledge activities during the year also contributed to improving the quality-at-entry of Bank operations, through the implementation of the ex-ante Additionality and Development Outcomes Assessment (ADOA) framework. This exercise created a platform to benchmark development outcomes and improve the institution's development effectiveness.

The Bank also made significant improvements in the quality of its flagship reports, such as the *African Economic Outlook* (AEO), the *African Development Report* (ADR), and the *African Competitiveness Report* (ACR). With the Bank as leading partner, the AEO now covers virtually the entire continent (50 countries) and continues to provide high-quality economic analysis and comparative statistics on economic, social, and governance-related developments in African economies, while also offering an evaluation of short-term prospects. The AEO is now in its tenth year, and has become an authoritative source of information for decisionmakers both in Africa and globally. Its readership covers development organizations, civil society organizations, academic institutions, and stakeholders in the private and nonprofit sectors who need reliable, up-to-date information on economic, social, and political developments in Africa. The AEO, the ACR, and the ADR have thus helped to position the Bank Group as the premier knowledge bank for Africa.

The Fifth African Economic Conference (AEC) was held in Tunis, Tunisia, on October 27-29, 2010 on the theme: "Setting the Agenda for Africa's Economic Recovery and Long-term Growth." The Conference was attended by 360 participants comprising academics, policymakers, businessmen, and development practitioners from Africa and beyond. In line with the Bank's Knowledge Management and Development Strategy 2008-2010, the AEC fulfills the capacity building as well as the knowledge generation and sharing objectives of the Bank and combines technical knowledge sharing and policy dialogue at the highest level.

Capacity Building and Training Activities in RMCs

During the year, activities in this area supported two key pillars of the Bank Group Capacity Development (CD) Strategy, namely: *Pillar 1*: enhancing the development effectiveness of Bank Group operations and *Pillar 2*: strengthening the capacity of RMCs for policy design and development management. Under Pillar 1, the Bank delivered 11 workshops on the following themes; (i) Bank Rules and Procedures; (ii) Project Performance Improvement Planning; (iii) Project Monitoring and Evaluation; (iv) Scaling Up Poverty Reduction Strategies; (v) Project-Cycle Management; and (vi) Performance-Based Allocation of ADF Resources and the Debt Sustainability Framework (PBA/DSF). Under Pillar 2, the Bank delivered 28 seminars and workshops to bolster the capacity of policymakers to effectively design and implement their own economic policies, and engage in policy dialogue. Altogether, 1,395 participants attended the Bank's seminars and workshops delivered under Pillars I and II of the CD Strategy.

Among the seminars and workshops provided under Pillar 2, some were delivered under partnership agreements. One such agreement was the Joint Partnership for Africa (JPA) platform between the IMF Institute and the Bank, which continued the longstanding partnership established in 1999 under the Joint Africa Institute for the delivery of seminars and workshops. In 2010, 21 seminars were delivered in Tunis and other African venues under the new JPA platform, 11 of which were conducted by the IMF Institute, while the Bank took the lead in organizing the remaining 10. Similarly, an understanding was reached with the World Bank Institute, which led to a workshop being held in Tunis in November 2010 on the theme of "Strategic Choices for Education Reforms in Africa." Furthermore, the Bank, in partnership with Boston College, delivered in Tunis an Executive Education Program on Building World Class Universities for Presidents, Vice-Chancellors and Rectors

of African Universities. The Harvard Kennedy School, in partnership with the Bank, also delivered one seminar in Rwanda on "ICT and Education."

In October 2010, the Bank launched a Learning and Talent Management System. This distance learning training platform is designed to disseminate the Bank's knowledge products more widely and to make training events more readily available to any registered participant on the continent. This will also enable the Bank to organize online courses and coordinate Bank staff assistance, based on the needs and requests from RMCs, through coaching, tutorial assistance, and learning communities.

Eminent Speakers' Program

The Eminent Speakers' Program was launched in 2006 by the Bank to create a platform for the sharing of views on Africa's development issues and thereby promote a discourse on policy options. In 2010, three renowned experts made their presentations under the program. The first was Professor Joseph Stiglitz, a Nobel Laureate in Economic Science (2001), who delivered his presentation on "Post Financial Crisis: Options for Africa." The second speaker was Professor Wole Soyinka, a Nobel Laureate in English Literature (1986), who took as his theme, "The Role of African Intellectuals in the Development of Africa." The final speaker was Dr. Jean-Michel Severino, former Vice President for Asia of the World Bank, who made his presentation on "New Challenges in the Political Economy of Africa." After the presentations, stimulating discussions were held with the audience comprising the Diplomatic Corps in Tunis, Boards of Directors, Senior Management, and staff.

Statistical Capacity Building and Data Dissemination in Support of Results Measurement

The statistical activities of the Bank focus on: (i) building capacity in 52 RMCs (with limited support to Somalia through participation in some workshops), five sub-regional organizations, and six regional

training centers, (ii) mainstreaming results measurement in Bank operations, including developing the Data Portal (DP); and (iii) enhancing partnerships with other multilateral and bilateral donors for the coordination of statistical activities in the region. The Data Portal is a web-based system that provides all Bank staff with direct online access to a wide range of development data managed by the Bank. A Core Data Portal system is also being developed by the Bank which will be made available to RMCs to strengthen data management and dissemination systems in their countries and to facilitate data exchange between them and the AfDB.

Statistical Capacity-building Activities in RMCs

During the year under review, the Bank, jointly with the African Union Commission (AUC) and the Economic Commission for Africa (ECA), developed the Strategy for the Harmonization of Statistics in Africa (SHaSA) to provide the statistical framework for the African integration agenda espoused by the AU Summit. The SHaSA was approved and adopted by the African Heads of State and Government at the July 2010 AU Summit in Kampala. The Bank, ECA, AU, and UNDP also prepared the 2010 MDG report, "Assessing Progress in Africa toward the Millennium Development Goals," which was presented and approved at the 2010 AU Summit.

The Bank played a key role in the area of social statistics in 2010, where it:

- (i) mobilized RMCs to participate in the 2010 Round of the Population and Housing Census (RPHC), including rendering assistance in processing and analyzing their data;
- (ii) assisted in improving the quality of the data for monitoring progress toward achievement of the MDGs, with an emphasis on using nationally produced data rather than relying entirely on international datasets; and

- (iii) in collaboration with other partners, revived Civil Registration and Vital Statistics (CRVS).

As a result of these efforts, for the first time in the history of census taking, all RMCs committed to undertake the 2010 RPHC. This culminated in August 2010 in the First Conference of African Ministers responsible for CRVS, held in Addis Ababa, Ethiopia. The conference made recommendations on how to improve civil status information for efficient public administration and generation of vital statistics for national development and MDGs monitoring in RMCs.

The Bank assists RMCs in improving their country-level knowledge base of the infrastructure sector. In cooperation with other donors, it has formulated a comprehensive capacity-building program for improving agricultural and rural development statistics in RMCs and has initiated the design of a database to inform agriculture and food policy management in RMCs. In addition, during 2010 the Bank worked with RMCs to improve their statistical information systems in the following areas: labor, health, education, gender, governance, environment and climate change.

During the year under review, the Bank continued to coordinate the International Comparison Program (ICP) global statistical initiative in RMCs. Furthermore, it assisted RMCs in their price data collection and analysis activities. The Bank also helped them to improve their national accounts systems, and to this end drew up the “African Strategy for the Implementation of SNA08.” This strategy was adopted by all RMCs and the UN Statistical Commission and was approved by the 2010 AU Summit.

The Bank provided financial assistance and technical guidance to help RMCs improve their data processing, storage, and dissemination systems. Assistance was also provided on enhancing the exploitation of unused or underutilized existing data in RMCs.

Statistical Support to Enhance the Bank's Operational Effectiveness and Financial Services

In addition to building statistical capacity in RMCs, statistical support was provided by the Bank for country programming and project cycle activities. The aim is to help mainstream results measurement in Bank operations and ensure the effective monitoring and evaluation (M&E) of development impacts arising from these operations and from national development programs. The process of preparing Country Statistical Profiles (CStPs) was launched in 2010 to address the data issues for M&E and provide the necessary baseline data for country programming. To this end, nine CStPs and one Regional Integration Statistical Profile (RISIP) were prepared.

Other initiatives along these lines included: (i) the elaboration of the Statistical Framework for Bank Operations, which has so far been used to design 11 operational and seven governance projects that had substantial statistical components; (ii) enhancing data management and dissemination by launching an internet version of the Data Portal, which provides external users with access to more than 800 indicators; and (iii) organizing a workshop for staff from RMCs' central banks on the African Financial Markets Initiative (AFMI) Database, to examine methods and concepts to improve data quality and increase the response rate.

Enhancing Statistical Partnerships

Wider coordination of statistical activities was achieved through the African Statistical Coordination Committee (ASCC), which is chaired jointly by the Bank and ECA. It comprises the four regional institutions (AfDB, AU, ECA, and ACBF); five subregional organizations; six African Statistical Training Centers, and selected African countries. The ASCC analyzes mechanisms for achieving greater synergy among the institutions and provides a forum for coordinating statistical programs and activities in various countries. The Bank has also established

strong partnerships with other bilateral and multilateral development institutions to provide technical assistance, funding, monitoring, and supervision of statistical activities in RMCs. The network of partners includes the World Bank, IMF, Paris21, ECA, UNDP, DFID, INSEE-France, ACBF, ILO, FAO, UNSD, and WHO.

Statistical Publications

The following flagship statistical publications were generated by the Bank in 2010: *African Statistical Journal* (May and November issues); Market Briefs on development topics; *African Statistical Yearbook*; *Gender, Poverty and Environmental Indicators*; *AfDB Statistics Pocket Book*; *MDGs Progress Report for Africa, 2010*; *Annual Report of the Bank Group*; and *Compendium of Statistics on Bank Group Operations*. In addition, five Market Studies were prepared in 2010 using Bank data; and 52 weekly Africa Economic & Financial Briefs were disseminated widely, both within and outside the Bank.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) MANAGEMENT

The main activities in 2010 focused on the implementation of the IT Renewal Action Plan, which had been approved by the Board in October 2009. The Action Plan aims to improve the Bank's IT infrastructure and to support strategic initiatives such as decentralization, the streamlining of business processes, human resources management, financial management, and knowledge management.

During the year, improvements were made to the IT infrastructure in the areas of network performance and monitoring; installation of Wi-Fi in the Bank's buildings in Tunis; the connection of staff remotely to the Bank's central IT systems; and completion of the initial phase of the windows environment server consolidation project. With respect to IT support to core Bank strategies and functions, the following progress was made:

Box 4.1**Enhancing Field Office Capacity**

By the end of 2010, 25 field offices (FOs) had been directly connected to Information Technology (IT) services, including video conferencing, hosted by the Bank's TRA in Tunis. Field Office workflow management is being streamlined, with each SAP module rolled out to FOs. These modules include institutional procurement systems that allow FOs to create purchase requisitions and purchase orders online, for approval by Resident Representatives. The Uganda FO is acting as a pilot.

The Bank's consultant procurement system was rolled out to eight FOs in 2010. The system allows for the online registration, short-listing, recruitment, and management of consultants in different domains. A pilot project for travel accounting and management services was implemented in the FOs of Burkina Faso, Côte d'Ivoire, Ethiopia, Nigeria, Senegal, and Uganda, and roll-out was completed by December 2010 as planned. In addition, IT systems in FOs were upgraded to facilitate reporting, support new financial products, provide FOs with a secure disbursement platform, and better integrate them with the TRA.

In an effort to improve the Wide Area Network (WAN) and telecommunication services, action was taken to reduce the latency in Head Office communications with the FOs. The Bank installed high-definition video conferencing equipment to enable certain FOs to hold quality video conference sessions with partners worldwide. Throughout 2010, the Bank trained IT technicians both in FOs and in Tunis to improve and support the skills needed for the new technology.

- **Decentralization Process:** 25 field offices (FOs) became fully operational on the Bank's Wide Area Network (WAN) via the VSAT, except for Angola. Automatic backups for data for 20 FOs were conducted on a daily basis. Multi video-conferencing is possible with all FOs, resulting in the reduction of the IT gap between the Head Office and the FOs. In 2010, many ongoing IT activities were linked to strengthening FO capacity and enhancing staff productivity (see Box 4.1).
- **Business Process Improvements:** IT systems have been enhanced and improved to process operations funded by initiatives such as the Global Liquidity Trade Program, the Congo Basin Forest Fund, and the NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF). The first phase of the SAP Upgrade project has advanced significantly and the technical upgrade is scheduled to go live in February 2011.
- **Human Resources Management:** IT support to human resources management has resulted in the processing

of all FO salaries centrally by using a multi-currency payroll. In addition, e-recruitment and e-learning systems have been implemented.

- **Financial Management:** The Bank is continuously optimizing and providing better integration of its core financial systems such as SAP and SUMMIT. Processes for the management of trust fund operations have also been automated.

HUMAN RESOURCES MANAGEMENT

The Bank has continued to make progress in attracting and retaining the best talent on the market within the framework of the Human Resources Strategy (2007–2011) and the corporate services reform agenda. During 2010, 244 new staff joined the Bank, of whom 26 were young professionals. Internal capacity was further enhanced with 152 promotions through internal competition and in-situ recommendations.

The total number of Bank staff rose from 1,654 in 2009 to 1,789 in 2010, which is an increase of 8.2 percent. This includes Management and Professional Level (PL) and General Services (GS) staff in the Bank's FOs. There were 1,101 PL staff in total in 2010, including advisors to the Executive Directors, and 688 GS staff. In terms of gender, 27.2 percent of PL staff and 54.5 percent of GS staff were female (see Table 4.2). During the year, the Bank recruited an additional 11 new staff for the 26 FOs. This increased by almost 4 percent the number of locally recruited FO staff over the year, from 285 in 2009 to 296 in 2010.

During the year under review, the Bank launched its Learning and Development Strategy and Career Development Framework. This represents a coordinated effort to strengthen internal capacity, leverage the career development path of staff and Management, improve retention, and enhance service delivery to the RMCs.

Table 4.2
Bank Staffing Ratio by Country (Management, Professional and General Services Staff)
At December 31, 2010

REGIONAL MEMBER COUNTRIES	MANAGEMENT & PROFESSIONAL STAFF At post at December 31, 2010								Shares %	OTHER BANK STAFF AT POST			
	Vice- Presi- dents	Directors	Managers	Other PL	Field Offices International Staff		Total EL/PL	% of Total PL		SABD Advisors to ED's	Regular GS	Field Offices Local Staff	
					Res. Rep.	PL						PL	GS
Algeria		1		8			9	0.94	4.005	1	5		2
Angola				3			3	0.31	1.165				
Benin			2	26		1	29	3.02	0.195		23		
Botswana				5			5	0.52	2.138	1			
Burkina Faso		1	2	22		1	26	2.71	0.427		24	4	10
Burundi		1	1	6	1	1	10	1.04	0.237	1	1		1
Cameron		2	7	26	2	1	38	3.95	1.038		12	3	10
Cape Verde				1	1		2	0.21	0.077		1	1	
Central African Republic			1	2		1	4	0.42	0.045			1	2
Chad	1		1	9			11	1.14	0.075	1	8	4	9
Comoros				1			1	0.10	0.022				
Congo		1	1	7	1	1	11	1.14	0.453		2		
Côte d'Ivoire		2	2	58	1	5	68	7.08	3.714	1	144		
Democratic Republic of Congo		1		2			3	0.31	1.043		4	6	10
Djibouti			2	3			5	0.52	0.056				
Egypt	1	1		10	1		13	1.35	5.127	2		3	7
Equatorial Guinea							0	0.00	0.160				
Eritrea			1	1			2	0.21	0.092		1		
Ethiopia		1	13			3	17	1.77	1.595	1	9	8	8
Gabon				6			6	0.62	1.199		2	3	5
Gambia			2	13	2		17	1.77	0.153			1	
Ghana		1	4	22	1	2	30	3.12	2.278	1	28	6	8
Guinea			1	9		1	11	1.14	0.407	1	9		
Guinea Bissau				5		1	6	0.62	0.028			1	2
Kenya		1	3	26	1	4	35	3.64	1.454		6	5	8
Lesotho				2		1	3	0.31	0.159	1			
Liberia				1			1	0.10	0.194		5		
Libya				1			1	0.10	3.848	2			
Madagascar				8			8	0.83	0.649	1	1	4	10
Malawi				18			18	1.87	0.297	1	1	4	8
Mali		2	2	19	1	3	27	2.81	0.437	1	6	7	9
Mauritania		1		11		2	14	1.46	0.147		2		
Mauritius			1	5	1		7	0.73	0.646				
Morocco		1		12	2		15	1.56	3.313	1	4	4	6
Mozambique				2			2	0.21	0.631			5	9
Namibia				1			1	0.10	0.339	1			
Niger			1	7		1	9	0.94	0.253		2		
Nigeria	1	1	7	32		2	43	4.47	8.858	2	22	5	10
Rwanda			1	13			14	1.46	0.133		3	3	9
São Tomé & Príncipe							0	0.00	0.068				
Senegal		1	3	29	1	3	37	3.85	1.004		7	7	9
Seychelles				1			1	0.10	0.056				
Sierra Leone		1	1	9			11	1.14	0.243	1	9	5	8
Somalia				2			2	0.21	0.089				
South Africa	1		1	6		1	9	0.94	4.584				4
Sudan			1	5			6	0.62	0.405				5
Swaziland				1			1	0.10	0.332	1			
Tanzania				15		1	16	1.66	0.819	1	2	6	8
Togo			1	8		2	11	1.14	0.158		9		
Tunisia		2	3	22			27	2.81	1.398		123		
Uganda		1	3	22	1	5	32	3.33	0.505		3	4	7
Zambia		1	2	15	2	3	23	2.39	1.259		1	3	6
Zimbabwe	1	1	2	17		1	22	2.29	2.065	1	2		2
TOTAL REGIONAL MEMBER COUNTRIES	5	24	60	568	19	47	723	75.23	60.072	24	481	103	192

Table 4.2 – Continued

Bank Staffing Ratio by Country (Management, Professional and General Services Staff)
At December 31, 2010

NON-REGIONAL MEMBER COUNTRIES	MANAGEMENT & PROFESSIONAL STAFF At post at December 31, 2010								Shares %	OTHER BANK STAFF AT POST			
	Vice- Presi- dents	Directors	Managers	Other PL	Field Offices International Staff		Total EL/PL	% of Total PL		SABD Advisors to ED's	Regular GS	Field Offices Local Staff	
					Res. Rep.	PL						PL	GS
Argentina				1			1	0.10	0.268				
Austria				2			2	0.21	0.445	1			
Belgium		1		6		3	10	1.04	0.640	1			
Brazil				1			1	0.10	0.443	1			
Canada		1	1	24		2	28	2.91	3.744		2		
China				4			4	0.42	1.114	1			
Denmark		1		4			5	0.52	1.154				
Finland				1			1	0.10	0.487	1			
France		2	5	49		3	59	6.14	3.744		10		
Germany			1	11		2	14	1.46	4.110				
India		1		8		1	10	1.04	0.223	1	1		
Italy				7			7	0.73	2.414				
Japan			1	4			5	0.52	5.475				
Korea				1			1	0.10	0.445	1			
Kuwait							0	0.00	0.445				
Netherlands				4			4	0.42	0.854				
Norway		1		1			2	0.21	1.154				
Portugal				6			6	0.62	0.240	1			
Saudi Arabia				1			1	0.10	0.193				
Spain			2	5			7	0.73	1.056	1			
Sweden		1		2		1	4	0.42	1.540	1			
Switzerland				9			9	0.94	1.462				
U.K		2	3	10		2	17	1.77	1.676	1	1		1
U.S.A	1	4	5	25	1	4	40	4.16	6.605	2			
TOTAL NON-REGIONALS	1	14	18	186	1	18	238	24.77	39.931	13	14	0	1
GRAND TOTAL	6	38	78	754	20	65	961	100	100%	37	495	103	193
Number of Female Staff per Category		7	27	220	5	16	275			8	304	17	71
Percentage of Female Staff per Category	0.00%	18.42%	34.62%	29.18%	25.00%	24.62%	28.62%			21.62%	61.41%	16.50%	36.79%

Source: AfDB, Human Resources Management Department.

Note:

Elected Officers, Technical Assistants, Consultants and Agency short-term staff are excluded.



The compensation reform was further enhanced with “Pay for Performance” to encourage employee productivity and better position the Bank to attract, motivate, and retain the best talent. This reform supported the new performance management system, which resulted in 98.9 percent of staff participating in the evaluations that took place in 2010. This provided a fair basis to manage the staff performance system.

PROCUREMENT AND FINANCIAL MANAGEMENT (PFM)

In supporting the Operations Complexes, the Procurement and Financial Management (PFM) services focus on improving the delivery of procurement services, while minimizing fiduciary risks and enhancing accountability. During 2010, the Bank continued with the consolidation of the PFM reform initiatives started in previous years. The following major activities, among others, were performed during the year:

- (i) Completing the review of country National Competitive Bidding procurement laws, procedures and bidding documents for 25 RMCs to determine the use of country NCB procedures for Bank-financed projects; and the publication of five

new standard bidding documents to ensure consistent applications of policies and procedures.

- (ii) Assessing about 460 appraisals and supervisions (including desk reviews) and contributing to Public Expenditure and Financial Accountability reviews, Country Portfolio Performance Reviews, Country Strategy Papers, Procurement Capability Reviews, and project launch exercises. During the year, 500 project audit reports were received and reviewed on a timely basis.
- (iii) Increasing participation in global and regional PFM initiatives. The Bank actively participated in MDBs’ Financial Management Harmonization Working Group Meetings and in international PFM conferences and workshops to promote harmonization of policies and procedures among multilateral and bilateral donors.

In order to reduce the fiduciary risk and ensure that the proceeds of loans and grants were being used for the purposes intended, the Bank positioned key PFM international and local staff in the Service Centers and FOs. The Bank was also regularly involved in assessing the procurement and financial management arrangements of projects and programs.

EXTERNAL RELATIONS AND COMMUNICATIONS

The Bank is making progress in achieving higher visibility, transparency, and modernization in its communications platforms:

- The Bank’s new website (www.afdb.org) has attracted increased numbers of visitors. Between 2009–2010, daily visits rose by 24.3 percent, page views by 8.3 percent, and unique visitors by 18.7 percent. In addition, in 2010 the Bank reached out to social networking, securing 1,250 followers on Facebook.
- The AfDB has expanded its range of multimedia products and services, almost doubling its production and posting of videos on its website from 170 in 2009 to 330 in 2010. It has also expanded its partnerships with African and international TV networks to cover Bank activities and air about 20 documentaries produced by the Bank.
- In a drive to promote interaction with various media and raise the Bank’s profile, over 100 internal and international events were covered during the year, including the Bank Group’s Annual Meetings, the launch of the *African Economic Outlook*, and related conference activities. The 2010 Annual Meetings attracted a record number of journalists, 81.7 percent more than in 2009. Furthermore, the Bank was

quoted in the African and international press (excluding radio and TV) 15 percent more in 2010 than in 2009.

- Media training sessions were organized for Senior Management, managers, and Resident Representatives, and three refresher sessions were organized for staff in the External Relations and Communications Unit (ERCU). The Bank for the first time organized a capacity-building workshop for African media, which was attended by 20 participants from all the subregions of the continent.

In order to better align its external relations and communications function with its new strategies and priorities, the Bank launched a study in 2010 to consider an in-depth restructuring of the unit.

CORPORATE ADJUDICATION SERVICES

Administrative Tribunal

The Administrative Tribunal is an independent organ of the Bank and the ultimate forum for the resolution of disputes between members of staff and the Bank. It hears applications of staff members contesting administrative decisions concerning the non-observance of the contract of employment, conditions of employment, or dismissal after exhaustion of all other administrative recourse mechanisms.

In 2010, the Tribunal held one judicial session in which it considered and rendered judgment in four cases. It also held one administrative session dedicated to considering and adopting amendments of the Tribunal's Rules of Procedure. In addition, the Tribunal held a working session with General Counsel and Legal Services Department, Human Resources Department, Staff Council and the Appeals Committee, all of which are involved in the work of the Tribunal. It also proposed and submitted for General Counsel's consideration, several amendments of provisions in the Tribunal's Statute.

In partnership with the Ombudsman, the Staff Council, the Human Resources Department and the Ethics Office, the Tribunal held an information and outreach training session for Field Office (FO) Resident Representatives, as well as for staff from the East Africa subregion.

Ethics Office

As the anchor of the corporate ethics culture of the Bank, the Ethics Office's principal functions include promoting awareness and understanding of the Bank's core values and ethical standards. Specifically, the office provides advice and guidance to staff and management; carries out ethics awareness-raising activities; and conducts financial disclosures for Bank staff.

In the course of 2010, the Ethics Office met and consulted with 198 staff and other clients. Of the total 63 cases/issues brought to the Office during the year, 53 (81.5 percent) were either resolved by direct intervention or referred to appropriate internal organs for resolution. The others were staff requests for guidance, clarification, or counseling.

To increase awareness on ethical issues and standards of conduct, the Ethics Office carried out the following awareness-raising activities during 2010:

- information and outreach training sessions, including a regional workshop in Tunis and in 12 field offices;
- consultations on ethical issues with members of Senior Management, including FO Resident Representatives;
- regional workshops to discuss ethical issues and dilemmas;
- induction training on ethics and Bank values for new staff; and
- in partnership with the Ombudsman, Staff Council and Human Resources Department held a "Conflict Transparency Week" to provide staff with an opportunity to raise and discuss ethical issues.

To enhance cooperation, the Office carried out exchanges with comparable organs in sister institutions, including the World Bank, the IMF, and the IDB. As part of its responsibilities, the Office undertook the annual Financial Disclosure exercise with a 97.5 percent response rate, following up on cases of real, potential, or perceived conflict of interest with the requisite advice and counseling.

Ombudsman's Office

The Office of the Ombudsman is the designated neutral and impartial conflict resolution practitioner in the Bank, whose primary function is to provide confidential, independent, and informal assistance to staff on grievances and complaints related to human resources and workplace issues. In 2010, the Bank launched the "Conflict Transparency Week," during which various activities seeking to reduce work-related conflicts were held. During the year, the Bank received 103 issue-based complaints/cases. Of these, 94 were dealt with and closed, while efforts continued to address the eight cases that had been carried over to the following year, and one complaint was referred to the Staff Appeals Committee.

In its ongoing program to resolve and, where possible, forestall conflicts, the Bank held a Skills Development of Conflict Competencies Program for Senior Managers, and two Joint Working Sessions with the Resident Representatives. This was intended to revisit the available frameworks for informal conflict resolution within Bank values. In addition, advocacy and outreach activities were undertaken for selected FOs.

