INTERVIEW WITH AfDB’S NEW CHIEF OPERATING OFFICER

Q: The Bank recently established the position of Chief Operating Officer. How do you see this position relative to our efforts to improve quality of operations and strengthen the focus on development results?

A: The Bank’s success depends on its utility to its clients. As Chief Operating Officer, my role is to work within the Bank-wide team to deliver the utility that leads to repeated success in mobilizing resources from our “investors” – that is, our shareholders and donors. The language through which all this happens is the delivery of demonstrable and measurable development results. When we deliver on that front, our stakeholders will understand us better and be more forthcoming.

“Ultimately we can only be credible and continue to deserve support if we demonstrate success in a way that speaks to all our stakeholders… Quality and results are the language that will close that credibility and communication loop.”

TIMELY PROJECT COMPLETION REPORTING RISES TO 96 PERCENT

In a coordinated effort among field offices, regional departments and sector departments, 96 percent of the African Development Bank’s project completion reports (PCRs) for 2008 were posted on time.

“The Bank has been striving to improve its timely completion reporting coverage for many years now,” explains Lisandro Martin of AfDB’s Quality Assurance and Results Department (ORQR). “But the progress the Bank has made in the past year surpassed even our most optimistic expectations.”

The Bank has had a long-standing policy to prepare a completion report within six months of closing for every AfDB-financed operation. Important tools for self-assessment, completion reports are also the Bank’s building blocks for communicating results to shareholders and accumulating knowledge in the institution.

But the organization’s timely completion reporting rates fell to single-digit levels in recent years as teams struggled under the weight of an historic backlog. In 2007, the Bank made a commitment during the eleventh replenishment of the African Development Fund to significantly improve the rate of timely completion reporting, with a target of at least 50 percent for projects closing in 2008.

The introduction of new completion reporting guidelines in late 2008 played a large role in boosting rates. The guidelines instructed staff to prioritize recently closed projects in 2008 and beyond, encouraging task managers to work in partnership with the client country and start completion reporting any time after 85 percent disbursement. The guidelines now stipulate that reports should be posted within 6 months of reaching 98 percent disbursement.

Another important revision to the guidelines was a target for field-based staff to prepare at least 40 percent of future completion reports.

“Field staff are ideally situated to help improve the Bank’s performance on completion reporting,” President Kaberuka wrote in an all-staff memo introducing the new guidelines. “It is also an opportunity to build their own capacity to design high-quality operations and better support effective implementation.”

Thanks in part to a fund administered by ORQR to cover travel costs for field-based completion reporting, field staff prepared 46 percent of the 2008 completion reports.

Ruth Charo, a social development specialist in the Bank’s Kenya field office, prepared the PCR for the second Health Sector Support Project in Zambia.

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Horticulture is one of several industries in central Ethiopia that have benefited from the construction of a new, 120-kilometer road. Here, a worker at the Enyi Ethio Rose Farm prepares cut flowers, which are then transported via the new road to the airport for export.

VOICES FROM THE FIELD: A ROAD TO DEVELOPMENT IN ETHIOPIA

When Yitref Balay decided to open a hotel in the Ethiopian town of Bui, some 84 kilometers away from Addis Ababa, many of his friends called him “crazy,” he recalls.

“The town is so tranquil – a nice place to escape from the hustle and bustle of city life for a weekend. But when I started building my hotel in 1999, the road condition was deplorable, patches of tarmac and many pot holes.”

Today, both Balay and Bui are benefitting from a new, 120-kilometer paved road that extends to Butajira, thanks to financing from the African Development Fund.

“Before the rehabilitation of the road in 2004, it was not possible to make a day return trip between Butajira and Addis,” explains Kidane Dereje, ADB Infrastructure Specialist based in Ethiopia. “The road has since reduced the travel time from Alemgena – a town just south of Addis Ababa – to Butajira by two-and-a-half hours and cut transport costs in half.

“Many of my friends who called me crazy are now regular guests in my hotel,” says Balay, proudly.

Reduced costs have led to a significant increase in public transportation. In 2000, for instance, there were only seven small bus trips and 63 large bus trips scheduled per day on the road; by 2005, there were 95 small bus trips and 88 large bus trips each day.

The road has also sparked the development of many new businesses.

“In the past two years alone, 26 new private investors have leased land and applied for licenses to establish new businesses along the road,” says Abedulkashir Umer, Butajira’s deputy major.

New businesses that have sprung up alongside the corridor over the years include private schools, health centers, pharmacies, petrol stations, iron workshops and more. For older businesses, like the Mars Food Factory established in 1998, the completion of the road has led to a significant reduction in the cost of raw materials and delivery of the finished products to markets.

“Before we had this road, it used to cost us 560 birr per quintile to transport wheat from depots in Addis,” explains Adamu Ayele, the factory’s administrative manager. “Today, suppliers deliver wheat directly to the factory for 520 birr per quintile.

“The factory consumes about 10,200 quintiles of wheat per month, so these savings have been translated into lower prices for our products,” he says.

The area’s horticultural sector has also greatly benefited from the new road. “No roads simply means no business” in the cut flower industry, explains Minalu Asmanaw, manager of the Enyi Ethio Rose Farm in Awash.

Given the power that cut flowers in particular have to bring foreign exchange into the Ethiopian economy, “the government does not license their production unless there are good roads to facilitate the transport of such perishable goods to an airport,” she says.

Umer is optimistic that the economic benefits of the new road will grow even greater after the completion of the 180-kilometer road from Butajira to Sodo – another project financed by the African Development Bank.

After all, “a road network is to the economy what blood vessels are to the human body,” he says.

CHIEF OPERATING OFFICER Q & A

Q: Your professional experience has been largely in the private sector. What lessons can you draw from this experience that could be usefully applied to the Bank?

A: Despite fundamental differences, the private sector offers some useful lessons that can be applied to public sector institutions. In the private sector, results are everything.

To use a wildlife analogy, you eat – and therefore live – by what you hunt. Trying hard is important, but ultimately, only the results matter.

Another lesson is that team performance tends to be determined by the weakest member. Therefore, managing individual performance to get the best out of each team member is critical to broader institutional performance. We should be doing more to get the most from our managers in this respect.

Q: The Bank’s Action Plan on Quality and Results for 2008-2010 targets accelerated decentralization, quality-at-entry, results-based supervision, completion reporting, and improved information systems. Are these also high on your priority list for the Bank?

A: I agree fully with these five priority areas for Bank reforms. Broader institutional change will also need to include human resources and budget management reforms. On quality-at-entry, my limited exposure to field operations suggests that we need to invest in creating greater clarity up front with our clients on what a project is all about, and what results are expected. We probably need to listen to our clients more carefully, as they have a better fix on their capacities and on likely obstacles to project implementation.

We have also seen how use of field staff can contribute to a quantum change in our performance on completion reporting, for example. I believe our next phase of decentralization can significantly improve implementation effectiveness if we carefully apply lessons learned from the first phase.
INDEPENDENT EVALUATION RECOMMENDS TIGHTER QUALITY STANDARDS AND REVIEW

One of the key recommendations of a quality-at-entry review recently conducted by the African Development Bank’s independent evaluation department is that the Bank adopt clearer standards for quality, and use them for quality review during the project preparation phase.

The evaluation, which was part of the mid-term review of the African Development Fund (ADF), found that while quality-at-entry for Bank operations falls short of some comparable organizations, it is still relatively strong and gradually rising. Between 2005 and 2008, for instance, the share of ADF operations that was rated "moderately satisfactory" and above on quality-at-entry rose from 76 to 81 percent, with operations rated "satisfactory" and "highly satisfactory" increasing the most. Improvements in quality-at-entry were particularly noted on technical and financial dimensions as well as implementation arrangements. Of concern, however, were weaknesses on social, poverty and environmental dimensions.

“We are working to implement the evaluation’s recommendation to adopt quality-at-entry standards and formally incorporate them into the project preparation process,” says Marc Cohen, Manager of the Bank’s Quality Assurance Division. “This is very important because high-quality project design is a strong predictor of positive results at project closing.”

In January 2009, the Bank began piloting a new tool – the “readiness review” – to help ensure that operations are fully ready for implementation once approved and effective. The reviews use a list of criteria to establish quality standards, and provide guidance to task teams both at project concept and appraisal stages. By integrating generic quality dimensions – such as strategic fit, consultation process and results focus of operations – into the overall review process, the readiness review complements the review by peers that focuses on sector and technical aspects.

During the pilot phase, the Bank’s Quality Assurance and Results Department coordinated readiness reviews for more than 80 concept notes and appraisal reports of public sector investment projects. A consultation phase followed, culminating in a validation workshop held in Tunis on 24 September 2009.

“The consultation phase was essential to improving the tools and methods of the readiness review,” reports Cohen. “The timing of the review was advanced so the country team can discuss it when they convene. We also adopted a more marked differentiation in review criteria to be applied at concept and appraisal stages.”

Streamlined formats, more user-friendly guidance on quality standards, and a more hands-on approach to supporting task teams were other improvements brought about by the consultation.

Earlier this year, Ali Abou-Sabaa, Director of the Bank’s Agriculture Department, and his task team benefited from constructive interaction with reviewers during preparation of the Program to Support Ecosystems Preservation in the Congo Basin. After a series of meetings with the reviewers, the project was modified for greater focus and selectivity, and the review rating improved significantly.

“The readiness review is important because it provides an external, independent view of the operation,” says Abou-Sabaa. “It is a service that can benefit the project in the long run, provided its process and objectives are explained clearly and disseminated more broadly.”

QUALITY AT ENTRY RATINGS OF ADF OPERATIONS

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<th>2005</th>
<th>2008</th>
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<tr>
<td>Satisfactory and above</td>
<td>38%</td>
<td>53%</td>
</tr>
<tr>
<td>Moderately satisfactory and above</td>
<td>76%</td>
<td>81%</td>
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Source: Operations Evaluation Department

LAUNCHING THE AFRICAN FACILITY FOR DEVELOPMENT EFFECTIVENESS

When ministers from around the world got together in Accra last year for the Third High Level Forum on Aid Effectiveness, one question was at the top of their minds: how to make aid more effective at achieving development results where they matter most – at the country level.

The African Development Bank recently established the African Facility for Development Effectiveness (AFDE) to promote and support African countries’ initiatives to better mobilize and coordinate development resources on the ground. Governments and organizations in any of the 40 least-developed African countries that typically receive concessional funding from the Bank’s African Development Fund can utilize this regional facility to receive financing for initiatives designed to improve aid effectiveness.

Special attention will be given to initiatives that aim to remove country level bottlenecks in areas where the Accra Agenda calls for urgent action. One of these areas is clearly use country systems. The Facility will promote and fund initiatives designed to encourage donors to make more use of African countries’ own systems and institutions for implementing aid-funded policies and programs. “The African Facility for Development Effectiveness is a concrete reflection of the Bank’s commitment to implementing the Accra Agenda for Action,” explains Simon Mizrahi, Manager of the Results Reporting Division.

“It was borne out of two simple but fundamental convictions: the first is that to be effective, development in Africa has to be led and shaped by African countries and institutions in line with their own domestic priorities. The second is that countries and organizations are much stronger when they work in partnerships, build synergies and share knowledge than when they operate in isolation.”

In addition to the regional fund, the Facility will provide an important platform for regional dialogue on aid effectiveness for the Bank’s 53 regional member countries and African institutions.

How? By promoting, for example, the African Communities of Practice on Managing for Development Results – a community of more than 800 practitioners that work together across 35 African countries to better manage for development results.

Last but not least, the Facility will make sure that the voices of African countries and institutions are heard loud and clear in the global arena. As part of this advocacy role, the Facility will organize an international event in the beginning of 2010 to bring together the leading voices from across the continent on important topics related to development effectiveness.

Rather than adding another layer to an already complex international aid architecture, the Facility will provide a nimble, responsive network that connects African countries, institutions and practitioners together. In doing so, it will seek to close the gap between international rhetoric on aid effectiveness and the realities on the ground.
ANNUAL MEETINGS SEMINAR FOCUSES ON STRENGTHENING DEVELOPMENT EFFECTIVENESS IN TIMES OF CRISIS

Last May, participants from parliaments, civil society, development agencies and governments gathered at the Annual Meetings of the African Development Bank in Dakar, Senegal, for a seminar on strengthening the commitment to development effectiveness in the face of global crisis.

The seminar, chaired by Vice President for Country and Regional Programs and Policies, Aloysius Ordu, included presentations by officials from the Ministries of Economy and Finance in Burkina Faso and in Rwanda. Both countries mentioned reduced export earnings, investment flows and fiscal revenues in 2009 as a result of the global crisis, placing a premium on using scarce resources wisely to improve development effectiveness and maintain social welfare.

Representatives from the U.S. and Swiss development agencies concurred, adding that increasing aid volumes and predictability would be a critical element of the global response, as underscored at the recent G20 meetings.

“The African Development Bank has responded to the crisis with new financing instruments and faster delivery mechanisms,” reported Ellen Goldstein, Director of the Quality Assurance and Results Department. “Speed, however, will not diminish our commitment to improving the quality of our operations and strengthening our focus on development results.”

Parliamentarians noted that the global crisis has heightened social concerns in many countries and increased the importance of government accountability to its citizens.

“The partnership between donors and governments must be extended to include civil society, so that the voices of the people are heard in discussions of aid and development effectiveness,” said Florence Etta, President of the African Evaluation Association in Nairobi.

Members of the African Community of Practice on Managing for Development Results encouraged the establishment of national communities of practice, bringing together public and private institutions, as a way to enhance voice and build domestic accountability for results.

“Development effectiveness is important for donors, but it is fundamentally a domestic accountability issue. Governments are responsible to their people for making good use of resources and delivering development results. It is vital that we strengthen the mechanisms of domestic accountability in order to sustain results.”

Aloysius Ordu
Vice President for Country and Regional Programs and Policies

Africa Achieves, a new publication released this month by the African Development Bank, features Africans taking charge of their destinies and improving the quality of their lives. A team of photographers and reporters traveled to Benin, Cameroon, Liberia, Malawi, Rwanda, Uganda and Tanzania to gather images and stories for the publication, a photo exhibit and a series of video clips. Africa Achieves highlights the priorities of the African Development Bank in areas such as infrastructure development and regional integration, and brings to life the many ways in which the African Development Fund is helping Africa achieve today.