

AFRICAN DEVELOPMENT BANK GROUP



OPERATIONS EVALUATION DEPARTMENT (OPEV)

Evaluation of Paris Declaration Implementation at the African Development Bank

MAY 2011

Introductory Note

The Paris Declaration on Aid Effectiveness endorsed in 2005 is a landmark international agreement and the culmination of several decades of attempts to improve the quality of aid and its impact on development. The Accra High Level Forum in 2008 adopted an Agenda for Action to accelerate progress toward the Declaration objectives, and strengthen or sharpen a number of commitments.

This report summarizes the findings, conclusions and recommendations of an independent evaluation of the “Paris Declaration Implementation at the African Development Bank”. The Evaluation is part of a series of donor and partner country evaluations undertaken as part of the global evaluation of the Paris Declaration commissioned and overseen by an International Reference Group. The Group comprises representatives of donors and multilateral agencies, partner countries and representatives of civil society. All the evaluations will feed into a global synthesis report for the 4th High Level Forum in Busan (Korea) on aid effectiveness (29 November-1 December 2011).

The evaluation was undertaken by an international team of consultants from the Information Training and Agricultural Development LTD (ITAD), commissioned by the Bank’s Operations Evaluation Department (OPEV).

It is worth noting that the emphasis of the AfDB evaluation was on the processes the Bank put in place to enable it fulfil its commitments under the Paris Declaration. The expectation is that the 21 Country Evaluations undertaken under the global evaluation of Paris Declaration will enrich the AfDB study by providing information on the contribution of the Paris Principles to development results at the country level. This information is in the various country evaluation reports and the global synthesis report.

The evidence in the AfDB report is based on a policy document review, organizational review, staff survey, country studies, visits to the Temporary African Development Bank Headquarters in Tunis, country visits to four (4) Bank’s field offices and a review of the transport sector and trust funds programs. The working papers from these various components are available for consultation together with the full report of the evaluation and will be posted on the Operations Evaluation Department’s home page <http://www.afdb.org/OPEV>.

Mohamed H. Manai
Manager, Projects and Programs Evaluation Division
& Officer in charge, Operations Evaluation Department
May 2011



Evaluation of Paris Declaration Implementation at the African Development Bank

May 2011

Summary Report

ITAD Ltd
12 English Business Park
English Close, Hove
BN3 7ET
U.K.
Email: mail@itad.com
Web: www.itad.com

Johanna Pennarz
Dane Rogers
Ines Rothmann
Jups Kluyskens
Mark Q. Watson

Table of Contents:

Acronyms	III
Executive Summary	V
Purpose and approach to this evaluation	V
Key findings	V
Conclusions	VII
Recommendations	VII
1. Introduction	1
1.1. Purpose and scope of this evaluation	1
1.2. Methodology	2
2. Findings	2
2.1. Contextual factors	2
2.2. Assessment of progress	3
2.2.1. Overall assessment	3
2.2.2. Areas where progress has been made.....	3
2.2.3. Areas where limited progress has been made	5
2.3. Overview: Factors explaining the Bank’s performance	5
3. Commitment	6
3.1. Policy framework	6
3.2. Ownership – the Bank’s commitment	7
3.3. Partnership – a responsibility to engage	8
3.4. Decentralisation – working with RMCs	9
3.5. Decentralisation – working with other development partners.....	10
3.6. Harmonisation – sharing risks	11
3.7. Alignment – managing risks.....	12
4. Capacities	13
4.1. Organisational responsibilities and coordination of aid effectiveness strategy	13
4.2. Guidance on aid effectiveness.....	13
4.3. Staff capacities and skills.....	14
4.4. Field office capacities	14
4.5. Resources to implement aid effectiveness agenda	15

5. Incentives and Disincentives	15
5.1. Staff incentives on aid effectiveness	15
5.2. Performance incentives	16
5.3. PIU – A case of competing incentives	16
6. Conclusions and Recommendations.....	17
6. Conclusions	17
6. Recommendations	18
Annexes.....	N°. of Pages
Annex 1: Policy Timeline	21
Annex 2: Bank Performance according to PD principles.....	4
Annex 3: Country visit findings on PD principles.....	2

List of Boxes

Box 1: Budget support as element of country dialogue.....	8
Box 2: The Bank's role in the transport sector	9
Box 3: Findings from the joint evaluation of the JAS Zambia.....	11
Box 4: Pooling risks through budget support.....	11

ACRONYMS

AAA	Accra Agenda for Action
AE	Aid Effectiveness
ADF	African Development Fund
AfDB	African Development Bank
CAR	Central African Republic
CCI	Commitment, Capacities and Incentives
CFAA	Country Financial Accountability Assessment
COO	Chief Operating Officer
CPA	Country Performance Assessment
CPAR	Country Procurement Assessment Report
CPIA	Country Policy and Institutional Assessment
CSOs	Civil Society Organisations
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DBSL	Development Budget Support Lending
DHN	National Department of Hydraulics (Mali)
DNACPN	National Directorate for Pollution and Environmental Nuisance (Mali)
DP	Development Partner
FSF	Fragile States Facility
FO	Field Office
GBS	General Budget Support
GEFS	Good Engagement in Fragile States
GRZ	Government of the Republic of Zambia
H&A	Harmonisation and Alignment
HQ	Headquarters
HR	Human Resource
JAS	Joint Assistance Strategies
MDBs	Multilateral Development Banks
MfDR	Management for Development Results
MICs	Middle Income Countries
MOPAN	Multilateral Organisations Performance Assessment Network
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation

OECD	Organisation for Economic Cooperation and Development
OPEV	Operations Evaluation Department of the AfDB
ORPC	Operational Resources and Policies Department
ORQR	Quality Assurance and Results Department
ORVP	Vice President for Country Operations, Regional Programs and Policy Complex
PBLs	Policy Based Loans
PBO	Policy Based Operation
PD	Paris Declaration
PEFA	Public Expenditure and Finance Accountability
PER	Public Expenditure Review
PFM	Public Finance Management
PIU	Project Implementation Unit
POPR	Operations Policy and Review Department
QEA	Quality at Entry Assessment
RBCSP	Results Based Country Strategy Paper
RBM	Results Based Management
RMCS	Regional Member Countries
RMF	Results Measurement Framework
SMART	Self-Monitoring, Analysis and Reporting Technology
SWAp	Sector Wide Approach
TA	Technical Assistance
TCB	Technical Assistance and Capacity Building
TFIR	Task Force for Institutional Reform
TOR	Terms of Reference
UA	Unit of Account
UNRA	Uganda National Roads Authority

EXECUTIVE SUMMARY

Purpose and approach to this evaluation

1. This evaluation is one of a series of donor agency and country evaluations contributing to Phase Two of the Global Evaluation of the Paris Declaration. The purpose of this evaluation is to assess African Development Bank's (AfDB) performance in fulfilling its commitments to the Paris Declaration as an institution. The evaluation focuses on the context, and institutional aspects of PD implementation. The institutional aspects have been reviewed according to three dimensions: leadership and commitment, capacity, and incentives.

2. The evaluation has used a range of methods for data collection, drawing from different sources, including: policy document review, organisation review (including staff survey), review of country strategies and portfolios (covering 15 regional member countries – RMCs), country visits (Kenya, Malawi, Burkina Faso, Cameroon) and stakeholder interviews and discussions at AfDB in Tunis.

Key findings

3. **Overall performance:** The Bank has generally made progress on ownership, harmonisation, and policy alignment principles. It has made commendable efforts on management for development results. It needs to do more on systems alignment, and mutual accountability, with increased focus on long-term goals and partnerships.

4. **Achievement:** Since 2005 the Bank has achieved much with regard to aid effectiveness.

- The Bank has signed up to the Joint Assistance Strategies for a number of countries (e.g. Central African Republic, the Gambia, Sierra Leone, Tanzania, Kenya, Liberia, Zambia, and Uganda).
- It has harmonised its procurement rules and procedures with other multilateral development banks and removed the rules of origin that was a major impediment for further harmonisation and alignment of Bank support.
- The Bank has, within the limitations set by the African Development Fund (ADF), increasingly used budget support to respond to Regional Member Countries (RMCs) demand.
- It has made substantial contributions to building country capacities on public finance management and statistical capacity.
- It has increased its field presence and as a result has strengthened the Bank's engagement with RMCs and other development partners.
- It has made efforts to strengthen the broad-based ownership of its Country Strategy Papers and align country programmes with RMCs' priorities.
- The Bank has strengthened Africa's leadership on development through support of regional institutions promoting economic and financial governance.
- Practices for mutual accountability are emerging as a result of stronger partnerships at country level.

5. **Progress has been generally better where the Bank's mission has overlapped with the aid effectiveness agenda.** The Bank has communicated its commitment to ownership consistently through policies and strategies and its efforts to building RMC capacities for effective leadership were consistent with this commitment.

6. **Progress has been inconsistent in areas that are not supported by its corporate strategy.** Alignment with country systems has been on an ad-hoc base, often as a result of demands by country governments. A long-term approach has been missing. Performance related issues (e.g. time lapse between approval and effectiveness, low disbursement rates, slow procurement of goods and services procedures) have often been addressed through short-term solutions (e.g. training, consultants). The Bank's cautious approach to risk management has made it reluctant to use country systems, therefore slowing down progress. The Bank has no strategic stance on the use of more aligned modalities other than budget support and, as a result, progress in the use of common instruments (such as participation in pooled funds or sector budget support) is slow and variable.

7. **The transition to new ways of working under the aid effectiveness agenda is creating dilemmas and conflicts.** Bank staff perceive the inherent tension between the key drivers of Bank performance (risk awareness, disbursement pressure) and the new ways of working under the aid effectiveness agenda. The existing Bank documents do not provide clarity on how choices and challenges resulting from the aid effectiveness agenda should be addressed at the operational level.

8. **Decentralisation** offers a unique opportunity to harness the latent capacities and intrinsic motivation available within countries. Delegation of authority to field offices and a stronger focus on technical capacity within the country will help to harness those potentials.

9. **The Bank has not yet leveraged the opportunities of policy dialogue within the new aid architecture.** The Bank has traditionally treated budget support as a funding mechanism rather than as part of a package to support effective country leadership which includes policy dialogue. The Bank often lacks the critical mass of qualified staff on the ground that would enable an effective role in policy dialogue.

10. **The Bank has missed opportunities to link institutional performance with aid effectiveness principles within its corporate strategy.** Reference to aid effectiveness is scattered throughout the Bank's corporate strategies. There is no overall strategy document to guide the Bank's approach to aid effectiveness in line with its mission.

11. **The Bank has not invested substantially in developing and implementing an organisation-wide approach to implement aid effectiveness principles.** The Bank's efforts over time have been fragmented, inconsistent and under-resourced. In the absence of a clear rationale and strategy for implementing aid effectiveness principles, aid effectiveness was often treated as add-on. Aid effectiveness principles are addressed on a case-by-case basis rather than in response to an overarching strategy for aid effectiveness.

12. **Institutional arrangements for aid effectiveness (AE) have not been adequate and have led to a fragmented approach.** Different parts of the organisation have taken some efforts to address AE principles, but overall progress was fragmented across the organisation. The Bank did not have an effective approach to mainstreaming AE principles in the organisation. It did not provide the organisational arrangements and resources for an aid effectiveness strategy. Capacity to coordinate an action plan on aid effectiveness was insufficient.

Conclusions

13. There is a strong case for aid effectiveness as part of the Bank's strategy to improve performance and standing within Regional Member Countries. However, the Bank must respond fully to the aid effectiveness agenda at country level to fulfil its vision of being Africa's premier financial institution.

14. The main bottlenecks for the implementation of the aid effectiveness agenda on the ground are **weak capacities and conflicting incentives**. Strong incentives relating to financial performance have been driving country portfolio management, often at the expense of aid effectiveness principles. The move to new truly country-led ways of working will require strong and sustained commitment in all parts of the organisation

Recommendations

15. **Establish the case for aid/development effectiveness within the organisation:** The President of the Bank has already made a powerful case for focusing on development effectiveness.¹ The evaluation endorses this move. In order to achieve better coherence between aid effectiveness (in the following referred to as "development effectiveness") principles and its corporate strategy the Bank has to make the case that it is in its own interest to strengthen country capacities and leadership if it wants to improve its performance in the long-term. The upcoming strategic process will be an opportunity to establish the relevance of development effectiveness principles within the Bank's corporate strategy.

16. **Mainstream development effectiveness principles:** The Bank will only be able to address development effectiveness in a consistent way if the principles are integrated ("mainstreamed") in all parts of the organisation. The Bank needs to make sure that there are clear responsibilities and incentives and that all staff are pulling in the same direction with regard to development effectiveness. The Roadmap for aid effectiveness has been a first step to raise awareness and consolidate efforts through a Bank-wide approach. The next step will be the development of action plans for all operational departments through a consultative approach.

17. **Manage strategic decisions:** It is not sufficient to formulate policies and strategies and take strategic decisions. Strategic decisions need to be managed purposefully and systematically. This requires a proactive approach to anticipate and mitigate the challenges and risks that accompany change. "Change management" can be purposefully linked to the ongoing decentralization reform. In line with the Decentralisation Roadmap we propose that the office of the COO should be responsible for monitoring the transition to new ways of working. The COO will be reporting to the board on the change initiatives.

18. The Evaluation suggests specific action points as part of the recommendations (see Chapter C.2.)

¹ The Tunis Consensus – Targeting effective development: From Aid effectiveness to Development Effectiveness. Tunis, 4-5 November 2010.

1. INTRODUCTION

1.1 Purpose and scope of this evaluation

1.1.1 This evaluation is one of a series of donor agency and country evaluations contributing to Phase Two of the Global Evaluation of the Paris Declaration (PD). The Terms of Reference (TOR) for this evaluation are therefore based on the generic TOR for the global evaluation and the generic evaluation framework.

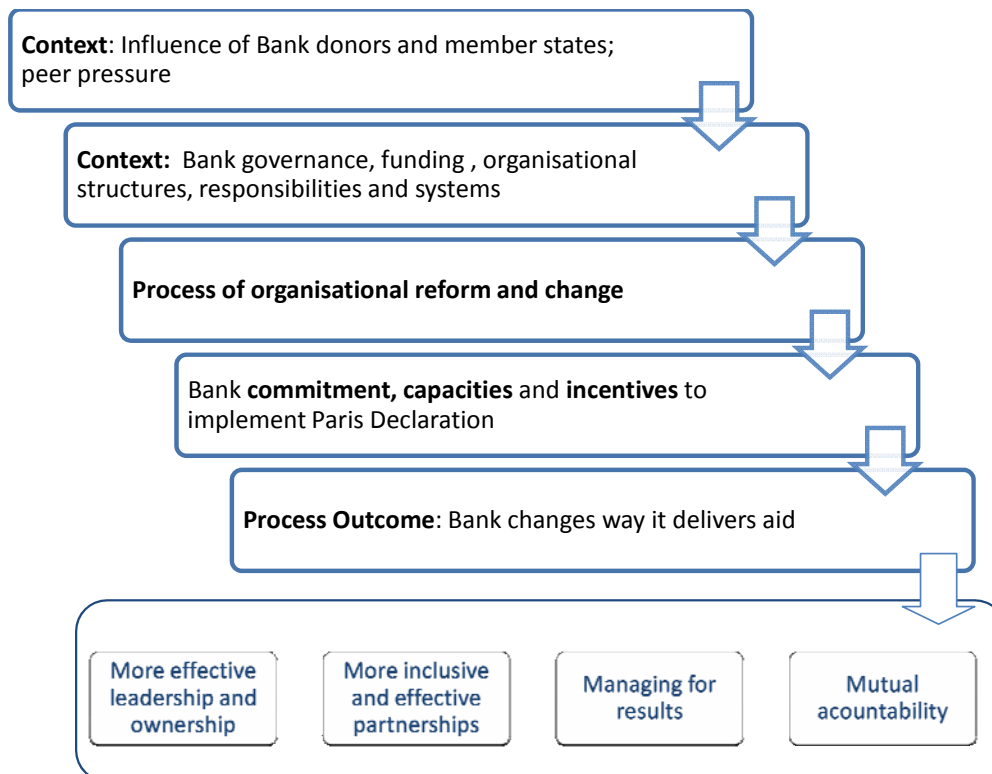
1.1.2 The purpose of this evaluation is to assess AfDB’s performance in fulfilling its PD commitments as an institution. The evaluation focuses on learning by asking the twin questions: ‘Are we doing the right things?’ (Relevance of the choices the Bank has made to deliver on the PD commitments) and ‘Are we doing things right?’ (Effectiveness of the actions taken.)

1.1.3 Analysis of process and results will focus on the following levels:

- **Context:** Contextual factors affecting the relevance and implementation of PD
- “Enabling conditions”: Institutional aspects that are key to shaping donor behaviour, including **Commitment, Capacities** and **Incentives** (CCIs)
- **Process outcomes:** To what extent has the implementation of the PD led to an improvement in the efficiency of aid delivery and better partnerships?

1.1.4 The following chart presents the results chain (“Theory of Change”) for this evaluation.

Figure 1: Theory of Change for Paris Declaration Evaluation at the AfDB



1.2. Methodology

1.2.1 This evaluation has used a range of methods for data collection, drawing from different sources:

1.2.2 The Bank's **policy documents review** assessed the extent to which AfDB has promoted PD principles policies and strategies. It used a policy timeline tool to assess the progression in AfDB's thinking and the timeliness with which individual policies, strategies and guidelines have been formulated.

1.2.3 The **organisation review** assessed how organisational factors at HQ level have influenced PD implementation, using three tools: the organisational diagnostic tool; a staff capacity and incentives survey; and a focus group discussion. The **staff survey** was designed to explore staff perceptions of commitment, capacity and incentives for implementation of aid effectiveness principles by the Bank. The total number of responses collected was 295 which equates to a response rate of 59%. During two visits to the AfDB HQ in Tunis, the evaluation consulted with key stakeholders in this evaluation and conducted interviews with representatives from all operational complexes. A focus group discussion provided the space to discuss issues relating to CCIs emerging from the staff survey and to analyse underlying issues.

1.2.4 The review of **country strategies** and **country portfolios** covered a sample of 15 countries. In addition the evaluation team conducted **four country visits** (Kenya, Malawi, Burkina Faso and Cameroon) where it consulted with a wide range of stakeholders, including government and other development partners.

1.2.5 The evaluation included two **case studies**, a sector case study and a thematic case study, for in-depth analysis of key factors driving or hindering AfDB's performance on aid effectiveness. Transport was selected as the sector having a strategic priority for the Bank, and highlights some of the key challenges for aid effectiveness. The review of trust funds focussed on issues of harmonising the number of donors at HQ level.

2. FINDINGS

2.1 Contextual factors

2.1.1 **Pre-Paris:** As a result of the Millennium Development Declaration 2000, the Monterrey Consensus 2002 and the Rome Declaration 2003, the Bank took AE principles into account in its Strategic Plan 2003–2007 as a key element to improve its performance. Since then the Bank has been involved in various partnerships, structured around operationalising harmonisation and alignment (H&A) and MfDR at the RMCs and institutional levels (e.g. OECD-DAC working party on aid effectiveness, MDB technical working groups on financial management, procurement reform, environmental assessment, governance and capacity building, and evaluation cooperation). In addition to the developments in the wider international aid arena the strong internal push towards organisational effectiveness and focus on results since 2005 led to promotion of aid effectiveness and in particular the focus on MfDR.

2.1.2 **Paris Declaration:** In response to the signing of the Paris Declaration in 2005, the Bank developed in 2006 its main guiding policy instrument for aid effectiveness – the Bank Group Action Plan on Harmonisation, Alignment and Management for Development Results (MfDR). The Bank was also a major actor in the Accra High Level Forum on Aid and Effectiveness (2008). The PD has clearly influenced the Bank in putting greater emphasis on development effectiveness, but with a clear focus on H&A and MfDR. For example the Bank

Group Action Plan on H&A and MfDR 2006 pays prime focus to these three principles and the Roadmap to Development Effectiveness 2010 instigates monitoring of the PD indicators 3 to 10, which refer to alignment, harmonisation and MfDR.

2.1.3 ADF–11 MTR: In 2008, in the context of the ADF–11, internal Bank lesson learning and synthesis of experiences on aid effectiveness took place and led to the development of a background paper on the Implementation of the Paris Declaration Replenishment process. These developments stimulated the Bank to enhance its policy framework on aid effectiveness. A whole new range of strategies and guidelines were developed (e.g. on Bank engagement in Fragile States; governance, the use of country systems) adding to providing additional relevant guidance to operations on the implementation of the PD commitments. The ADF-11 Mid-term Review of 2009 also informed the Bank’s new Roadmap for Development Effectiveness 2010. At the same time, there has been a noticeable emphasis on capacity development since 2010. Streamlining the Bank’s financial management and procurement processes was another major development at that time.

2.2 Assessment of progress

2.2.1. Overall assessment

The review of Bank policies, country strategies and portfolios shows that the Bank has performed well on ownership and harmonisation principles (rated “moderately satisfactory” see Annex 2). The Bank has consistently promoted country ownership and leadership. With increased field presence the Bank has increasingly participated in consultative mechanisms and frameworks. The Bank’s performance has not been satisfactory with regard to alignment (rated “moderately unsatisfactory”), MfDR (“unsatisfactory”) and mutual accountability (“unsatisfactory”), although some progress has been noted in these areas. The Bank has implemented a number of institutional reforms (decentralisation, procurement, higher Budget Support cap) to enable greater harmonisation and alignment, but this has not yet translated into use of more aligned and harmonised ways of working/modalities (use of country systems and new aid modalities). Focus on MfDR at HQ level has not yet been translated into greater focus on results which is weak in Bank country strategies and portfolios. Bank policies do not convey a strategic stance on mutual accountability, but some good practices are emerging at country level. Performance ratings are consistent with Paris Survey data² and country visit findings (see Annex 3).

2.2.2 Areas where progress has been made

This evaluation has assessed the Bank’s progress on Paris Declaration Principles since 2005 using findings from Country Strategy Papers (CSPs) review (see Annex 2b), portfolio review (see Annex 2c) and country case studies (see Annex 3) in addition to Paris Survey data (2005 and 2007). There are a number of areas where the Bank has made good progress towards Paris Declaration principles since 2005.

- ***The Bank has increasingly used budget support to respond to RMC demand.*** The cap on the maximum amount of funding that can be spent as budget support has been increased from 22.5% under ADF-10 to 25% under ADF-11. Cumulative

² Paris Declaration Survey data are available from the OCED DAC website (<http://www.oecd.org>). At the time of this evaluation, only 2005 and 2007 were available.

commitments as policy based loans (PBLs) in ADF countries rose from 14% in ADF-10 to about 24% in ADF-11.³

- ***With the establishment of field presence, the Bank has become more active in the aid effectiveness agenda on the ground.*** Dialogue with government and other development partners has led to stronger relationships and improved analysis of the country context, which is gradually translating into better aligned support. The presence of field offices has deepened participation in sector working groups particularly since 2007, with many field offices working on five to eight working groups, and in some cases many more. The Bank has led development partner (DP) working groups in a number of countries (e.g. general budget support (GBS) in Tanzania, Malawi and Burkina Faso, transport in Kenya and Mozambique, etc.).
- ***The Bank has made efforts to strengthen the broad-based ownership of its Country Strategy Papers (CSPs) and to align country programs with RMC priorities.*** Bank CSPs are generally aligned with national poverty reduction strategies or mid-term strategies.⁴ The Bank has made progress in aligning its support to government policies and budgets. Paris Survey data for 2005 and 2007 showed that the Bank performed above average on predictability and reporting aid on budgets. Disbursement through exchequer has helped RMC governments to monitor aid flows. This was acknowledged by governments during country visits, e.g. to Kenya and Malawi.
- ***Bank country strategies are developed in close consultation with country stakeholders.*** The CSP review has rated Bank CSPs highest on ownership criteria.⁵ The participatory approach to CSP formulation and increased attention to analysis and assistance to strengthening national capacity is an important pre-condition for RMC ownership. During country visits, stakeholders (including government and other DPs) commented positively that the Bank has consulted on their CSP.
- ***The Bank has provided support to Public Finance Management (PFM) and economic governance to strengthen country ownership and leadership.*** Capacity building, i.e. in areas of public sector management and good governance, has become an integral part of Bank operations in RMCs. Increasingly, support is provided to national accountability actors such as parliament, anti-corruption commissions and supreme audit institutions. The Bank adopted strategic directions on governance in 2008 and formulated an overarching Bank strategy on capacity development in 2010.
- ***Recent initiatives to support country statistical systems are good practice on harmonisation, alignment and results based management.*** The AfDB, as part of its focus on results, has committed to helping build statistics capability in all 52 regional member countries. So far it has undertaken country statistical profiles for Ghana, Kenya, Lesotho, Mozambique, Togo, the Gambia and Zambia. Reports for these assessments are in the process of being finalised.

³ Within the evaluation sample of 15 RMCs, the Bank provides budget support in 10 countries: Benin, Botswana, Burkina Faso, Burundi, CAR, Malawi, Morocco, Mozambique, Sierra Leone and Zambia.

⁴ See Annex on CSP. All 15 CSPs reviewed were rated “satisfactory” with regard to policy alignment.

⁵ 11 out of 15 CSPs were rated satisfactory with regard to ownership criteria. 9 CSPs were satisfactory on harmonisation and 6 CSPs were satisfactory on alignment (which includes policy alignment and systems alignment). See Annex on CSP.

- **Practices for mutual accountability are emerging as a result of stronger partnerships at country level.** Joint portfolio reviews, with mutually agreed actions to address existing weaknesses, are emerging as good practice in some countries (Kenya, Burkina Faso).

2.2.3. Areas where limited progress has been made

At the same time there are a number of areas where the evaluation noted slow progress:

- ***Progress on use of country systems is slow:*** Paris Survey data for 2005 and 2007 indicated some progress in the use of country public financial management systems but less progress in the use of partner country procurement systems. Progress on the use of audit systems is uneven with main tensions surrounding the governance of audit arrangements. In countries where the use of a national auditor is required by law, such as in Kenya, reports still have to be counter-signed by Tunis.
- ***Progress in reducing the number of PIUs is variable.*** Paris Survey data have shown that the Bank has made some progress in reducing the use of PIUs since 2005, but country visits and portfolio reviews found there are still many cases where PIUs or PIU-like structures are preferred. Some RMCs are taking a lead in eliminating external PIUs: in Kenya the Bank has integrated all PIUs into government structures. In Malawi the government is committed to eliminating PIUs by the end of 2011; as a result the number of PIUs used in supporting Bank projects has dropped from eight to three in the last two years.
- ***The Bank is slow to move towards harmonised ways of operation at country level.*** Paris Survey data for 2005 and 2007 noted that at that time the Bank had made no progress in the use of programme based approaches and coordinating its missions and country analysis work with that of other development agencies. The MOPAN survey (2009) noted concerns that the AfDB is inconsistent in its participation in joint missions and participating in programme based approaches, other than through budget support. In countries where the Bank has joined a sector wide approach (SWAp) (e.g. Kenya, Cameroon), it still provides its support through project funding.
- ***The Bank has not yet achieved greater results focus at operational level.*** The Bank's initial efforts to strengthen MfDR went into the design of frameworks and indicators, not into systems for data collection. This partly explains why the MfDR agenda is not yet delivering on an operational level. Currently, Bank programmes monitored through the use of indicators are often derived from PRSP⁶ monitoring frameworks, but insufficient attention has been paid to data availability, reliability and alignment of outcome and impact indicators with sector plans.

2.3 Overview: Factors explaining the Bank's performance

2.3.1 The Evaluation used three dimensions to explain the Bank's performance on aid effectiveness: Commitment, Capacity and incentives.

- **Strong Commitment** to aid effectiveness principles explains why the Bank has performed well on some aid effectiveness principles. The Bank has a strong commitment to ownership and it has performed well with regard to ownership related

⁶ Poverty reduction strategy paper

criteria. The Bank’s commitment to increase field presence has been strong and partnerships have been strengthened as a result. Decentralisation reform is seen as single most important factor affecting the Bank’s performance on aid effectiveness by both staff and partners in RMC (see staff survey report), but slow progress means that delegation of responsibilities is still ongoing and the scope for effective engagement at country level remains limited. As part of its commitment the Bank has to manage the risks arising from the aid effectiveness agenda. The Bank has been keen to share risks (with regard to fiduciary management) with other development partners. But its cautious approach to risk management is also the main fact explaining the slow progress towards use of country system.

- **Weak Capacity** to implement aid effectiveness explains why – despite the commitment – overall performance has been patchy. Organisational arrangements to integrate (“mainstream”) aid effectiveness principles are inadequate and the Bank has not sufficiently invested into the capacities and skills required to implement the aid effectiveness agenda. Weak staff awareness and capacities has been cited as most important constraint in the staff survey.
- **Incentives** for management and staff to implement aid effectiveness principles are insufficient and there are strong disincentives, like financial targets, that explain persistence of non-aligned practices, such as PIU.

2.3.2 The following chapter presents in further details the enabling and constraining factors explaining the Bank’s performance on aid effectiveness, as presented in the table below.

Table 1: Key factors explaining the Bank’s performance

	Enabling Factors	Constraining Factors
Commitment (Chapter 4)	Commitment to RMC ownership (4.2.) Strong RMC partnerships (4.3) Decentralisation - RMCs (4.4.) Decentralisation –DPs ((4.5.) Sharing risks (4.6.)	Gaps in policy framework (4.1.) Decentralisation – slow progress (4.4.) Avoiding risks (4.7.)
Capacity (Chapter 5)	New staff (5.3.)	Internal coordination (5.1.) Insufficient guidance (5.2.) Skills and capacities (5.3.) Field offices capacities (5.4.) Insufficient financial resources (5.5.)
Incentives (Chapter 6)	Intrinsic motivation (6.1)	Performance appraisal (6.1.) Performance targets (6.2.)

3. COMMITMENT

3.1 Policy framework

3.1.1 The policy timeline (see Annex 1) indicates a continuous effort of the Bank to develop a policy framework on aid effectiveness. This has been a dynamic process with clear phases of slower and faster reform effort. The Bank has been responsive to the commitments as well as

to new thinking in the aid effectiveness arena over time. Yet, the sequencing in building a policy framework on aid effectiveness has not always followed a linear logic from policies to strategies to guidelines.

3.1.2 Moreover, there is no overall policy or white paper on the Bank's approach to development cooperation that could also provide the overall policy framework for aid effectiveness. There is the Bank's policy on poverty reduction and there are the medium-term strategic plans, but the extent to which they clarify the application of aid effectiveness principles within the context of development cooperation is limited.

3.1.3 The policy documents review identified specific gaps in the Bank's policy framework. While there are guidelines on development budget support lending (DBSL), none of the policies or strategies articulates a clear preference for more aligned aid modalities such as budget support or other programme based approaches. There is no strategic framework or fiduciary risk assessment framework which would help decide upon an appropriate aid modality mix. Aside from the general commitments included in the Bank Group Action Plan on H&A and MfDR 2006 there is no guidance on the conditionality approach and the commitment to improved predictability. The policy framework does not provide guidance on the Bank's approach to mutual accountability, division of labour and untying of aid.

3.2 Ownership – the Bank's commitment

3.2.1 The Bank has promoted country ownership as an important principle for effective poverty reduction prior to Paris. The Bank's commitment to country ownership has been driving efforts to align its support to country priorities ever since it joined the Comprehensive Development Framework⁷ Partnership Group in 1998. The Bank's commitment to strengthen ownership is closely related to the specific role it has to play as an *African* Development Bank within the African context. For example, the High Level Panel Report (2007) has highlighted the responsibility the Bank has in strengthening African Ownership as part of the aid effectiveness agenda.

3.2.2 The Bank has consistently promoted country ownership and partnership through its policies and strategies. Ownership is a key element of development effectiveness promoted in the Bank's Strategy on Poverty Reduction 2003, which promoted country ownership and stakeholder participation as key elements for the design and implementation of the Bank's support. Bank CSPs are based on a consultative approach.

3.2.3 The commitment to partnership also means that the Bank almost naturally ventured into practices of mutual accountability, even though there is no strategy or policy. Joint portfolio reviews that have been conducted in a number of countries are an example of this.

3.2.4 The Bank is seen as a willing and responsive partner who stands by the government in times of political or economic crisis. For example in Kenya the Bank has continued to disburse its support at times where most other development partners have withdrawn funding (during the political crisis in 2008). In Burkina Faso, the Bank has cancelled non-performing projects and transferred them into budget support (PBL). The commitment to support countries during difficult times has made the Bank a reliable partner.

⁷ The Comprehensive Development Framework—launched by World Bank President James D. Wolfensohn in early 1999—provided conceptual underpinnings for the Poverty Reduction Strategy Papers (PRSPs) and fed into the later aid effectiveness initiatives.

3.2.5 Related to the Bank's commitment to strengthen Africa's leadership on development is the support it provides to regional institutions that promote economic and financial governance. These include the Collaborative African Budget Reform Initiative (CABRI), the African Organisation of Supreme Audit Institutions (AFROSAI), and the African Tax Administrators Forum (ATAF) established in 2009 (Annual Report 2009, p. 25).

3.2.6 This all means that the AfDB has been working towards ownership principles as part of its mission and core values. It has pursued a partnership approach based on mutual trust that has strengthened African leadership on development issues.

3.3 Partnership – a responsibility to engage

3.3.1 The Bank's special role as donor and development partner in the African context is also recognised by other Development Partners (DPs). Country visits confirmed that DPs expect the Bank to serve as a role model in strengthening government leadership through credible engagement at the heart of the development agenda. The evaluation has identified several areas where the Bank will have to step up its responsibility as a leading dialogue partner.

3.3.2 **Budget support as part of the policy dialogue:** The Bank sees budget support as the preferred modality of most RMCs because this strengthens national ownership and leadership (Annual report 2009, p. 23). The Bank has traditionally relied on conditionalities to address governance issues in relation to budget support. Evidence on legal measures and reforms to improve sustainability or effectiveness in the sector such as establishing PFM strengthening measures, or clearing a sector-level audit backlog are often included as conditions in PBLs. But budget support should, in principle, also create the space for engagement in policy dialogue. This point has been well made in a recent paper on budget support in Fragile States, which the Bank prepared in cooperation with the WB and EC⁸ and in the Evaluation of the Policy Based Operations of the African Development Bank 1999 – 2009.⁹

Box 1: Budget support as an element of country dialogue

"Rather than viewing budget aid as simply a transfer of financial resources to the country's budget, and with a narrow focus on public financial management, it should be considered as a key element of an aid package that consists of evidence-based policy dialogue, analytical work, technical assistance, capacity building activities, as well as financial transfers. This package should be more explicitly geared at addressing the underlying causes of fragility and supporting the transition toward resilience. This can be done by highlighting the role that budget aid can play in: stabilizing the macro-budgetary framework and allowing the state to carry out basic functions, to cement its legitimacy and contribute to maintaining political stability; supporting the longer-term endeavours of peace and state-building; and contributing to strengthening the capacity of recipient countries by channelling aid through national systems."

3.3.3 **Addressing challenges through dialogue.** The Bank is generally keen to respect governments' views in the dialogue and tends to refrain from posing difficult conditions or pushing difficult issues. Country visits showed that there is a perception among development partners that the Bank is an "easy, friendly partner" and that "government finds it easy to access AfDB funding".¹⁰ They believe that the Bank "should ask more questions and should also address related governance issues" (e.g. in the infrastructure sector). The transport sector

⁸ Common Approach Paper for the Provision of Budget Aid in Situations of Fragility (2010).

⁹ Evaluation completed in March 2011. Report available on the Bank website.

¹⁰ The MOPAN survey (2009) reported a similar perception.

case provides some concrete examples. In the transport sector the Bank has a leading role to play. However, it appears that the Bank is reluctant to challenge government priorities in the sector and is leaving the more difficult change management aspects to donors such as the World Bank and EU (see box below).

3.3.4 Typically it was found that the AfDB appears more comfortable in a partnership-type role (e.g. capitalising on its African regional institution role) than in challenging on difficult issues. There are concerns, like those voiced by some field offices during this evaluation, that harmonisation creates a “monolithic body versus the government”. Perceptions like this may cause the Bank to position itself at some distance from the harmonisation agenda.

Box 2: The Bank’s role in the transport sector

The transport sector provides strong disincentives to pursue sector reforms given that these typically take years to implement and can delay project implementation if presented as pre-conditions. As a result the Bank tends to stay away from more difficult reform issues. For example in Uganda the AfDB has not directly engaged in the institutional reforms that are ongoing in the sector including the establishment of the Uganda National Roads Authority (UNRA) or the Uganda Road Fund (URF). Furthermore the AfDB has not engaged in strengthening the Ministry of Works and Transport, which has responsibility for overseeing sector policy. During the country visit there was some criticism from other donors in the sector that the AfDB was not prepared to challenge the Government of Uganda in its investment prioritisation decisions which appeared to reflect political rather than economic criteria.

3.3.5 **Wider consultation as part of the policy dialogue:** A common criticism is that although the Bank is consulting more with country stakeholders, its consultation is often confined to a small number of central government ministries and in many countries does not include private sector and civil society. The Bank is aware that it needs to reach out to other stakeholder groups, to stimulate broad-based ownership of its strategies and support. In countries where civil society has become a major stakeholder in policy dialogue (e.g. Burkina), the Bank engages with CSOs well. Where government does not encourage civil society participation, the Bank is less inclined to engage (e.g. Kenya). The country visits, in particular, pointed to the importance of an active and well-informed civil society which could be an important player in holding both the government and donors accountable. In many of the Bank’s RMCs civil society is weak, inactive, fragmented and often not adequately informed about the Bank’s operations. Civil society, in its turn, expresses concern about its often marginal position and the fact that it has limited access to documents and reports.

“We need frank and effective partnerships between Bank and civil society, for broader ownership and better impact (of the Bank strategy).”

---- Quote from focus group discussion

3.4 Decentralisation – working with RMCs

3.4.1 Decentralisation has been the single most important factor affecting the Bank’s performance on AE by staff and country partners. But the reform is progressing at a slow pace and the Bank still has some way to go to build the presence and capacity that would enable it to become a major player in the aid effectiveness agenda at country level.¹¹ Delegation of responsibilities to field offices is a key step. However the Delegation of Authority Matrix (DAM) has not been updated since 2008. The Decentralisation Roadmap thus noted a

¹¹ The evaluation of decentralisation noted that “the AfDB is behind schedule in establishing a fully operational FO network” (Evaluation Summary 2009, p. 5).

“persistence of a ‘centralisation’ culture in parts of the Bank that results in insufficient delegation of authority to field staff.” The current share of tasks that are managed by field offices is modest. In 2009, field offices were responsible for overseeing supervision of about 15% of the project under implementation, but less than 10% of new projects under preparation (Decentralisation Roadmap 2010, p. 9).

3.4.2 Field offices remain reliant on decisions and “no objections” from HQ; and field office staff report that this often undermines their engagement in joint operations and activities with other development partners. For example, in Kenya there were concerns voiced by a number of stakeholders that the field office delegation of authority is not sufficient. The Ministry of Finance thinks that Bank procedures are cumbersome and noted that there are still too many decisions requiring sign-off in Tunis; more delegations would help to lower their transaction costs. Development partners believe that the Bank office is not sufficiently empowered “to be taken seriously” within the policy dialogue.

3.4.3 There are particular concerns around the delegation of fiduciary functions. The AfDB is committed to maintaining and ensuring high standards of probity and accountability, and recognises that many governance and accountability risks concern procurement. Therefore its procurement systems have incorporated strong elements of centralised control, with key approvals needed (the “no objection” mechanism) at key stages of the procurement cycle, which have been causing major delays and complaints by RMCs about lengthy processing time of disbursement or procurement related matters.¹² The Bank has been hesitant with regard to the delegation of procurement clearance authority to field office staff and noted the risk that it could expose staff to external pressure, fraud and corrupt practices.¹³ In addition, there are tangible barriers that need to be overcome, such as provision of qualified staff, adequate budgeting for field staff and finalisation of IT-solutions, before delegation of fiduciary responsibilities can be fully rolled out.¹⁴

3.4.4 Some progress has been made in streamlining procurement approvals and no-objections as an important step to reduce transaction costs for both Bank and RMC and improve portfolio performance. Procurement assistants based in field offices are working closely with procurement staff in client ministries to resolve procurement issues and problems, thereby reducing delays and limiting the number of rejected procurements.

3.5 Decentralisation – working with other development partners

3.5.1 There is plenty of evidence that decentralisation has benefited the Bank’s understanding of the country context and that it has become more engaged with stakeholders at country level. The Country Strategy Paper (CSP) review shows that donor harmonisation has received increasing attention in the CSPs. CSPs describe the institutional structures of the partnership framework well, in particular the structures for donor coordination, the major donors present in a country and the activities they support.

3.5.2 The Bank had signed up to the Joint Assistance Strategies (JAS) for a number of countries (e.g. CAR, the Gambia, Sierra Leone, Tanzania, Kenya, Liberia, Zambia and Uganda) at a time when it did not have a field presence in most of them (see OPEV review of JAS, 2007). The process of joint strategies has recently lost momentum. The Bank has

¹² Decentralisation Roadmap 2010, p. 5.

¹³ Streamlining procurement and financial management functions: proposed process improvements – rev.2, 2008, p. 18.

¹⁴ ORPF 2010. Recent initiatives of the procurement and fiduciary services department – ORPF.

decided to prepare its own country strategies in some countries, such as Uganda and Zambia. Box 3 below highlights some of the sobering findings from the evaluation of the JAS Zambia.

Box 3: Findings from the joint evaluation of the JAS Zambia

As an instrument for advancing the Paris Declaration, the JASZ is critically dependent on the activities of the Government of Zambia (GRZ). However, the GRZ's systems and processes for aid management are weak, and there is no mechanism for taking an effective cross-sectoral strategic view on aid issues. In important respects, existing consultative mechanisms are driven by arrangements developed by development partners. The dialogue architecture which has emerged over the period of the JASZ in response to these weaknesses, often does not respect GRZ processes. **Transaction costs** for CPs have increased, particularly for those taking a lead position in a specific sector. There is little evidence that the JASZ has promoted greater country **ownership** at national level. **Mutual accountability** is seen as weak by a majority of CPs,¹⁵ and there has been little progress under the JASZ in developing a mutual accountability framework.

3.5.3 Country visits showed that with the establishment of field presence the Bank has become more engaged in the alignment and harmonisation agenda at country level. With the increased field presence since 2007 many field offices are working with five to eight working groups, and in some cases many more. The Bank has led DP working groups in a number of countries (e.g. General Budget Support (GBS) in Tanzania, Malawi and Burkina Faso, transport in Kenya and Mozambique, etc.).

3.5.4 Harmonisation with other donors also means that the Bank increasingly participates in Sector Wide Approaches (SWAs). For example the Bank is participating in a number of SWAs in Kenya and Malawi, although it provides parallel funding to selected parts of the sector programme only. AfDB's participation in pooled funds operated by other bodies has been traditionally constrained because of the application of procurement rules of origin.¹⁶

3.6 Harmonisation – sharing risks

3.6.1 For the Bank there are strong incentives for harmonisation in the area of fiduciary management because harmonisation means sharing analysis and sharing risk management, usually at high standards. An example of shared risk is the joint approach to budget support.

Box 4: Pooling risks through budget support

"Working together to pool risk is a critical source of added value resulting from improved coordination of approaches. The typology of risk, the analysis of different categories of risk and the trade-offs that exist between them could be given more prominent attention in the documentation associated with budget aid. The risk of not engaging should be set against the benefits that can be reaped by successfully stabilizing a country, including the positive regional (and global) externalities that may be generated."¹⁷

3.6.2 Harmonisation of procurement rules is seen as an important step to reducing the transaction costs for country governments. For example, procurement for large infrastructure

¹⁵ Evaluation of the Joint Assistance Strategy for Zambia (JASZ) 2007-10. Ministry of Foreign Affairs of Denmark, 2010.

¹⁶ The ADF Articles of Agreement relating to the rules of origin for procurement have been amended, effective 31 March 2009 (Roadmap to Development Effectiveness, 2010). Note that the Bank's procurement rules do not apply to budget support.

¹⁷ Common Approach Paper for the Provision of Budget Aid in Situations of Fragility (2010)".

projects, such as roads or power transmission lines that are funded by several donors can take up substantial time by management simply because of different donors applying different procurement rules and procedures. The Bank organised a conference on Public Procurement in Africa as early as 1998 which led to the Abidjan Consensus Document on Public Procurement Reform. Since then, the Bank has been working with the World Bank on revision and harmonisation of bidding and contract management procedures and documents which was completed in 2008. Full harmonisation of the Bank's bidding documents with those of the World Bank and other MDBs was achieved through the preparation of master procurement documents. Revision and harmonisation of bidding and contract management procedures and documents was completed in 2008. This means that private sector contractors and public sector entities do not have to adjust their approaches for different multilaterals, thereby reducing their transaction costs.

3.7. Alignment – managing risks

3.7.1 As a Bank the AfDB has had to manage risks in a way that may conflict with Paris Declaration Principles, in particular with regard to use of national systems. The Bank has a history of low levels of performance, and under reinvigorated management and with substantially new staff, it is anxious to retain its more recently established reputation for effective risk management, transparency and accountability. The board has an overarching responsibility to protect the reputation of the Bank, since this determines its future, the confidence of its share-holders and its credit rating. This explains why the Bank has avoided becoming over-dependent on any single risk management unit or department, and instead adopts an approach based on multiple checks and balances.

“It is important to consider the country perspective, on how risks are to be addressed. This is not always the same as the Bank's. The Bank needs to have a joint strategy to address fiduciary risks, and the country needs to be committed”.

Development partners often have different views and agendas (on use of country systems). But there needs to be a common understanding of what the strategy should be.”

----Quotes from focus group discussion

3.7.2 Use of country systems creates additional risks of delays, poor procurement and inadequate financial reporting. Corruption is a major risk in many of the AfDB partner administrations. The Bank's “Approach to the enhanced use of country's system” (2008) thus promotes a two-pronged approach, with rapid progress in PFM and reduction of PIUs on the one hand and a more cautious approach in the area of procurement and environmental and social safeguards on the other hand.

“When are we going to decide when we can use country systems?”

“Our tools for fiduciary risk assessment (CPA) are ten years old; they need to be adjusted.”

----Quotes from focus group discussion

3.7.3 The Bank's cautious approach to fiduciary management had knock-on effects on the use of funding modalities. AfDB's participation in pooled funds operated by other bodies had been constrained because of the application of procurement rules of origin. In 2008 the ADF deputies amended the rules of origin to allow the Bank to participate in pooled funding mechanisms with other donors. Funding remains tied for non-ADF operations (e.g. from private sector operations and funding to middle income countries).

3.7.4 Fiduciary risks related to the use of funding instruments arise through a general cap on the use of budget support (PBL) under ADF. Deputies have set an upper limit cap for the amount that can be used for budget support under each ADF cycle, which is closely monitored.¹⁸ As a result of those restrictions the Bank has not developed a proactive approach

¹⁸ Under ADF-9, the cap for PBOs was a maximum of 22.5% of non set-aside resources. For ADF-10, Deputies increased the cap to not more than 25% of the aggregate of non set-aside resources. A general rule was made,

to managing risks around funding modalities. The Bank has no standardised Fiduciary Risks Assessment (FRA) instrument, but rather applies commonly used instruments such as World Bank PFM diagnostics tools (PER, CFAA, CPAR) or joint analytical tools such as the PEFA.

4. CAPACITIES

4.1 Organisational responsibilities and coordination of aid effectiveness strategy

4.1.1 Until 2008 responsibility for coordination of aid effectiveness strategy rested with the Operations Policy and Review Department (POPR) under the Vice President for Policy, Research and Planning. POPR was also responsible for monitoring and reporting progress and challenges and for dissemination of lessons and best practices. In August 2008 responsibility for aid effectiveness moved to the newly created the Quality Assurance & Results Department (ORQR). In the process, aid effectiveness became subsumed into the broader results and quality agenda. Due to high staff turnover within the newly formed ORQR, ownership of the H&A Action Plan quickly dissipated. It was not until 2010 that a replacement to the 2006 H&A Action Plan was prepared – the Roadmap to Development Effectiveness.

4.1.2 The move in location from an operational complex to a department responsible for quality and results, together with the differences between the H&A Action Plan and the Roadmap, indicate a change in emphasis within the Bank. The H&A Action Plan presented an organisation-wide plan for delivery of the Bank's operations in closer adherence to aid effectiveness principles, implemented by all complexes and coordinated by POPR. In contrast, the 2010 Roadmap reflects more of a work plan to improve compliance through internal procedural changes. The Roadmap is very much a response to the 'sobering' findings of the 2008 DAC monitoring survey, and proposes 'corrective measures to accelerate progress towards [Paris Declaration] targets.' As such it is a work plan for implementation of corrective actions rather than a strategy for implementing aid effectiveness principles and coordinating that implementation process. As a result, responsibilities are only assigned against corrective actions, training and events rather than broader coordination roles. Notably responsibility for all but a few actions rests with ORQR itself, implying a non-mainstreamed approach.

"The Bank's AE team has not done enough to communicate across complexes."

"The problem is that the PD is a cross-cutting issue; it cannot be easily coordinated. For example the President has requested setting up a working group on use of country systems. The Bank needs internal mechanisms to coordinate within the Bank."

---Quotes from focus group discussion

4.2. Guidance on aid effectiveness

4.2.1 With many sector policies and strategies being old (some dating back to the 1990s) there is a significant lack of guidance on how to address AE principles in the programming and budgeting process. 60% of respondents to the staff survey think that the range and quality of guidance on aid effectiveness is inadequate to meet staff needs. Country Office (CO) staff complain about the lack of hands-on guidance and support for addressing problems in implementation of PD at operational level. For example, the adoption of country systems has to reflect capacity at a country level and this varies across sectors. The absence of guidance on

however, that the share of PBOs for individual countries should not exceed 50% of their performance-based allocation except under certain conditions. Flexibility increased further under ADF-11, when the cap of 25% of the aggregate PBA was maintained but country-specific limitations were removed (Roadmap to Development Effectiveness, 2010).

addressing AE principles in programming and budgeting means that staff must default to existing policies and procedures.

4.2.2 In particular there is a degree of confusion around the use of aid modalities. The Bank does not have a position on when to use budget support and other programme based approaches as preferred modalities. The Bank had introduced budget support as an aligned modality since 2004, but it only issued guidance on the use of country systems in 2008. Bank staff often consider budget support as the only alternative to project funding. There is no specific guidance on the choice of aid instruments which would, for example, explain the eligibility and risk assessment criteria and standards for specific aid modalities (e.g. budget support).

4.3. Staff capacities and skills

4.3.1 The HR strategy, prepared in 2007, focuses on addressing existing weaknesses in HR management. Aid effectiveness receives no explicit mention in the strategy document, although a number of its characteristics are consistent with aid effectiveness principles (for example, the focus on results).

4.3.2 Findings from the staff survey indicate that Bank staff view low staff awareness and skills as the main factor constraining or undermining the Bank's willingness and ability to implement aid effectiveness principles. Staff concerns relate mainly to their sense that the aid effectiveness agenda has been poorly communicated within the Bank, operational guidance is limited (especially where important trade-offs are to be made), and access to relevant staff training is poor. In the focus group discussions that followed this survey finding, staff further commented that capacity constraints undermine the Bank's ability to take advantage of the potential opportunities that aid effectiveness presents to the Bank: lack of sufficient staff numbers; insufficient staff skills; and inflexible deployment of staff.

"Has the Bank really internalised the thinking across all sectors? Whoever goes out there needs to have the same vision."

----Quote from focus group discussion

4.3.3 At the same time the significant influx of new staff over the past few years has brought aid effectiveness knowledge and skills into the Bank. Local field office staff are often recruited from other development partners, where they have gained previous experience with aid effectiveness.

4.4. Field office capacities

4.4.1 Field office staffing has been driven mainly by considerations around portfolio management. Staff data shows that positions in management, IT and administration account for 60% of total field office positions, while sector specialists account for only 33%.¹⁹ With only a small number of projects being managed by field offices (5% in 2009), the Bank is reluctant to increase the budget to recruit additional professional staff for field offices.²⁰ Economists only account for 6% of the field positions, country program officers only 7%. Limited deployment of economists and program staff has constrained field office involvement in analytical work and the generation of knowledge products.²¹ Field office economists only recently (2010) started taking over responsibility for economic and sector work (e.g. Kenya).

¹⁹ Decentralisation Road Map 2010, page 7.

²⁰ See the Bank's Annual Programme and Budget Planning 2009 and 2010.

²¹ Decentralisation Road Map 2010, p. 7.

4.4.2 Field staff are over-committed and they feel constrained in their ability to provide the additional time and effort required for aid effectiveness activities. They are stretched thinly over the large number of sectors and thematic areas where the Bank is active. For example, in Kenya, where the Bank has ten technical staff, it is active in six sectors and three thematic groups. A similar situation was reported for Malawi where the Bank has only one specialist per sector and the portfolio is very wide, encompassing PBOs, social sectors (health and education), infrastructure (transport, water), rural development and agriculture and private sector development; it is also participating in PFM strengthening and governance issues. Managing projects and being involved in the country dialogue is a balancing act and staff complain that they are overstretched. Among development partners this often leads to the perception that the Bank is thin on the ground.²² As a result the Bank has not yet established the critical mass to lead country dialogue in areas of comparative advantage.

“We feel embarrassed if we have only one person attending meetings, while others, like the World Bank, come with two or three. This makes it feel very unbalanced and difficult for us to raise our voice during meetings.”

----Quote from Kenya FO focus group discussion

4.5. Resources to implement aid effectiveness agenda

4.5.1 A common theme which came out of the country visits and staff survey is that activities to implement activities in relation to aid effectiveness are under-resourced. 61% of the respondents to the staff survey feel constrained in their ability to provide the additional time and effort required to implement aid effectiveness related work.

4.5.2 There is a strong perception among staff and other development partners that the Bank has not allocated sufficient resources to implement aid effectiveness related activities at country level. Country office staff feel that the real transaction costs required to implement aid coordination at country level are undervalued and resources are therefore not made available. During county visits to Kenya and Malawi cases were brought up that application for funding of aid effectiveness related activities were made, but not granted by Tunis.

4.5.3 The Bank has traditionally managed a large number of trust funds which should in principle provide additional resources for non-lending activities, such as those related to studies or training. But, as findings from the case study on trust funds indicate the cumbersome procedures to access funding from trust funds in practice has made it difficult for the Bank to use this type of funding for aid effectiveness related activities. Furthermore many donors are reluctant to commit funds for activities such as workshops, and consider that such activities should be charged to the AfDB’s core budget.

5. INCENTIVES AND DISINCENTIVES

5.1. Staff incentives on aid effectiveness

5.1.1 The Bank’s performance planning and appraisal procedures do not explicitly address aid effectiveness principles. Staff are not formally encouraged to implement aid effectiveness principles. 60% of respondents to the staff survey agree that it is more important within the Bank to meet disbursement targets than to demonstrate aid effectiveness. The HR management department, (CHRM) have just completed a new competency framework, which does not address aid effectiveness. The newly designed online Performance Management

²² The MOPAN survey (2009) conveys a similar feedback.

System provides a format for objective-led performance appraisal but leaves it to the line manager to define what the objectives should be. Aid effectiveness is therefore only included if the line manager decides that it is important to do so (and there are examples of this).

5.1.2 Staff derive their main incentives for aid effectiveness from intrinsic motivation. This in turn stems from the opportunities and imperatives that arise from engaging with partners and from staffs' own sense of where aid effectiveness fits into the Bank's corporate strategy. In the focus group discussion it was striking that staff see such a strong coherence between aid effectiveness principles and corporate strategy and results. This suggests that there is also a significant level of latent enthusiasm or motivation to explore more deeply how aid effectiveness principles can help the Bank to achieve its strategic objectives.

5.2. Performance incentives

5.2.1 Speed of disbursement is a key performance parameter to the AfDB. This has created an inherent tension between targets for improving country portfolio performance and fulfilling PD principles, indicators and targets. For example task managers are aware that rapid disbursement is used as a proxy for performance and that, therefore, dealing with lengthy pre-contract conditions or managing problematic or aged projects is undesirable. The focus on disbursement targets is significant for Paris Declaration in several aspects. It implies a continuing focus on project delivery rather than on institutional capacity building and on the challenging sector management issues. In practices this means there are strong incentives to maintain PIUs in order to circumvent government capacity constraints (see section on PIU below).

"We need to improve our risk appetite, to strengthen use of country systems."

"ADF needs to take more risks to be relevant and responsive."

-----Quotes from focus group discussion

5.2.2 In recent years the AfDB has exerted extra effort in clearing the non-performing and "at risk" projects. Since the reason that many projects have not disbursed as originally envisaged is due to non-fulfilment or slow fulfilment of conditionalities, there is a considerable incentive to remove or limit such conditions. The Bank has reduced the number of implementation effectiveness conditions and is trying to resolve those prior to project signature. Case studies, for example in transport, revealed that there is an increasing reluctance to impose conditions that could delay project effectiveness. For example, as part of the Nacala Corridor Road Development Project Phase II (Lusaka-Chipata Road), the AfDB waived its requirement for the traditional 10% counterpart contribution from the government. Reducing or waiving project conditionalities may help to improve project performance in the short-term. It does, however, require additional measures to address wider sector issues, as the transport case study shows.

5.3. PIU – A case of competing incentives

5.3.1 The Bank has taken steps to limit the use of PIUs. For example the guidelines for financial management and financial analysis of projects (2006) require a rationale for using partner country financial management systems or alternatively independent PIUs. In addition, the Bank has set clear targets for reducing PIUs. However at various stages of the evaluation, the team found that reducing PIUs has mixed results and in some cases, PIUs are preferred since they remain more effective, for example in Fragile States (CAR and DRC). Country visits and portfolio reviews found that many PIUs still exist despite the fact that the AfDB has elaborated its position on PIUs in various documents.

5.3.2 A review of project management arrangements shows that there are other forms of project support mechanisms cropping up which may avoid the formal title of being PIUs or

PMUs but fulfil the same function. For example, the Project Appraisal document for the Drinking Water and Sanitation in Gao Koulikoro and Segou Regions, Mali, highlights that two government institutions (DHN and DNACPN) will be responsible for a range of tasks which would traditionally have been performed by a PIU, supported by additional staff hired by the borrower. There are several examples where PIU-type arrangements will have direct responsibility for executing the project, for example the Community Agriculture Investment Project in Uganda. Also in Uganda a former umbrella PIU, which served the needs of donors active in the sector, had been transformed into the Uganda National Roads Authority, a parastatal with its own board. There are strong incentives for the Bank to maintain PIUs which seem to be overriding existing policy directives.

5.3.3 The Bank's treatment of PIUs as a compliance issue has led to apparent solutions that do not really address the underlying capacity constraints. As the examples above show, the problem can only to some extent be addressed through capacity building. It also requires changes in the way that the Bank designs and delivers its support. The PIU issue epitomises the dilemma the Bank faces around the use of country systems. The focus group discussion clearly showed that the Bank will perform better in the long-term if it invests into building country capacities.

"The shift from control to capacity building (for country systems) will reduce transaction costs for the Bank. But the Bank does not put money on the table to build capacities."

---- Quote from focus group discussion

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

6.1.1 Responsibility to engage on the ground: The Bank has achieved much with regard to aid effectiveness. The Bank's commitment to RMC ownership meant that it has been exemplary in its efforts to strengthen country leadership. The Bank's approach to partnership builds on mutual trust and accountability. But the Bank has a responsibility to respond fully to the aid effectiveness agenda at country level, to fulfil its vision of being Africa's premier financial institution. Aid effectiveness principles of ownership and alignment require close dialogue with RMC governments, civil society and the private sector. In a strong partnership, there will be many sensitive issues to deal with as well as the means to address and resolve differences of opinion. The Bank should not shy away from addressing controversial issues. As an equal partner in the policy dialogue, the Bank needs to develop a strategic stance on sensitive issues that are complex and require a long-term perspective (e.g. governance and accountability issues, use of country systems).

6.1.2 Case for strategic change: The Bank could strengthen its institutional performance if it integrated aid effectiveness principles into its corporate strategy. There is a strong case for aid effectiveness as part of the Bank's strategy to improve performance and standing within RMC. For this the Bank needs to address the entire spectrum of aid effectiveness principles. The Bank has generally performed well in terms of ownership and policy alignment and it has made some commendable efforts on MfDR. More needs to be done on systems' alignment, harmonisation and mutual accountability, with increased focus on long-term goals and partnerships.

6.1.3 Call for institutional reform: The main bottlenecks for the implementation of the aid effectiveness agenda on the ground are weak capacities and conflicting incentives. The Bank as an organisation has not invested strategically into the capacities and skills required within the new aid architecture. Strong incentives relating to financial performance have been driving country portfolio management often at the expense of aid effectiveness principles. The

move to new truly country-led ways of working will take further, far-reaching institutional reforms. For a consistent and coherent approach to aid effectiveness there needs to be a strong and sustained commitment in all parts of the organisation.

6.2 Recommendations

6.2.1 Establish the case for aid/development effectiveness within the organisation: The President of the Bank has already made a powerful case for focusing on development effectiveness.²³ The evaluation endorses this move. In order to achieve better coherence between aid effectiveness principles (in the following referred to as “development effectiveness”) and its corporate strategy, the Bank has to make the case that it is in its own interest to strengthen country capacities and leadership if it wants to improve its performance in the long-term. The upcoming strategic process will be an opportunity to establish the relevance of development effectiveness principles within the Bank’s corporate strategy.

Action points:

- The Policy Department (ORPC) is well placed to lead the process. Based on the policy documents’ review undertaken with this evaluation, ORPC should examine the strategic fit between development effectiveness principles and corporate strategies. ORPC should clarify the Bank’s policy stance on issues where there are gaps (e.g. conditionalities, funding instruments).
- The Chief Economist should prepare a background paper – as part of the examination of critical issues – of the relevance of development principles for the Banks strategy. This paper should be prepared in a similar manner as when preparing a new mid-term strategy. It needs to take into account the outcomes of the discussions around development effectiveness to be held during that process. In the background paper the Chief Economist in cooperation with the Strategy Office (STRG) should also clarify the Bank’s comparative advantage based on development effectiveness principles.
- The Chief Operating Officer’s (COO’s) office and ORVP should lead the Bank-wide debate around critical issues that seem to create tensions between aid effectiveness and elements of its strategy. A priority issue for debate is the use of country systems. The Procurement and Fiduciary Services Department should present a strategy to strengthen use of country system for a wider debate in the Bank that includes field offices. ORVP’s seminars on operational knowledge could provide the platform for these discussions.

6.2.2 Mainstream development effectiveness principles: The Bank will only be able to address development effectiveness in a consistent way if the principles are integrated (“mainstreamed”) in all parts of the organisation. The Bank needs to make sure that there are clear responsibilities and incentives and that all staff are pulling in the same direction with regard to development effectiveness. The Roadmap to aid effectiveness has been a first step to raise awareness and consolidate efforts through a Bank-wide approach.

Action points:

- ORPC should prepare a central document that provides guidance on how aid effectiveness principles will be addressed through the Bank’s support. The document

²³ The Tunis Consensus – Targeting effective development: From Aid effectiveness to Development Effectiveness. Tunis, 4-5 November 2010.

does not have to replace existing policy documents, but it should provide clear reference on how aid effectiveness principles are addressed in the various policy documents.

- ORPC should also provide detailed guidelines for task managers on how aid effectiveness principles should be taken into account at the operational level.
- The Bank should appoint development effectiveness champions in all three operational complexes who would lead on the preparation and implementation of development action plans to implement aid effectiveness principles at operational levels.
- Action plans will focus on priority areas that are lagging behind. These are likely to differ between countries and sectors and it is therefore recommended that regions/countries/sectors should prepare their specific action plans. The action plans will establish clear responsibilities and targets to be monitored. Activities need to be budgeted. The preparation of action plans will be an important process to deepen the understanding of aid effectiveness principles. They must be prepared through a consultative process involving field offices. The Bank should disseminate guidance on aid effectiveness terminology (glossary) early on to enable informed discussion.
- The Performance Management System should require the inclusion of development effectiveness related objectives on a mandatory base. Country Strategy Papers need to include consistent strategies on development effectiveness related issues (e.g. choice of funding modalities, use of country systems). Country portfolio performance reviews must report on development effectiveness indicators as part of a more standardised format.
- The Bank (Procurement and Fiduciary Risk Department, Governance Dept, Chief Economist and operational departments) needs to review its approach to risk management. Risks need to be managed (and monitored) at four levels: corporate, divisional, country and project. The Bank should develop a Fiduciary Risk assessment instrument which would help senior management to monitor aligned aid modalities (e.g. budget support) on a more systematic basis.
- ORQR will monitor aid effectiveness targets on an annual base. We recommend focus on the few SMART targets that are critical to achieve if the Bank is going to fulfil its commitment to AE principles.

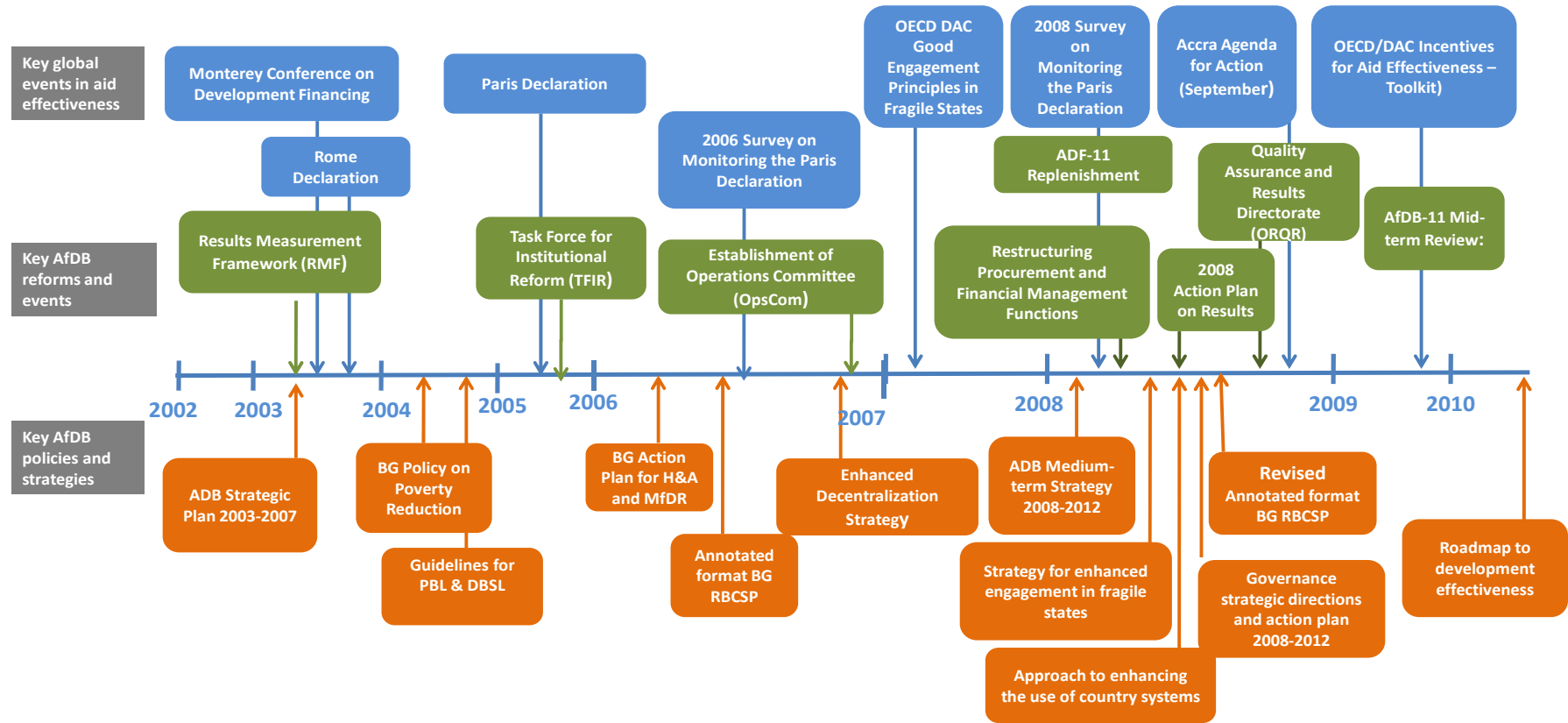
6.2.3 Manage strategic decisions: It is not sufficient to formulate policies and strategies and take strategic decisions. Strategic decisions need to be managed purposefully and systematically. This requires a proactive approach to anticipate and mitigate the challenges and risks that accompany change. The example of decentralisation shows that key organisation-wide reforms should be accompanied by the full package of complementary reforms and strategies required, and by management arrangements that ensure a strategic and responsive approach to implementation.

Action points:

- “Change management” can be purposefully linked to the ongoing decentralisation reform. In line with the Decentralisation Roadmap we propose that the office of the COO should be responsible for monitoring the transition to new ways of working. The COO will be reporting to the board on the change initiatives.

- The Decentralisation Roadmap has a strong focus on strengthening existing field offices. It should explicitly address the need for technical capacity to lead country dialogue and stronger selectivity and focus on comparative advantages within the new aid architecture.
- The Bank's HR strategy has to address the need for new skills and capacities as part of the new aid architecture, in particular the "soft skills" needed for effective management of development cooperation in an era of H&A. This includes training for existing staff and deployment of additional staff to provide strong capacities on the ground. Training should include soft skills (negotiation, dialogue etc) as well as technical issues (risk management, funding modalities, analysis of governance related issues etc.).
- The Bank needs to make sure that activities in relation to aid effectiveness (training, workshops, and studies) are sufficiently resourced. The reform of trust fund management is a step into the right direction to mobilise additional funding for capacity building and dialogue.

ANNEX 1: POLICY TIMELINE



ANNEX 2: BANK PERFORMANCE ACCORDING TO PD PRINCIPLES

1. Overall Assessment

The Evaluation has assessed performance on aid effectiveness criteria through systematic review of bank policies, country strategies and country portfolios. The review of country strategy papers (CSP) and country portfolios covered a sample of 15 RMC. CSP and portfolios were rated based on a four point scale.

Principle	Progress	Status
Ownership	Bank policies convey a strong commitment to country ownership and leadership. 11 out of 15 CSPs were rated moderately satisfactory (3) on ownership criteria. Increasing attention being paid to building RMC capacity for effective leadership. Ownership is undermined by weak country capacities. Only 5 out of 15 country portfolios were rated moderately satisfactory (3).	3 Moderately satisfactory
Alignment	Bank policies policy and system alignment. CSPs are strong on policy alignment, but weak on system alignment. Only 6 out of 15 CSPs were rated moderately satisfactory (3). Concerns around fiduciary risks explain slow progress on system alignment. Only 3 out of 15 country portfolios were rated moderately satisfactory (3).	2 Moderately unsatisfactory
Harmonisation	Bank policies promote harmonisation. Increased country presence has enabled the Bank to participate in coordination mechanisms. 9 out of 15 CSPs were rated moderately satisfactory (3). 8 out of 15 country portfolios were rated moderately satisfactory (3).	3 Moderately satisfactory
MfDR	MfDR key element in Bank policies, but this has not yet translated into greater focus on results in Bank country strategies and programs. 3 out of 15 CSPs were rated moderately satisfactory (3). 1 out of 15 country portfolios were rated moderately satisfactory (3).	1 Unsatisfactory
Mutual Accountability	Bank policies do not convey a strategic stance on mutual accountability. Yet, practices on mutual accountability are emerging. 4 out of 15 CSPs were rated moderately satisfactory (3). 1 out of 15 country portfolios rated moderately satisfactory (3).	1 Unsatisfactory

2. Detailed Assessment

a) Findings from policy documents review

The review of Bank policy documents, action plans and guidelines has led to the following overall findings:²⁴

Ownership is a key element of development effectiveness promoted in the Banks Strategy on Poverty Reduction 2003. The Guidelines for RBCSPs 2006 contain the requirement to consult with various national stakeholders and hold at least once a stakeholder meeting. The New Staff Guidance on QEA for CSPs, RIS and public sector operations 2010 mention again that “A good CSP/RISP is underpinned by a consultative process that generates a high degree of government ownership and commitment to the CSP.”

Policy **alignment** is primarily promoted in the Banks Strategy on Poverty Reduction 2003 and the Guidelines for RBCSP 2006 and 2008 and the QEA Guidance 2010, requiring Bank CSPs to align with national development plans and/or PRSPs. Systems alignment is indirectly

²⁴ Detailed findings are presented in the Bank Policy Document Review (2010).

promoted by the Banks approval to use budget support (see Guidelines on DBSL 2004). The Banks approach to the enhanced use of country's system 2008 can be seen as a key policy document promoting greater systems alignment.

Harmonization is a key element of the Bank Group Action Plan on H&A and MfDR 2006. The Action Plan emphasizes the need to participate in joint technical working groups and high-level fora on aid effectiveness as well as to adapt the policy framework and organizational structure of the Bank in such a way as to make them H&A and MfDR friendly. The Roadmap to Development effectiveness reiterates this commitment and the need to monitor more strongly the relevant PD targets.

MfDR is another crucial element of the Banks agenda on aid effectiveness given the wider Banks institutional push towards focusing on results. The MfDR agenda has however focused on providing guidance on how to improve Bank portfolio performance and making CSPs more results focused, but with limited guidance on how to promote developmental impact and sustainability in Bank operations.

Mutual accountability finds hardly any reflection in the Banks policy documents under review.

	Ownership	Alignment	Harmonisation	MfDR	Mutual Accountability
Bank policies and strategic plans					
Bank group policy on poverty reduction (February 2004)	✓	✓	✓	✓	
AfDB Strategic Plan 2003-2007	✓	✓	✓	✓	
AfDB Medium-term Strategy 2008-2012		✓	✓	✓	
AE Action Plans					
Bank Group Action Plan on H&A and MfDR (April 2006)		✓	✓	✓	
Bank group approach towards enhancing the use of country systems (May 2008)		✓			
Roadmap to development effectiveness (2010)		✓	✓	✓	
Bank Group Capacity Development Strategy (2010)	✓				
Guidelines					
Guidelines on development budget support lending (DBSL) (April 2004)	✓	✓	✓	✓	✓
Guidelines for policy-based lending on governance (April 2004)	✓	✓	✓	✓	✓
Annotated format for Bank Group RBCSP(August 2006)	✓	✓	✓	✓	
Revised CSP annotated format with data-presentation examples (Draft, May 2008)	✓	✓	✓	✓	
Staff Guidance on Quality-at-Entry Criteria and Standards for Country Strategies, Regional Integration Strategies, and Public Sector Operations (August 2010)	✓	✓	✓	✓	

b) Findings from Country Strategy Papers (CSP) Review

The review of 15 country strategy papers (CSP) has led to the following overall findings:²⁵

Ownership: The participatory approach to CSP formulation and increased attention to analysis and assistance to strengthening national capacity has contributed to promoting RMC ownership.

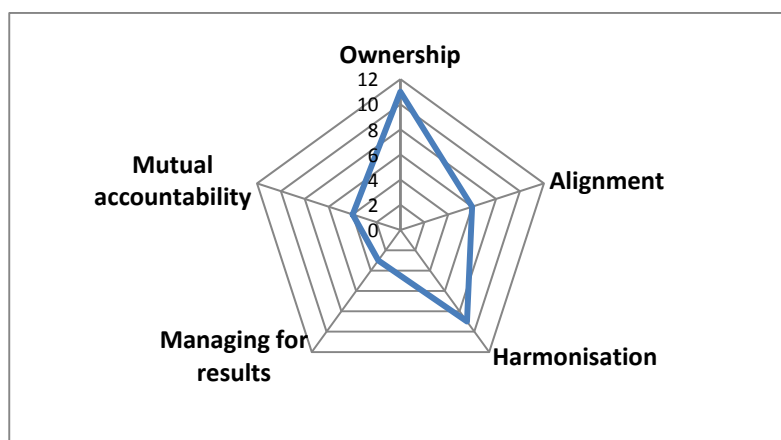
Alignment: Policy alignment with national priorities is well addressed while alignment of Bank CSPs with national PFM, procurement and M&E systems is a systematic weakness.

Harmonisation: Attention to donor coordination, joint strategic planning and analysis have promoted greater consideration of donor harmonization but CSPs do not specify strategies, targets, and implementation arrangements to harmonization in particular with respect to joint and more aligned funding modalities, division of labour and selectivity.

MfDR: CSPs have strengthened the focus on results by promoting a link between CSP outcomes to national development goals and the use of relevant M&E tools, though progress could have been better given the evolving stronger emphasis on performance based management within the Bank.

Mutual Accountability: CSPs do not consistently commit to and address arrangements for mutual accountability.

Figure 1: No of satisfactory ratings (3 or better) for country strategy papers (CSP) (out of 15 CSPs)



c) Findings from country portfolio reviews

The review of 15 country portfolios has led to the following overall findings:²⁶

Ownership: The AfDB has a history of working closely with Governments. Ownership is affected by slow processes related to government response and delays such as the time lapse

²⁵ Detailed findings are documented in the Country Strategy Paper Review (2010).

²⁶ Detailed findings are presented in the Portfolio Review (2010).

between approval and effectiveness; the low disbursement rate, the poor performance in fulfilling conditions, slow procurement of goods and services procedures, inadequate legal frameworks and low capacity

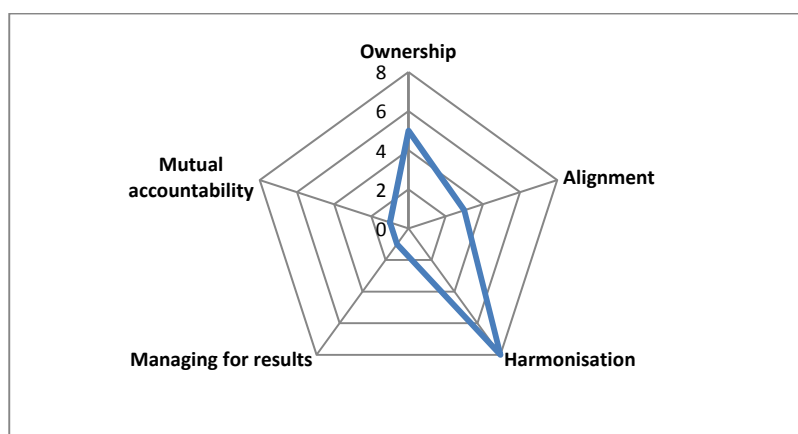
Alignment: The AfDB is fundamentally being pulled in different directions with a desire to use national systems but is held back by fiduciary risk management concerns, mainly to do with procurement and financial accounting. There is recognition that alignment can delay projects due to capacity constraints amongst Governments.

Harmonisation: Generally the introduction of Country Offices has generated the opportunity for much closer collaboration with other (traditional) donors. There are different partnerships and consultative frameworks that enable ADB to coordinate with other partners and vice versa.

MfDR: The Results agenda has yet to be mainstreamed at a programme level. The strengthening of statistical systems provides a start.

Mutual Accountability: In most cases Mutual accountability is weak, at the portfolio level, although some information sharing is undertaken.

Figure 2: No of satisfactory (3 or better) ratings for country portfolios (out of 15 portfolios)



ANNEX 3: COUNTRY VISIT FINDINGS ON PD PRINCIPLES

	Cameroon	Burkina Faso	Malawi	Kenya
Ownership	<p>Government appreciates the Bank's contributions in PFM and procurement and that it has a cooperative and open attitude.</p> <p>Government appreciates that it is consulted and that all information is shared</p> <p>Development partners underline that the Bank has a privileged position since it has built a strong relationship with the MINIPAT and that it is much better at estimating what the potential for reform is.</p>	<p>Government appreciates Bank support in times of crisis and notably its flexibility. The Bank increased its budget support during the crisis due to reviewing non-performing projects in the portfolio and transitioning the remaining funds.</p> <p>Government and donors appreciate the Bank's role and leadership in Public Financial Management and its support to government.</p> <p>Dialogue with government is open and participatory but the weak analysis on the government's side affects its ownership.</p> <p>Budget support has created a platform for discussion on the government's strategy, sectors, policy influencing and issues in relation to the Paris Declaration.</p>	<p>The AfDB has been taking government ownership seriously in the design of its own program and in the dialogue at sector level.</p> <p>Leadership by the Government of Malawi has improved, with current and planned SWAps in several sectors and strengthened aid management and monitoring (e.g. in the Annual Debt and Aid Report prepared by the MoF).</p> <p>Improved consultation with government partners has supported a move towards demand-led identification of projects.</p>	<p>Government has appreciates Bank support in times of political crisis. The relationship between Bank and government is evidently strong and built on mutual trust.</p> <p>Government partners commented positively that the AfDB "asks government about their priorities"; they specifically referred to</p>
Alignment	<p>The Bank's CSP and operations are fully aligned with government policies (Vision 2035 and the DCSE 2010- 2019).</p> <p>Bank projects are identified in close consultation with government and development partners who operate in the same sectors.</p> <p>The Bank's field presence since 2008 has contributed significantly to improved consultation among donors as well as a better dialogue with government.</p>	<p>The Bank's CSP and operations are aligned with government policies but the PRSP is very general so alignment is easy.</p> <p>The Bank takes the lead in a priority sector, infrastructure, in close cooperation with WB and EU.</p> <p>The Bank's field presence has enabled better consultation which also led to better alignment with government priorities.</p> <p>The Bank uses its own procurement systems; non-objections; mobilisation of funds; long delays in the process itself. This affects planning and holds up the mobilisation of funds which affects other development partners that support a sector</p>	<p>The AfDB's CSP and operations are well aligned with government policies including the Malawi PRS – Growth and Development Strategy (2006-11) and the various sector plans.</p> <p>The AfDB's mix of instruments, including PBOs, facilitates participation in the Common Approach to Budget Support (CABS) policy dialogue with Government and with moves to strengthen Public Finance Management (PFM) systems.</p>	<p>The Bank's CSP and operations are well aligned with government policies (Vision 2030; Medium Term Plan; 2003-2007 ERS). The Bank's focus on infrastructure is aligned with the government's vision.</p> <p>Bank projects are identified in close consultation with government partners.</p> <p>Field presence has enabled better consultation which also led to better alignment with government priorities.</p>

Cameroon	Burkina Faso	Malawi	Kenya
<p>The Bank uses country systems but is still not satisfied with the PFM reforms as well as the implementation process of procurement.</p> <p>All AfDB projects are “on budget”, but delays do happen.</p> <p>Cameroon’s legal procurement framework is acceptable but the implementation still raises concern.</p> <p>The Bank’s lead role in PFM is important and other donors follow closely what the Bank can achieve since this will affect their operations.</p> <p>All projects still require sign-off from Tunis.</p>	<p>through a basket fund.</p> <p>The Bank has supported development of sector policies, supporting cohesion among different organizations in the sector, capacity building, training, analysis, studies and technical assistance. Support was targeted at reinforcing government capacity to articulate its medium to long term policies and to strengthen its capacity to implement.</p> <p>PIUs still exist in some sectors. Incentives in relation to PIUs have created serious distortions in remuneration, “slowing down on disbursements and implementation”.</p>	<p>The GoM coordinates its PFM strengthening measures through the Group on Financial and Economic Management (GFM). However governance controls are still weak:</p>	<p>The Bank uses country systems to a large extent and more than most other Development Partners.</p> <p>All AfDB projects are “on budget”, although the uses direct payment method for large infrastructure projects.</p> <p>All projects are also “on audit” by Kenya National Audit Office as a legal requirement. All reports are signed-off by the Bank’s audit department.</p> <p>Since GoK finalised the Procurement and Disposal Act (2005) and established a Procurement Oversight Board (2007) the Bank uses country procurement systems alongside its procurement system.</p>