



# **MOPAN 2015-16 Assessments**

## **African Development Bank (AfDB)**

Executive Summary

## Executive summary

This institutional assessment of the African Development Bank covers the period from 2014 to mid-2016. Applying the MOPAN 3.0 methodology, the assessment considers organisational systems, practices and behaviours, as well as the results the African Development Bank achieves. The assessment considers five performance areas: four relate to organisational effectiveness (strategic management, operational management, relationship management and performance management) and the fifth relates to development effectiveness (results). It assesses the African Development Bank's performance against a framework of key indicators and associated micro-indicators that comprise the standards that characterise an effective multilateral organisation. The assessment also provides an overview of its performance trajectory. MOPAN assessed the AfDB in 2012.

### Context

#### THE AFRICAN DEVELOPMENT BANK

- It has grown significantly since its establishment in terms of volume of lending, number of operations and staff, and the complexity of its engagements and environment
- Its strategy for 2013-22 focuses on two objectives to improve the quality of Africa's growth: achieving growth that is more inclusive and ensuring that inclusive growth is sustainable
- It provides a combination of financial resources, knowledge and technical services, and strategic advice to its member states, and will focus its engagement in five operational priorities
- A Board of Governors representing all member countries meets annually
- It is seen as one of Africa's primary financiers and at the centre of Africa's transformation
- It recently returned to Abidjan after an 11-year "temporary" relocation (2003-14) to Tunis

#### Organisation at a glance

- Established: 1964
- Over 1 800 staff
- Commitments 2015: UA 6.33 billion
- Disbursements 2015: UA 3.03 billion
- Active in 54 African member countries
- Operates through:
  - Headquarters in Abidjan, Côte d'Ivoire
  - 5 regional hubs
  - Presence in 38 countries

### Overall performance

The overall conclusion of the 2016 MOPAN assessment is that the African Development Bank (AfDB) meets the requirements of an effective multilateral organisation and is fit for purpose. The Bank is a robust and resilient organisation that, while operating in a particularly difficult environment, is able to continually adjust and improve to meet the changing conditions.

Its strategic direction and framework are clear; its business model is strong; and its internal structures, processes and procedures overall support a reasonably efficient and effective delivery of services in line with the organisation's mandate. The AAA rating is testimony to its financial solidity, and its compliance with fiduciary, social and environmental requirements and safeguards is also strong.

The AfDB is a very significant source of funding for Africa's development, and also provides strong policy advice and intellectual leadership on a range of issues. The Bank recognises its catalytic and transformative role for the continent and its comparative advantage of providing both financing and knowledge to its clients. It understands the context including the opportunities and challenges of African economies. Decentralisation is at the core of the Bank's business model, and its successful realisation will be pivotal to the Bank's ability to achieve its goals.

Expectations are high for such a significant player in Africa's development, and the AfDB meets these expectations to a large extent. As the Bank's role evolves and grows in significance, performance in some areas needs to be strengthened and improved. These areas include results-oriented and performance-based human resources systems and policies; more consistent attention on good governance and increased resources for addressing cross-cutting issues; results management and budgeting frameworks where weaknesses have been identified; and capacity analysis, capacity development, and sustainability.

### Key strengths and areas for improvement

#### Key strengths

- **Clear long-term vision well aligned to the needs and priorities of regional member countries and increasingly to wider global challenges** – AfDB has a well-defined strategy in line with continent, region and country priorities and supported by a clear articulation of its comparative advantages.
- **Continued move towards decentralisation** – Its new 2016 development and business delivery model is more decentralised. It provides more autonomy to the five regional hubs, and is supported by a new delegation of authority matrix and establishment of more field offices.
- **Healthy, dynamic and efficient financial framework and resource mobilisation geared towards the Bank's priority areas** – It demonstrates strong financial performance in challenging circumstances, such as the well-managed return of headquarters to Abidjan, successfully leverages additionality with private sector lending.
- **Comprehensive, well-regarded and high-standard Integrated Safeguards System facilitating delivery of social and environmental standards** – This ensures screening of all Bank projects against gender, environment and climate change criteria, with mitigation measures taken where required.
- **Strong commitment to Busan Partnership increasingly evidenced in Bank actions, including in challenging areas such as use of country systems** – It carefully considers risks in using country systems, for example in procurement, and recognises the need for building the capacity of national systems.
- **Clear independent evaluation function with increasing quality of evaluations** – The Independent Development Evaluation (IDEV) unit is independent and has a clearly defined role reflected in corporate strategic documentation; in response to previously identified shortcomings, specific measures have been introduced to increase the quality of evaluations.

#### Areas for improvement

- **Demonstrating results-oriented and performance-based HR systems and policies** – Limited information is available on performance-based HR systems and policies and how well they work in practice. Further work is required, for example on "results-based contracts" for staff.
- **Increasing focus on good governance and resources for addressing cross-cutting issues** – Integration of governance and fragility into project design is not yet systematic. Further resources are required to support analysis of cross-cutting issues more generally, and stronger monitoring of gender and climate-relevant results.
- **Improving results-based management and budgeting frameworks** – While performance-based decision-making processes are in place, areas to improve include integration of results-based management considerations within country strategies and at the design stage; realistic and outcome-focused target setting; and monitoring and evaluation systems that demonstrate AfDB's specific contribution to observed results.
- **Delivering stronger results on regional integration** – The AfDB initially struggled to execute clear thinking and coherent steps in implementing its regional integration strategy, leading to limited results being achieved in this increasingly important area. More recently the Bank has committed more resources and is engaging more actively with stakeholders and using a wider set of processes to advance regional integration.
- **Addressing capacity analysis, capacity development and sustainability approaches** – Despite being a routine part of the Bank's operations, capacity analysis is not yet fully developed nor fully utilised. The AfDB has struggled to deliver on its 2011 capacity development strategy, and the envisaged role of the African Development Bank as the focal point is not being realised. Sustainability has not always been adequately considered or addressed in the Bank's operations.