African Development Bank
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Comprehensive Review of the AFDB’s Procurement Policies and Procedures

Summary of Literature on Procurement Policy and Performance
This summary has been prepared by a Consultant and the views expressed herein are those of the Consultant and not of the Bank.

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ACRONYMS

ADER Annual Development Effectiveness Review
AfCop African Community of Practice
AfDB African Development Bank
AsDB Asian Development Bank
COMPAS Common Performance Assessment
CoPs Community of Practice
DAC Development Assistance Committee
DIAS Development Impact and Additionality Scoring
DOTS Development Outcome Tracking System
DPL Defects liability Period
EBRD European Bank for Reconstruction and Development
ERSP Environmentally and Socially Responsible Procurement
EU European Union
GPA Agreement on Government Procurement
HOP Heads of Procurement
IaDB Inter-American Development Bank
IATI International Aid Transparency Initiative
ICB International Competitive Bidding
IFAD International Fund for Agricultural Development
IFC International Finance Corporation
IIC Inter-American Investment Corporation
IsDB Islamic Development Bank
LTS Long Term Strategy
MAPS Mechanisms (methodology) for assessing national procurement systems
MDBs Multilateral Development Banks
MDR Management for Development Results
OECD Organisation for Economic Co-operation and Development
ORPF Procurement & Fiduciary Services Department
PBL Policy based lending
PBL Policy Based Loans
PP Public Procurement
PPP Public–Private Partnership
PRODEV Program to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness
RMF Results Measurement Framework
SAL Structural Adjustment Loans
SECAL Sectoral Adjustment Loans
SWAP Sector Wide Approaches
TIMS Transition Impact Monitoring System
UNCITRAL United Nations Commission on International Trade Law
WB World Bank
WBG World Bank Group
WG Working Group
WG-MfDR Working Group on Managing for Development
WTO World Trade Organisation
SUMMARY OF LITERATURE ON PROCUREMENT POLICY AND PERFORMANCE

I. OBJECTIVES

1. The objectives of this Paper are to review, analyse, synthesise, and to summarise background documentation available in the public domain concerning the theme of Multilateral Development Banks (MDBs) procurement policy and performance, which could be of relevance to, and could inform the African Development Bank’s review of its procurement policies, procedures and processes.

II. FINDINGS

2. The procurement policies of the World Bank (WB), and by extension, those of other MDBs, in general, are based on open and competitive procurement, reflecting four main considerations, viz.: the need for economy and efficiency; the interest in ensuring that all eligible bidders have equal opportunity to compete; the desire to encourage the development of domestic industries; and the importance of transparency in the process. Thence, the choice, from the onset, of ICB as the default method for procuring goods and works [QCBS is now the default for consultancy services]. In either case, the policies provide for other procurement methods that are better adapted to varying situations, thus [coupled with decentralisation and delegation of authority] engendering flexibility in their application.

3. The WB procurement policies were originally conceived for large stand-alone infrastructure projects [starting with post-WWII reconstruction]. Due to changes in WB operations and conditions in borrowing countries (global economy), the policies have evolved, in response to new requirements, etc. There have thus been periodic updates [1961, 1966, 1971, 1977, 1984, 1994, 2004, and 2011 (for goods, works and non-consulting services), and 1981, 1997, 2004 and 2011 (consulting services)]. These have led to significant cumulative changes to the policies, resulting in increased transparency, enhanced business opportunities, and access to information. However, the updates did not involve a fundamental and comprehensive review of the system, based on first principles.

4. Furthermore, implementation of the policies remains a challenge, because operational experience views them as complex and prescriptive, thus limiting their positive impact. Also, some borrowing countries [conflict-affected and/or small states] may lack capacity and sound institutional, legal, and governance systems. Indeed, at play may be some natural resistance to change. The ongoing WB reforms process will thus tackle the underlying principles.

5. Indeed, the internal WB resources devoted to procurement are relatively small, thus leading to increased workloads for specialists (on prior review, capacity building, and system improvements).
6. **Changes to the WB business operations** relate to the following situations:

- There are new and different ways that the public and private sectors collaborate [output-based procurement; life-cycle evaluation; PPP, etc.];
- Operations now cover an array of sectors, relying on simpler and smaller-value (but numerous) contracts;
- New financing instruments and delivery mechanisms have emerged over time [SALs; SECALs; PBLs; DPLs];
- There is now a large diversity and number of implementing entities, managing small and dispersed contracts inherent in SWAPs, output- and community-based activities;
- The transformation of the WB policies to cater for national procurement systems across sectors and delivery mechanisms is not complete; and
- The policies need to cover the increasingly complex development objectives, including high priority areas like governance, probity and anti-corruption.

7. **Transformations in WB borrowing countries** in the global context reflect the following factors:

- As a result of globalisation and integration, exports from developing countries have multiplied several-fold; new giants have emerged from developing economies; multinational companies produce within their markets and/or sell via local affiliates; PPP and outsourcing offer new avenues for collaboration; exports from high-income countries are more specialised, with high value, technology-driven products; national companies now win ICB contracts [in works, especially].
- New international instruments and agreements (WTO’s GPA; EU’s PP Directives; the UNCITRAL Model Law on PP) have created new demands for openness and transparency, or set international standards for public procurement, demonstrating the size and importance of markets offered by public procurement.
- There are new concepts and practices underpinning good public procurement, notably the use of technology, including electronic tools and platforms. E-procurement is a powerful information and management tool that can transform the provision of public services, giving better value for money and best-fit-for-purpose (by making systems faster and cheaper), and new ways for contracting agencies to interact with suppliers. Other innovative approaches include sustainable procurement, or Environmentally and Socially Responsible Procurement (ERSP), the use of preferences, interactive ways of working with bidders, and methods to increase efficiency.
• Issues of governance and probity have led to expectations of high ethical standards from public and private actors; public procurement (nexus of governance, competition and anticorruption) offers opportunities to build on the common values of openness, transparency, fairness, value for money and accountability; synergies to be harnessed may go beyond mere compliance with procedures.

• Improved procurement capacity in high- and upper middle-income borrowing countries have led to public procurement reforms, including relevant institutions; many countries have adopted new legal structures plus other public procurement institutions; some countries are at the vanguard of using e-procurement to simplify and automate transactions, especially for low-value, high-volume procurements, thus producing high returns.

• On the other hand, the WB work with small countries, fragile and conflict-affected states and post-conflict countries demands a differentiated strategy geared towards simplification and adaptation to their capacities and circumstances. These have been accompanied by the WB shift in investment lending and processes, towards differentiating by risk and managing those risks.

• The WB is party to international commitments on harmonisation, commencing with joint MDB work on CPARs [late 1990s], and the Monterrey Consensus on Financing for Development [2002], to harmonise specific policies on procurement, financial management, and social-environmental safeguards. These efforts fed into the OECD/DAC Working Party on Aid Effectiveness and Donor Practices. The DAC work is supported by two fora (Round Tables on specific topics, and Technical Working Groups), besides regular HOP Meetings. Agreements have been reached on: alignment of MDB policies; cross-debarment; labour standards; use of master procurement documents; e-procurement; and PPP; etc.

• Harmonisation of MDB procurement policies is a part of an agenda to strengthen country ownership and management of development programmes, through the Use of Country Systems. The process is covered under key “Declarations/Agenda/Fora” (Rome [2003]; Johannesburg [2003]; Paris [2005]; Accra [2008]; Cuzco [2011] and Busan [2011]). The OECD/DAC Joint Venture on Procurement has developed tools and mechanisms (methodology) for assessing national procurement systems (MAPS). But, the WB pilot programme for utilisation of country systems was not successful.

8. The findings, conclusions and recommendations of the studies and background documents commissioned by the WB on the foregoing themes underpin the procurement reforms, which the institution is currently implementing.
9. Concerning the topic of **performance of procurement**, this Summary relies on a number of publications and articles, and, especially, the **2011 MDB's Common Performance Assessment (COMPAS) Report**. In this regard, the **2011 COMPAS Report** upholds (in its global context), that MDBs have been key partners in the global development community in the quest to strengthen development cooperation and manage and deliver aid resources effectively. Following the Fourth High Level Forum on Aid Effectiveness (HLF-4), in Busan, Republic of Korea (November/December 2011), MDBs maintain a strong commitment to Management for Development Results (MfDR), anchored in the realities of an evolving and rapidly changing development landscape.

10. About the role of the MDB Working Group (WG) on MfDR, the **2011 COMPAS Report** posits that, as a management approach, MfDR centres on achieving development results – by moving focus away from inputs to outcomes, and from anecdotal to evidence-based decision-making. The MDB WG-MfDR was established in 2003 by the heads of AfDB, AsDB, EBRD, IADB and the WBG, so that members could learn from each other, increase publicly available information about MfDR performance, and provide a single source of information for the assessment of MDBs. Its membership now includes AfDB, AsDB, EBRD, IADB, IFAD, IsDB, and the WBG (World Bank and IFC). The MDB WG-MfDR has focused on developing and strengthening corporate results-monitoring systems, including: results frameworks and scorecards; measuring contributions to results through standard indicators; communicating quantitative and qualitative information on results; and supporting client country MfDR capacity.

11. In terms of its role, COMPAS provides standardised information across MDBs on the status of MfDR, using a set of common indicators that highlight key areas of progress, as well as those that require further improvement. COMPAS serves as a tool for tracking progress achieved and challenges faced. Given the different business models of each MDB, COMPAS is not intended for making direct comparisons. More importantly, COMPAS (and the related MDB WG-MfDR activities) provide an opportunity for learning within and among MDBs, which is where MDBs see the highest value-added of the process, as they strive to improve their own performance towards development results. The COMPAS process also offers an opportunity to share experience and practice of MDBs with other stakeholders (e.g. bilateral development partners and client countries).

12. The MDBs developed COMPAS in 2005, and have improved its methodology and approach, by incorporating indicators on private sector development operations, in 2007. In 2009, key COMPAS changes covered the following: (a) indicator categories were streamlined from 8 to 4, and the number of indicators were reduced, focusing only on those considered relevant to the objectives of MfDR; (b) based on the progress made on MfDR and new thinking on results management, information on the use of standardized indicators was provided; and (c) private sector development indicators were integrated. Overall, the number of indicators was reduced from 49 to 24. In 2010, a fourth appendix was added, to show progress made on corporate results monitoring systems.
13. The structure of the **2011 COMPAS Report** entails: the Introduction; Section 1: Managing for Development Results [i.e., progress made on strengthening the measurement and reporting on results]; Section 2: Highlights from MDBs [MfDR highlights]; and Section 3: Matrix of Indicators [COMPAS Matrix of Indicators, covering: (A) Country Strategies (and use of country systems); (B) MfDR through the Project Cycle; (C) Corporate Results Reporting; and (D) Private Sector Development and Operations]. Each category includes indicators to track progress. For each indicator, information is presented by MDB. There are also four Appendices, viz.: (I) Corporate Profiles of MDBs; (II) Institutional Profiles of Private Sector Operations of MDBs; (III) MDB Standard Results Indicators; and (IV) MDB Corporate Results Frameworks.

14. In 2011 and early 2012, MDBs moved beyond introducing and rolling out corporate results monitoring systems. Currently, institutions anchor these systems into their strategic decision-making approaches. This move is starting to have an impact on changing organisational cultures, away from a focus on inputs to a focus on outcomes. MDBs continue learning from each other, strengthening focus on MfDR principles of greater transparency and accountability. As a group, MDBs are at the forefront of the results agenda within the development community, and have contributed to achieving development results at the global, corporate, and country levels, and with the private sector.

15. At the global level, MDBs contributed to furthering the results agenda in 2011 and 2012. Three Communities of Practice on MfDR facilitated by the WB, AsDB, and IADB – in Africa, Asia-Pacific, and Latin America and the Caribbean (CoPs-MfDR) – formulated the Seoul Statement on Results, and provide key inputs to HLF-4 and the Busan Outcome Document (Busan Partnership for Effective Development Co-Operation). MfDR is a key component of the Busan Outcome Document. ‘Focus on results’ is one of the five shared principles to achieve common goals, and the other principle (transparency and accountability) is also considered to be critical to delivering results. Post-Busan, in light of the growing importance of the results agenda, the global monitoring framework (scheduled to be completed by end-2012) will include an indicator on results. In addition, MDBs and CoPs will be working with the Building Block on Results and Accountability to ensure that these initiatives are strongly linked.

16. MDBs support country programs in line with country demand, priorities identified by national development strategies, and in coordination with other development partners. MDB business models are country and client driven. MDBs provide support including financing, analytical and advisory work, and capacity development, often in partnership with a variety of stakeholders such as civil society, the private sector, etc. In turn, this support helps countries develop their capacity to manage development initiatives and achieve sustainable results. Recognizing the private sector’s critical role in development, MDBs foster private sector growth by providing capital, knowledge, and partnerships; managing risks; catalyzing the participation of others; and supporting entrepreneurial initiatives.
17. MDBs have recently become more involved in strengthening institutions and public services, and have provided capacity building support to both public and private sectors. Support to country capacity in MfDR is provided through regular MDB engagements with countries, such as lending and technical assistance, as well as through specific, often multi-national, initiatives.

18. Effective country systems and institutions are fundamental to MfDR. MDBs continue to support capacity development and the performance of country systems in areas such as national development planning, public financial management, public procurement, social and environmental assessment, statistics capacity, and monitoring and evaluation. MDBs have assisted government institutions in developing more systematic results-based monitoring of poverty reduction and of broader socio-economic development. In a growing number of countries, targeted assistance by MDBs has resulted in formal adoption by government of MfDR as a public sector management practice, in which ministries are required to submit a results framework as the basis for budget allocation.

19. MDBs have supported mechanisms for partner countries to share good MfDR practices and to improve their results management, through regional CoPs on MfDR. AsDB, IADB, AfDB and WB have, respectively, supported CoPs for countries in the Asia-Pacific, Latin America and Caribbean, and Africa regions. In 2011, WB and AfDB worked together for the African Community of Practice (AfCoP) to receive US$ 13.9 million in AfDB funding, and in 2012 management of AfCoP was transferred from WB to AfDB. The CoPs provide platforms for results practitioners from planning, budgeting, monitoring and evaluation units to build MfDR capacity through the exchange of development results solutions.

20. Various multi-national initiatives have been launched to build MfDR, and statistical capacity in public sectors. Thus, AsDB assists countries to increase understanding and use of MfDR, through its framework for results-based public sector management. A key IADB initiative is the Program to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness (PRODEV), which finances technical assistance and training for government officials under MfDR. In addition, WB supports the Managing for Development Results Capacity Scan (CAP-Scan), which focuses on improving country MfDR capacity. WB supports statistical capacity development efforts of countries through its Statistical Capacity Building Program (Stat-Cap). And, IsDB supports statistical capacity building and capacity development, through South-South cooperation initiatives.
21. Following WG-MfDR recommendations, MDBs have converged on common approaches to results measurement and monitoring, adjusted to the needs of each institution, according to specific mandates and operational challenges. This framework, which captures MDB contributions to development outcomes, also tracks operational and organisational effectiveness, namely:

- Level I: High-level global or regional development progress (setting the context for residual development challenges);
- Level II: MDB contributions to development results through their support to country development programs;
- Level III: MDB operational effectiveness and results orientation as a building block for achieving better results; and
- Level IV: MDB organisational effectiveness.

22. Thence, MDBs are integrating a results focus into their institutional structure. For example, AsDB, IFC, and IsDB have cascaded their results frameworks down to departmental, team and individual levels, creating incentives for their respective staff to fulfil organizational mandates. In addition, WB is aligning MoUs at the vice-president and departmental levels to its Corporate Scorecard.

23. For private sector interventions, there are variations to this four-level model. For example, the EBRD’s Results Framework, while sharing dimensions with other MDBs, reflects the EBRD’s unique ‘transition’ mandate. Thus, Level I represents achievements in relation to the main challenge and aspiration for the region [the countries’ progress towards a market economy], and Level II tracks project contribution to progress in transition. MDBs have also focused on corporate scorecards and incentives for private sector-oriented activities. They have introduced corporate scorecards with specific targets for development/transition impact, as measured by development results tracking systems [e.g.: IFC’s Development Outcome Tracking System (DOTS), EBRD’s Transition Impact Monitoring System (TIMS) or IIC’s Development Impact and Additionality Scoring (DIAS)], in addition to more traditional yardsticks like financial sustainability.

24. MDBs have developed new tools for data collection, aggregation, and sharing, viz.: a select set of results indicators that are standardized across projects, which can be aggregated at the sector or corporate level. These indicators vary across MDBs, given the differences in the business models and the demands of country partners.

25. Several MDBs have adopted standardized indicators for several sectors, and have broadened their use to cover more sectors, with others following closely. EBRD has a set of “harmonized” sector indicators, mostly qualitative. These indicators are used to monitor results from closed operations, at most MDBS; while, at a WBG an IADB, the indicators monitor results from both active and closed operations.
26. MDBs have improved ways to capture and communicate results at the corporate level, and to complement progress in strengthening corporate-level results frameworks and standardised results indicators. Several MDBs currently publish reports on results, while others publish results briefs, which capture contributions to country, project and sector level development outcomes, by illustrating results data alongside qualitative impact stories.

27. IFAD regularly publishes its Report on Development Effectiveness, providing a synthesis development and organizational performance, and reflecting on successes and challenges in reducing rural poverty. Some MDBs explore technology for communicating results: e.g., WB and IADB currently utilise geomapping, which charts project activity and results. Also, WB has launched the interactive, Web-based electronic Corporate Scorecard, giving online access to shareholders and stakeholders.

28. Several MDBs currently focus on transparency and make more data available to the public, viz.: AfDB’s focus on transparency, WB’s Open Data/Access to Information Policy, and IFC’s new Access to Information Policy.

29. In conclusion, the 2011 COMPAS Report shows that MDBs continued to make progress on the results agenda, including the institutionalising of results-based approaches. In 2012, the MDBs continued this process of fostering an organizational results-culture.

30. In this regard, AfDB rolled out, in 2012, new Results Reporting Systems, to enhance the capture of results data, while simplifying report generation for project managers. As ongoing performance targets were set to expire in 2012, AsDB re-evaluated its existing results framework, with the view to launching an updated system in 2013. The EBRD undertook a review of its results framework and examined how the organization could enhance its results management mechanisms.

31. IADB carried out further work on fitting technical assistance projects under the umbrella of the results-based approach, and worked toward increasing the number of projects that would credibly demonstrate satisfactory results at completion, with the introduction of the Expanded Progress Monitoring Report (XPMR). IFAD placed importance on developing knowledge products more systematically and disseminating them.

32. IFAD enhanced its role in facilitating South-South cooperation, especially by drawing lessons from successful experiences of MICs that might be applicable in LICs. IsDB focused on country capacity, by undertaking activities aimed at strengthening management capacities of executing agencies at country level. WBG continued to emphasize focus on results through a range of initiatives launched in 2012, e.g., the Program-for-Results financing, and the introduction of Core Sector Indicators in 17 sectors/themes.
33. Finally, regarding the way forward, the **2011 COMPAS Report** admits that challenges remain, i.e.: (i) further aligning institutions with Corporate Scorecards and integrating public and private sector results frameworks; (ii) establishing metrics for analytic and knowledge work; (iii) use of results, data, and evidence for decision-making; and (iv) improved country statistical capacity. In a rapidly changing global context, MDB effectiveness and results focus is of paramount importance, and the COMPAS serves as one measure of their continued and strong commitment to MfDR.

34. The detailed structure of the **2011 COMPAS Report** is presented at paragraph 13 above. The case of the AfDB is used here as an example.

35. According to the **2011 COMPAS Report**, the African Development Bank Group ("the Bank" or "AfDB") measures success not by the amount of money it spends, or by the number of projects it funds, but by the lasting changes it brings to the lives of people in Africa. Measuring these changes is a complex undertaking. To better capture the Bank’s contribution to Africa’s development across its many dimensions, in 2011, the Bank launched a new Annual Development Effectiveness Review (ADER), a tool aimed at assessing what AfDB is achieving and where it can do more to improve results for Africa’s poorest.

36. In June 2012, AfDB published its second ADER with a special focus on inclusive growth. By assembling the evidence on its strengths and weaknesses, the 2012 ADER helps the Bank determine how it can better meet its goals of improving the lives and livelihoods of Africans.

37. Like other MDBs, the Bank uses a standard set of performance indicators grouped in a Results Measurement Framework (RMF). These indicators allow it to track progress against baselines, and assess whether it is on track to meet its set targets. The RMF has four levels. Level 1 measures Africa’s overall development progress, using 26 indicators of economic activity (e.g., economic growth), public services (e.g., access to clean water and electricity), the quality of governance (e.g., transparency) and human development (e.g., child mortality and gender equality).

38. Level 2 measures how Bank operations contributed to development results in RMCs. It presents aggregate outputs in infrastructure development, support to social sectors, agriculture and the private sector. Level 3 has 20 indicators measuring the quality of operations and its compliance with international aid effectiveness standards (including the Paris Declaration on Aid Effectiveness). And, Level 4 uses 11 indicators to assess the Bank’s efficiency as an organisation, including human resources and business processes.

39. In the words of the **2011 COMPAS Report**, Africa has made significant development progress since 2005. The continent achieved growth rates of above 6 per cent for most of the previous decade, making Africa the third-fastest growing region in the world.
40. In 2011, AfDB worked successfully in improving the business environment in Africa, by helping reduce the time and cost of starting a business, strengthening the financial sector, and creating legal frameworks for PPPs. For example, the average cost of starting a business in Africa fell dramatically, from US$ 217 in 2006, to US$ 77 in 2011, while the average time for business start-up declined, from 58 to 35 days.

41. In 2011, 36 out of 48 sub-Saharan African countries improved their business regulations. The Bank focused its effort in supporting economic diversification and sustained growth. The case of Uganda is a prime example. In the 1980s, Uganda’s exports consisted almost exclusively —96 per cent— of coffee. By 2000, it had diversified into tobacco, cotton, sesame, flowers and frozen fish. At present, it has added more diverse and higher value production to its exports, such as cement, transistors, soap, beer, bulldozers and footwear. While coffee is still the largest single export, its share is down to 18 per cent. This has made the economy more resilient to external shocks, including the global economic crises, unfavourable weather and commodity-price fluctuations. GDP growth has increased steadily, from an average of 6.5 per cent in the 1990s, to over 7 per cent in the past decade. As a consequence, since 1990 poverty has been more than halved to below 25 per cent.

42. However, and with admirable frankness, the 2011 COMPAS Report observes that, although the pace of economic growth is creating economic opportunities and lifting millions of Africans out of poverty, the benefits of this growth have not always been evenly distributed, and also, that income disparities have been rising.

43. In 2011, the Bank invested some US$ 9.24 billion in Africa’s development and provided a wide range of knowledge products and technical advice. AfDB has focused on areas that are most likely to be effective, and to bring about meaningful socio-economic transformations. For example, investments in water management and energy have made a direct contribution to reducing exclusion of the rural poor.

44. More than 6.6 million people benefited from AfDB support for power generation and new electricity connections. The Rural Electrification Project in Guinea delivers connections to 60,000 households, increasing the country’s rural electrification rate, from 3 per cent in 2009, to 15 per cent by 2015, thereby reducing pollution caused by household diesel generators. Overall, the 2012 ADER shows that 93 per cent of AfDB operations fully achieved their development objectives, well exceeding its target.

45. The AfDB portfolio consisted of 769 operations, with a combined value of about US$ 33.9 billion. The Bank has made progress in improving its portfolio management, with 68 per cent of indicators measuring the quality of its operations and compliance with international aid effectiveness standards, on track to achieve or surpass their targets for 2012.
46. Key management tools have been put in place to improve Bank portfolio performance. New “Quality-at-entry” procedures have been introduced to ensure that projects are technically sound and designed to maximize development impact. Project Appraisal Reports are increasingly well prepared, leading to fewer problems with implementation; the level of supervision of operations has improved, while the level of problem projects declined to below 5 percent.

47. Knowledge management is improving over time, with the quality and timeliness of Project Completion Reports reaching their targets. The percentage of projects for which a Project Completion Report was scheduled to be completed and for which the report was actually finalized remained above 90 per cent in 2011, up from an average of less than 50 per cent in previous years.

48. AfDB has a large and complex structure with 1,900 staff located across Africa. As an organization, AfDB is managed effectively, except in the area human resources. The Bank has implemented its decentralisation, devolving staff and responsibilities to 25 Field Offices, thus enabling stronger partnerships with RMCs. And, in 2011, field presence was expanded to another four (fragile) states (Burundi, Liberia, Togo and the Central African Republic), together with the establishment of new Regional Resource Centres at Nairobi and Pretoria.

49. In 2011, AfDB endorsed the International Aid Transparency Initiative (IATI), which sets standards on the dissemination of aid data, to make such information more accessible and comprehensible to the public. Recognising AfDB efforts and progress in openly reporting on results and operational performance, the Publish What You Fund organization ranked AfDB among the TOP 10 donors on the 2012 Aid Transparency Index.

50. AfDB is improving its focus on development results. Thus, the results data in the 2012 ADER reflect improvements in underlying systems and processes, designed to increase results orientation. AfDB is embedding results management into its organisational culture. While systems to monitor and report on results are in place, it is essential to use this information as a management tool.

51. AfDB is working to foster a results culture at the country level. For, a strong results focus at country level is essential to effective management of Bank operations. For example, AfDB supports AfCoP in mainstreaming results into policies and strategies of RMCs, besides regional economic communities. The Bank helped AfCoP to set up chapters in eight African countries, by promoting political leadership for results, strengthening national capacities and systems, and engaging non-state actors to hold governments accountable for results.

52. In the near term, AfDB will strengthen and simplify processes to mainstream results as a management tool. The “Development Effectiveness Reviews”, with detailed check of performance in key thematic areas and countries, were introduced in 2012. First reviews will be on Fragile States, Regional Integration and Governance, as well as a pilot country review on Rwanda. The new Results Reporting System will be rolled out to enhance the capture of results data, while simplifying the generation of reports for project managers.
53. The preceding Results Measurement Framework closed at end 2012, just like the Bank’s Medium Term Strategy. AfDB has been working on preparing a 10-year Long Term Strategy (LTS), covering the period from 2013 to 2022. The Bank reviewed its RMF to better reflect the LTS, which set out new strategic and operational priorities. In developing its new RMF, the Bank worked with other MDBs to ensure that it benefitted from lessons learned from its own experience, as well as those of other institutions.

54. Upon reflection, and given that the 2011 COMPAS Report clearly states that AfDB measures success not by the amount of money it spends, or by the number of projects it funds, but by the lasting changes it brings to the lives of people in Africa, one could run amiss of the essential approach of the presentation, by assessing it against traditionally-held project implementation precepts or yardsticks, such physical progress and/or the disbursement rate. Indeed, it would appear that, with the concept of the MfDR-COMPAS system, MDBs may have succeeded in wrestling some momentum away from their critics and detractors.

55. This is because, over the years, MDBs have never lacked in disbelievers who raise diverse issues, including: aid effectiveness on poverty-reduction, aid management, return-on-investment for donors, actual performance, lack of transparency about operating costs, or diverting of aid to corrupt politicians, etc. In this regard, the skirmishes that surrounded the replenishment of IDA 11 (1997-1999), although a little dated, serve as a lesson [see: The World Bank’s Procurement Myth; September 1996]. The intensity of the exchanges (often bordering on a diatribe) must have been a wake-up call, a humbling experience for MDBs.

56. The foregoing WB events occurred during a period of complex and traumatic changes taking place at AfDB, following the now famous Knox Report (1994). Entitled “The Quest for Quality”, the Report revealed an AfDB crippled by management problems, lack of accountability, and boardroom squabbles. It observed that AfDB was mismanaged, and “...lacked a comprehensive reporting system to assess the quality and size of its portfolio...”, that “…record keeping was careless, haphazard and unrepresentative...” The international press hooked on: Euromoney called AfDB “an international embarrassment”, saying it was “hopelessly inefficient and shoddily managed.” The Economist said that AfDB was an “inefficient, corrupt and political shambles.” Standard & Poors downgraded the AfDB senior long-term debt [see: On the Rocks: The African Development Bank Struggles to Stay Afloat – from the International MONITOR, July/August 1996].

57. Consequently, in as much as scandals and other such events may give ammunition to doubters, on occasion, it should also be remembered that the resulting fracas served a useful purpose. For, the ensuing fight for survival enabled each institution to be reorganised and transformed, with the view to re-emerging as a more efficient body. The advent of the MfDR system and its annual COMPAS reporting should enable MDBs to keep the initiative about transparency and efficiency within the global development community.
58. Interestingly enough, criticism of the bilateral aid system has persisted, whereas, according to OECD-DAC figures, in 2011, 12% of US foreign aid disbursed to developing countries (to promote economic and social development) was provided through multilateral institutions, while 88% was provided bilaterally. Indeed, the level of multilateral aid disbursed by the US remained fairly constant, since 2000, although U.S. bilateral aid for development increased. By comparison, other developed countries disbursed a higher proportion of development assistance through multilateral institutions than the US did, in 2011, e.g. Germany: 34%; Japan: 20%; and UK: 38%.


60. Notwithstanding the cynics however, it would appear there remains valuable support within some political and professional circles that support the multilateral system, as witnesses the Blog entitled *Is Multilateral Aid Better?* [September 2012]. Indeed, proponents argue that, despite some flaws, aid at its core serves vital economic and political functions. With 1.4 billion people in the developing world (one in four people in the developing world) living on less than $1.25 a day (in 2005), some argue that not providing assistance is simply not an option. They argue it is the “right” thing to do and part of “…the world’s shared commitments to human dignity and survival…” Proponents typically point to the use of aid to provide basic necessities, such as food supplements, vaccines, nurses, and access to education, to the world’s poorest countries.

61. Additionally, proponents argue that, even if aid has not been effective at raising overall levels of economic growth, it has been successful in dramatically improving health and education in developing countries over the past four decades. For example, aid contributed to rising life expectancy in developing countries, from 48 years to 68 years over the past four decades, and lowering infant mortality, from 131 out of every 1,000 babies born in developing countries, to 36 out of every 1,000 babies.

62. Finally, one may wish to wonder whether the WB (or any other MDB), which is highly successful in processing documents for Board approval, has the technical expertise [project management] or structural wherewithal to deliver projects on the ground.
III. APPLICABLE LESSONS

63. The ongoing WB procurement policy reforms should interest the Bank, on several grounds. Given the enormous problems in the areas of legal frameworks, capacity, institutional structures, etc., in African countries, the Bank should pay close attention to the processes under way at the WB.

64. In terms of additional studies to be undertaken, the Bank may wish to examine whether it is structured technically to deliver projects on the ground (in view of the modest levels of actual physical progress made on project/programme implementation, as well as the low levels of disbursement).
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