Australian Government
The Treasury

Australian Government
AusAID

Submission to Parliamentary Inquiries into the African Development Bank Bill 2013

Introduction

This submission is a joint submission by the Treasury and the Australian Agency for International Development (AusAID) to both the Joint Standing Committee on Foreign Affairs, Defence and Trade, and the Senate Standing Committee on Foreign Affairs, Defence and Trade concurrent Inquiries into the *African Development Bank Bill 2013*.

This submission builds on the submissions made to the Joint Standing Committee on Treaties, which reviewed the international agreements related to Australia's proposed membership of the African Development Bank Group (the Group), as detailed in its report [132] tabled on 13 March 2013.

The Treasury and AusAID believe that the Group is an effective and efficient organisation whose development priorities fit well with Australia's development and broader national interest strategy for the continent. The submission also notes that the Group has undergone a significant process of reform over the last decade and is considered a strong performer in several key international reviews.

Overview of the Group

The Government decided to pursue membership of the Group, which consists of the African Development Bank (AfDB) and its concessional lending arm, the African Development Fund (AfDF), as part of Australia's commitment to be a long-term development partner with Africa, and following the recommendation of the 2011 *Independent Review of Aid Effectiveness*, the Government's 2011 response to that Review – *An Effective Aid Program for Australia*, and the 2012 *African Development Bank Assessment Report*.

The Group's objective is to promote sustainable economic development and social progress in regional member countries by mobilising and allocating financial resources, and providing policy advice and technical assistance to support development efforts. The Group provides concessional and non-concessional loans, grants, and technical assistance to clients in regional member countries.

At the 2013 Group Annual Meeting in Marrakech, Morocco, 27-31 May, Australia participated as an observer and submitted a Formal Declaration of Intent to join the Bank in 2014-15, subject to passage of domestic legislation enabling Australia to become a Group member. Senior Bank office holders and member countries have welcomed Australia's planned membership, which would make Australia the Bank's 25th non-regional member country. The next step will be for the Group Governors to vote on Australian membership, either at the next Group Annual Meeting in Kigali, Rwanda, in May 2014, or out of session. A unanimous vote would then trigger a 12 month window within which Australia must make its initial share payment, at which point it would become an official Group member. This timing is consistent with the Government's 2013-14 budget announcement that Australia would seek to join the Group in 2014-15.

Group membership will also require Australia to join a grouping of a subset of members, called a constituency, for representation on the Board of Directors. In the Group's governance structure, the Board of Directors is responsible for overseeing the general operations of the Group. It is comprised of 20 Executive Directors who each represent a particular constituency of the Group's member countries. There are thirteen regional constituencies and seven non-regional constituencies.

Australia is the only major Organisation for Economic Co-operation and Development (OECD) donor, and one of only two developed Group of Twenty (G20) members (with Russia), that is not also a member of the Group.

National interest statement

The Group's priorities are well aligned with the aid program's strategic goals as set out in Australia's Comprehensive Aid Policy Framework and also with Australia's current approach to delivering aid in Africa. Membership of the Group will strongly complement Australia's current engagement in Africa. Australia's priorities for Africa include food security, natural resource management, water and sanitation, maternal and child health and human resource development[1]. The Group's operational priorities of infrastructure, regional integration, private sector development, governance and accountability and skills and technology (as outlined in the Group's *Long Term Strategy 2013-2022*) align closely with Australia's priorities. Australia will have the opportunity to form lasting partnerships with the Group in areas of mutual interest, such as Mining for Development[2].

Membership of the Group would place Australia in a good position to participate in and influence Africa's development as a continent through a respected and credible regional institution. Australia is well placed to develop a strategic, distinctive and productive partnership with the Group.

The Australian Multilateral Assessment (AMA) concluded that "the Australian Government can have a reasonably high degree of confidence that increases in (Group) core funding will deliver tangible development benefits in line with Australia's development objectives, and that the investment will represent good value for money." Through the Group's Annual Development Effectiveness Review the Group has demonstrated that it is a valuable contributor to Africa's development and Australia's own assessment supports this.

The Group focuses on areas critical to Australia's national interest. Other groups work in a similar or expanded space, for example, the World Bank or European Union (EU). However, Australia is already a member of the World Bank and Australia cannot join the EU. Simply

[1] http://www.ausaid.gov.au/countries/sub-saharan-africa/Pages/default.aspx
[2] Mining for Development involves supporting developing countries to maximise the economic benefits from their extractives sector in a socially and environmentally sustainable way.

increasing project level funding to the Bank will not advance Australia's interests to the same extent as membership of the Group, nor would increasing levels of project funding be likely to help Australia's reciprocal global agenda to the same degree, as these options would not provide Australia with any degree of representation or influence over policy and programming in Africa. Other potential partners, including civil society groups, cannot operate on the scale or in the range of areas that the Group works.

Membership of the Group will also give Australia access to new networks in Africa, which can assist in pursuing Australia's multilateral interests, including trade liberalisation, climate change, human rights and peace and security. It would also be consistent with Australia's role as a developed G20 economy and OECD member, and reinforce Australia's increased policy dialogue and practical cooperation in Africa.

Further, Group membership will assist in creating business opportunities for Australian companies via procurement opportunities and infrastructure development.

As a shareholder, Australia could contribute to the governance of the Group and, in partnership with like-minded members, continue to push for ongoing reforms and improvements in operational and development performance.

Economic, trade and development benefits arising from Group membership

The Group's principal objective is to reduce poverty in Africa by spurring economic development. Between 2000 and 2010, six of the world's 10 fastest growing economies were in Africa. Africa is the world's fastest growing continent, with around a third of African countries growing by more than 6 per cent.

Africa is expected to be one of the fastest growing regions in the world for 2013. The United Nations forecasts 4.5 per cent growth in 2013 (excluding Libya), the International Monetary Fund (IMF) suggests 5.3 per cent and the African Economic Outlook suggests 4.8 per cent. Africa is predicted to have four of the top ten fastest growing economies in 2013: Libya, Mozambique, Rwanda and Ghana.

Standard Chartered forecasts that Africa's economy will grow at 7 per cent annually over the next 20 years. The number of African countries with average annual incomes above US$1,000 will go from less than half to three-quarters.

These positive forecasts are based on expectations of increased oil production, continued high commodity prices, urbanisation (which enhances productivity) and further demand from emerging economies (especially China and India). Internal demand will rise driven by urbanisation, "consumerisation" and population growth.

The Group's *Long-Term Strategy 2013-2022* outlines an ambitious development agenda for the Group to continue to support economic growth in Africa. Its operational priorities for the coming decade include: infrastructure; regional integration; private sector development; governance and accountability; and skills and technology. The Strategy also notes that the Group will increase its focus on fragile states, agriculture and food security and gender equality. The Group also works to assist African governments improve the enabling environment for the private sector through "soft infrastructure", like improved regulatory and legal frameworks, financial sector and trade liberalisation, improved access to banking services and streamlined national competition policies.

Being a member will enable Australia to influence policies and directions at Board level that support an improved business enabling environment and which spur economic growth across Africa. This directly supports the expansion of trade and investment.

Membership would also give Australia access to important new trade networks in Africa and elsewhere, which would provide opportunities to better influence and be involved with development outcomes on the continent.

Membership of the Group will also provide economic opportunities to Australian business. The Group provides significant financing to countries in Africa every year, which recipient countries, in turn, use to procure goods, works and services to implement projects. Although Australian firms and individuals are already permitted to offer goods works and services to AfDF projects, Group work is only open to members. Procurement to non-regional members can have a “capital multiplier” effect in terms of influence. Being able to bid for Group work means Australian companies could be working in all 54 African countries, working alongside African Governments, business and local communities.

Australian firms already have a substantial presence in Africa. The Department of Foreign Affairs and Trade estimates that there is well over $50 billion of current and prospective Australian investment in Africa, particularly in the resources sector. Bilateral merchandise trade with Africa has grown by around six per cent annually over the past decade, to some $9 billion. In recognition of growing business and commercial links, in 2012, the Australian Trade Commission appointed a new Trade Commissioner in Accra, Ghana, as part of its broader expansion in the growth areas of West Africa.

Working through effective partners, including multilateral organisations, is central to the Australian aid program in Africa and extends its reach. With a relatively small number of staff located in only five of the 49 Sub-Saharan African countries, the program does not have an on-the-ground presence in most of the countries to which it provides aid. As a result, Australia delivers most of its bilateral and regional program in Africa though trusted partners. The Group would be an important partner for Australia, recognised for its strong African identity, its understanding of regional needs and its legitimacy among African governments. The Group is a powerful voice on the African continent and provides a unique platform for discussion of solutions to Africa’s issues. Membership of the Group will be a highly visible way of demonstrating Australia’s commitment to African development, and because of Africa’s growing weight in multilateral forums, will be crucial to Australia’s ability to advance its multilateral objectives. Partnership with the Group also supports Australia’s growing trade and investment interests in Africa.

The Group wants to be recognised as a preferred development partner in Africa, providing high-impact and well-focused development assistance, aimed at spurring economic development and social progress. AusAID regards the Group to be an effective partner. The Australian aid program already partners with the Group on programs which contribute to strengthening national and regional infrastructure, and on key sectors such as food security and water and sanitation. All these sectors are critical for economic growth and poverty reduction. The Group is also increasingly focused on providing more effective assistance to states transitioning out of conflict, which is a high priority for the Australian aid and is an area where AusAID has demonstrated experience and expertise, creating opportunities for effective and productive collaboration.

Effectiveness of the Group

This section of the submission analyses the progress of the Group with regard to development in Africa and the Group's internal reform process.

Development progress in Africa

As noted above, the Group is considered an effective development partner. Annex 1, Table 2 shows that the Group has made progress against every indicator except one with regard to the Group's contribution to development in Africa[3]. Key development results across 2010-2012 include:

- 559,502 people with new electricity connections (275 per cent of the target number of connections);
- 14,147 staff trained/recruited for road maintenance (102 per cent of the target number of staff trained);
- 14,851,000 people with new or improved access to water and sanitation (103 per cent of the target number of people);
- 656,406 newly enrolled students (106 per cent of target number of students enrolled);
- 26,645,000 people with better access to health services (99 per cent of the target number of people);
- 65,830 jobs created (131 per cent of target number of jobs); and
- 2,313,018 people trained/recruited/using new technology (146 per cent of the target number of people).

Internal reforms

The *Group's Medium-Term Strategy 2008-12*, commits the Group to some ambitious corporate and operational reforms, to ensure it remains an effective and efficient development institution.

The Group has demonstrated effective governance across a broad range of development criteria, as noted in Annex 1, Tables 3 and 4. These results are being achieved through reforms across several key areas.

[3] In its Annual Development Effectiveness Review, the Group considers progress as reaching at least 60 per cent of a target amount.

Cost Effectiveness

First, the Group is improving the disbursement of resources, to ensure development assistance is reaching development partners more quickly. In December 2012, time from project approval to first disbursement was 13 months on average, from 21 months in December 2007.[4]

Second, the Group is improving its operational efficiency through a program of business processes reform. Since 2008, the Group has significantly improved the speed and quality of its procurement processes, leading to a reduction of a third in the time required for bidding processes. The Group has also improved its project efficiency (the ratio of its administrative budget to total of disbursements). Total administration costs for the period 2008-2012 represented 8 per cent of total disbursements.[5] This compares favourably with other multilateral development banks (MDBs).

Third, the Group is increasing its in-country presence and direct supervision over projects. Since 2011 the Group has pursued an accelerated decentralisation program to ensure Group operations are located more closely to Group clients. As at June 2013, the Group had 34 field locations across Africa, with one third of Group positions based in field offices[6]. The Group has also strengthened the delegated authority of field staff to allow them to be more responsive to client needs. A greater field presence has allowed the Group to become more actively involved in donor coordination and policy dialogue with member countries.

Fourth, the Group has strengthened its human resource policies and procedures to improve staff quality. The Group has improved financial and non-financial benefits available to staff, while introducing new career structures and management practices. The Group has also enhanced its recruitment processes, including placing a stronger focus on younger professionals and women. Staff vacancies have declined from 18 per cent at the end of 2007 to 12 per cent at end 2012[7].

Fiduciary and safeguard arrangements

The Group has developed robust fraud and anti-corruption polices. The Group's Integrity and Anti-Corruption Division (IACD), created in 2005, is tasked with combatting fraud and corruption. The IACD's strategy places an emphasis on preventive, detective and investigative measures in combatting fraud and corruption. The Group is an active participant in MDB efforts to strengthen fraud an anti-corruption measures, including through alignment of procedures across MDBs.

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[4] African Development Bank, *ADF-13: Institutional Effectiveness and Efficiency*, Discussion Paper, ADF-13 Second Replenishment Meeting, Tunisia, June 2013

[5] Ibid.

[6] African Development Bank, *Annual Development Effectiveness Review* 2013. As a comparison, the Asian Development Bank has 30 field locations across s 48 regional member countries, with one fifth of total positions in the field.

[7] African Development Bank, *ADF-13: Institutional Effectiveness and Efficiency*, Discussion Paper, ADF-13 Second Replenishment Meeting, Tunisia, June 2013

Safeguard standards and measures are meant to ensure that finance agencies and their programs and investments “do no harm” to people and the environment.The Group is expected to finalise an Integrated Safeguards System (ISS) by the end of 2013. The ISS will draw on existing Group policies and introduces a set of new operational safeguards. These safeguards are a set of brief and focused policy statements that clearly set out the operational requirements with which Bank-financed operations must comply. The completion of this ISS will better harmonise the Group’s safeguards arrangements with other MDBs, including the World Bank and the Asian Development Bank (ADB).

Results Focus

The Group has been strengthening its focus on results to inform its strategic decision-making. The Group established a Quality Assurance and Results Department in 2008 which has led to the introduction of new development results framework in 2011, new reporting tools at the organisation-wide level and new quality at entry processes. The Group has also significantly improved its portfolio quality by reducing projects at risk from 40 per cent in 2008 to 19 per cent at the end of 2012[8].

The Group has developed a new Results Measurement Framework (2013-2016) to align its results framework with priorities set out in its *Long Term Strategy 2013-2022*. The new Framework will capture the Group’s contribution to Africa’s development though four levels of questions: what development progress is Africa making?; how well is the Group contributing to development in Africa?; is the Group managing its operations effectively?; and is the Group, as an organisation, managing itself efficiently?

External Reviews of the Group

The effectiveness and efficiency of the Group has also been validated through various donor evaluations. Donors have also underlined their confidence in the Group through a 200 per cent General Capital Increase in 2010, taking its capital base to some US$100 billion; and a 10.6 per cent increase in the AfDF’s most recent replenishment, AfDF-12 (2011-2013), with donors agreeing to additional resources of US$9.5 billion.

Key findings of several Australian and international reviews are outlined below.

Australian Government assessment of the Group

In 2011, the Government agreed to seek membership of the Group, subject to a detailed assessment of the Group. This assessment was completed by AusAID in late 2011, in close consultation with other Australian Government agencies. It found that:

- the Group works in areas that were critical to sustainable growth and poverty reduction in Africa (such as infrastructure and private sector development);

- there is a strong congruence between the Group’s strategy, the Government’s aid objectives in Africa, and the Government’s strategic goals for the Australian aid program;

[8] Ibid.

- the Group has received strong recent votes of shareholder confidence with the 200 per cent general capital increase in 2010 and the 10.6 per cent increase in the AfDF's most recent replenishment, AfDF-12 (2011-2013), with donors agreeing to additional resources of
  US$9.5 billion;

- the Group is a trusted partner of African Governments, resulting in significant influence over Africa's future;

- increasing funding is helping the Group increase its portfolio size and improve the impact of its programs; and

- pursuing membership of the Group is consistent with advancing Australia's national interest by creating access to new networks of people and organisations, which may help in leveraging support for Australia's multilateral interests, as well as an improved trade platform through the Group's investments in infrastructure and private sector development.

Australian Multilateral Assessment (AMA)

The AMA found that Australia can have a reasonably high degree of confidence that increases in core funding to the Group will deliver tangible development benefits in line with Australia's development objectives. In March 2012, the AMA, a five yearly assessment of Australia's multilateral partners, rated the Group as "Strong" (3 out of 4) in five categories and "Satisfactory" (2 out for 4) in two categories. The AMA commended the Group's alignment with Australian aid priorities, its strong strategic management and performance and its high level of transparency and accountability.

United Kingdom's Multilateral Aid Review (MAR)

The MAR, released in February 2011, rated the Group across 10 variables, on a scale of 1 to 4 [1 being very weak, 4 being strong]. The Group was rated 'strong' (4 out of 4) for its role in meeting the UK's aid objectives, its focus on poor countries and its likelihood of positive change. The MAR also noted the Group's progress against an ambitious corporate reform agenda (the *Medium Term Strategy 2008-2012*), with more reforms planned over coming years. But the Group was rated 'weak' (2 out of 4) in its attention to cross-cutting issues (fragile states, gender equality and climate change and environmental sustainability). The UK is expected to review the AfDB again in 2013.

Multilateral Organisation Performance Assessment Network (MOPAN)

MOPAN is a group of donor countries that assesses the effectiveness of multilateral development organisations. MOPAN evaluated the Group in December 2012, using 19 key performance indicators, on a scale of 1 to 6 [anything below 3.5 being inadequate and anything above 4.5 being strong]. The survey focused on strategic management, operational management, relationship management and knowledge management. The Group rated highly with regard to its clear mandate and commitment to transparency, its commitment to reforming its human resource management, the independence of its evaluations and its updated reporting practices (such as its publishing of Annual Development Effectiveness

Reviews). MOPAN noted that there was room for improvement in several areas, however, including linking disbursements to results achieved, tracking implementation of evaluation recommendations, improving the efficiency of administrative procedures and its use of country systems.

The Group has made some progress in these areas over the last year, with the development of its *Results Measurement Framework (2013-16)*, the creation of a new evaluation website providing ready access to lessons, ratings and recommendations and, as part of its *Long-Term Strategy 2013-2022*, a focus on efficiencies and better use of in-country systems.

How Australia will engage with the Group

The Group has similar governance structures to other MDBs. The Group is governed by a Board of Governors, with each Group member appointing a governor, usually a country's Treasurer or Finance Minister. The Board of Governors meet annually to review the implementation of past policy decisions and to deliberate on new policy issues initiated by them or by the institution's management. Governors decide on the admission of new members, increases in the AfDB 's capital base, amendments to the institution's Articles of Agreement and the election of the Group's President.

At the corporate level, the Group comprises a senior management team responsible for day to day management consistent with the Group's Articles of Agreement and approved policy priorities. The current President of the Group is Mr Donald Kaberuka who was elected to his first five year term in 2005 and began his second term in 2010. The Group's senior management team works closely with a Board of Directors, as discussed on page 2.

Australia will engage with the Group through multiple channels. At the governance level, Australia will participate at the Board of Governors meetings through its Governor. At the corporate level, Australia will undertake regular consultations at senior management level to influence policies including corporate governance policies. Australia will also seek to obtain suitable representation in a non-regional constituency, and seek to provide an executive director.

Australia's membership arrangements for the Group would include the Treasurer being Australia's Governor to the AfDB. Treasury would manage Australia's shareholding at the AfDB and focus on issues of overall governance. AusAID would cover the AfDF, including by leading on relevant negotiations as AfDF Deputy, and administer contributions to the AfDF.

Financial and Human Resource Implications arising from the Bill

Becoming a member of the Group has implications for Australian Government financial and human resources.

<u>Joining costs</u>

The 2013-14 Budget included a measure, *Official development assistance — Australian Membership of the African Development Bank Group*, which provided $249.1million over three years for initial membership payments. This funding consists of $88.2 million spread over three years, 2014-15 to 2016-17, for the purchase of paid-up shares in the Group, and $160.9 million scheduled for 2014-15 and 2016-17 as an initial subscription to the AfDF.

Australia's contribution to the AfDF contains both an investment (approximately 70 per cent) and a grant component (approximately 30 per cent), with the investment component having no impact on the underlying cash balance.

Ongoing costs

Subscribing to the AfDF – as the Group's concessional lending arm – also involves regular replenishments by donor countries beyond the initial subscription. Upon becoming a member, Australia would be expected to contribute to AfDF replenishments from 2014-15 (known as AfDF-13). The size of these contributions will be determined during each respective pledging round, and will be based on the Government's assessment of the Group's development effectiveness and its alignment with Australia's national interests and development priorities.

Australia may also be expected to contribute to future general capital increases to the Group, but participation would be voluntary.

Contingent liability

There will also be a contingent liability of approximately $1.4 billion, at current forecast exchange rates, representing the callable capital of Australia's expected shareholding. This will be reported in the Statement of Risks in the Budget, consistent with the treatment of similar arrangements at the World Bank and the ADB. Callable capital is a standard feature of MDB membership and is only called on if the bank would otherwise default. No MDB has ever called on this capital, and Treasury assesses the risk is low that the Group would ever do so. Calls are unprecedented, but if a default were to occur, all the Group's shareholders would be called on to contribute additional capital in proportion to their shareholding (in Australia's case, 1.47 per cent) in order to resolve the default.

Departmental funding

The 2012-13 Budget included a measure *Official development assistance — African Development Bank Group Membership*, which provided $9.3 million over four years to Treasury ($1.2 million) and AusAID ($8.1million). These resources enable Treasury and AusAID to complete the legislative and treaty processes as well as constituency negotiations required to join the Group. The resources also provide for Australia's ongoing policy and program engagement with the Group, including support for the Group's ongoing operational reform and improved project performance. Australia's diplomatic network, including our embassies in Africa, will also contribute to these efforts.

Annex 1: Group Annual Development Effectiveness Review 2013 - selected tables

Table 1: **Development in Africa (Level 1)**

The table below summarises the continent's development progress between 2005 and 2012. The indicators are those that were adopted in the Bank's Results Measurement Framework, and they cover areas in which the Bank provides support and advice: economic growth, regional integration, and so on. For each indicator, progress is measured by comparing Africa's progress with progress in Africa's peer group of low- and middle-income countries around the world:

- Progress is strong and better than peers;
- Progress is positive but less than peers;
- Regression against the baseline;
- Data are not available to measure progress.

INDICATOR		ALL AFRICAN COUNTRIES		OF WHICH ADF COUNTRIES	
		Baseline 2005	Latest 2012	Baseline 2005	Latest 2012
ECONOMIC GROWTH AND POVERTY REDUCTION					
GDP per capita	(2000 constant USD)	833	953	370	454
Population living below USD 1.25/day at PPP	(%)	51	39[B]	54	43[B]
Income inequality as reflected by the Gini Index	(%)	42	46[B]	42	45[B]
PRIVATE-SECTOR DEVELOPMENT AND INVESTMENT CLIMATE					
Global Competitiveness Index ranking[1]	(1 to 7)	3.4	3.6	3.1	3.5
Cost of business start-up	(% GNI per capita)	217	64.5	218	78.7
Time required for business start-up	(days)	58	33	58	30
REGIONAL INTEGRATION AND TRADE					
Africa's share of global trade	(%)	2.5	3.1	1.0	1.5
Intra-African trade	(billion USD)	47.4	108.4	31.3	68.7
INFRASTRUCTURE					
Access to an improved water source	(% population)	64	66[C]	56	59[C]
Access to improved sanitation facilities	(% population)	40	41[A]	27	28[A]
Access to an all-season road[1]	(% of rural population)	43	..	35	..
Household electrification rate	(% of households)	37.5	41.8[C]	25.9	30.5[B]
Fixed lines and mobile phone subscribers	(per 1000)	183	559[C]	86	415[C]
Internet users	(per 1000)	38	131[C]	19	99[C]
AGRICULTURE AND FOOD SECURITY					
Agriculture, value added	(% of GDP)	16.7	17.4[C]	30.5	30.3[C]
Staple crops yield index	(2002 value = 100)	110	115[B]	109	113[B]
Fertiliser consumption	(kilograms per hectare of arable land)	42.5	35.1[A]	9.2	8.6[A]
GENDER AND HUMAN DEVELOPMENT					
Under-five child mortality	(per 1000 live births)	140	117	157	122
Maternal mortality	(per 100 000 live births)	569	531[A]	690	653[A]
Ratio of girls to boys in primary and secondary school	(%)	87	91[D]	85	91[D]
Primary school completion rate	(%)	63	69[D]	53	67[D]
Employment-to-population gender ratio	(index)	0.66	0.67[A]	0.74	0.74[A]
GOVERNANCE AND TRANSPARENCY					
Worldwide Governance Indicators avg. score	(-2.5 to 2.5)	-0.69	-0.68[D]	-0.84	-0.8[D]
Extractive Industries Transparency Initiative score	(% compliance)	33[3]	48	403[3]	50
FRAGILE AND CONFLICT-AFFECTED COUNTRIES					
Country Policy and Institutional Assessment (CPIA) score	(average)	3.3	3.5	3.2	3.5
Number of fragile countries	(number)	20	19	20	17
ENVIRONMENT AND CLEAN ENERGY					
Combustible renewables and waste	(% of total energy)	46	44[C]	79	80[C]

.. = data not available; AfDB = African Development Bank; ADF = African Development Fund; GDP = gross domestic product; GNI = gross national income; PPP = purchasing power parity; USD = United States dollars.

Available baseline year is [1] 2006, [2] 2007, [3] 2009. Latest data available is for [A] 2008, [B] 2009, [C] 2010, [D] 2011.

Notes: The methodology has been adjusted to better qualify the progress the continent is making. Improving indicators are green or yellow depending on whether Africa performs better or worse than the relevant peer groups. Lapsing indicators are red or yellow depending on whether Africa performs worse or regresses less than peer groups. ADF countries are the 39 lower-income AfDB member countries that qualify for concessional funding: Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo Republic, Democratic Republic of the Congo, Côte d'Ivoire, Djibouti, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, South Sudan, Tanzania, Togo, Uganda, Zambia, and Zimbabwe. Cape Verde is in transition.

Source: African Development Bank, Food and Agriculture Organization of the United Nations, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations Educational, Scientific and Cultural Organization, World Bank Group, and International Energy Agency.

Table 2: **How AfDB contributes to Africa's development (Level 2)**

The table below presents the contribution the Bank is making to development through its operations in Africa. The Bank's performance is measured by comparing expected and actual achievements for all operations that have been completed:

- Bank operations achieved 95% or more of their targets;
- Bank operations achieved less than 60% of their targets;
- Bank operations achieved 60–94% of their targets;
- Data are not available to measure performance.

INDICATOR		2010–2012			2013–2015
		Expected	Delivered	Percentage delivered	Expected
ENERGY					
Length of transmission and distribution lines rehabilitated or installed	(km)	13 129	14 458	110%	20 551
Distribution substations and transformers constructed or rehabilitated	(number)	972	1961	202%	6039
Power capacity installed	(MW)	1128	1110	98%	11 330
Staff trained/recruited in the maintenance of energy facilities	(number)	1963	1972	100%	2081
People with a new electricity connection	(number)	203 602	559 502	275%	1 045 622
Population benefiting from new electricity connections	(people)	6 499 000	7 922 000	122%	29 217 000
TRANSPORT					
Roads constructed, rehabilitated or maintained	(km)	14 449	13 237	92%	10 985
Feeder roads constructed or rehabilitated	(km)	7783	5540	71%	13 932
Staff trained/recruited for road maintenance	(number)	13 848	14 147	102%	8 690
People educated in road safety and HIV transmission	(people)	810 000	828 474	102%	1 241 475
People with improved access to transport	(number)	35 029 000	34 069 000	97%	35 105 000
WATER AND SANITATION					
Boreholes and wells drilled/rehabilitated and equipped[1]	(number)	41 321	20 419	49%	46 754
Drinking water transmission and distribution pipes constructed	(km)	3560	3358	94%	7615
Drinking water capacity created	(service reservoirs m³/day)	170 214	163 341	96%	351 108
Latrines constructed or rehabilitated	(number)	78 615	82 831	105%	1 145 932
Workers trained in the maintenance of water facilities	(number)	28 697	34 850	121%	163 291
People with new or improved access to water and sanitation	(people)	14 370 000	14 851 000	103%	42 016 000
EDUCATION					
Classrooms and educational support facilities constructed/rehabilitated	(number)	5592	4501	80%	1533
Textbooks and teaching materials supplied	(number)	6 557 411	10 452 031	159%	44 100
Teachers and other educational staff recruited/trained	(number)	65 374	56 767	87%	46 218
Students newly enrolled	(number)	616 543	656 406	106%	252 900
Students and scholars reached	(number)	4 565 000	4 138 000	91%	1 125 000
HEALTH					
Primary, secondary and tertiary health centres constructed/equipped	(number)	642	580	90%	656
Health workers trained	(number)	36 319	35 295	97%	86 334
Health training and education sessions	(number)	8688	8682	100%	214
People with access to better health services	(people)	27 025 000	26 645 000	99%	18 613 000
MICROFINANCE AND SOCIAL SECTOR					
Social facilities, community centres constructed and equipped	(number)	7704	7727	100%	367
Jobs created	(number)	50 149	65 830	131%	1 181 815
Government/NGO staff trained in microfinance management	(number)	9480	9480	100%	1976
Microcredits granted	(number)	644 677	477 112	74%	42 224
Microenterprises created	(number)	73 000	74 668	102%	11 100
Microfinance clients trained in business management	(number)	396 435	397 572	100%	47 010
People benefiting from microfinance and social activities	(people)	16 928 000	16 746 000	99%	7 633 000
AGRICULTURE					
Rural marketing and production facilities constructed or rehabilitated	(number)	5984	4937	83%	6725
Land with improved water management developed or rehabilitated	(ha)	107 346	96 709	90%	365 460
Land whose use has been improved: replanted, reforested, landscaped, etc.	(ha)	1 080 984	1 250 137	116%	1 017 099

INDICATOR		2010–2012			2013–2015
		Expected	Delivered	Percentage delivered	Expected
Heads of livestock provided/vaccinated	(number)	1 544 575	1 535 207	99%	547 372
Plants introduced: seedlings, trees, etc.	(number)	2 775 953	2 848 359	103%	8 169 410
Social facilities established or rehabilitated	(number)	1320	1206	91%	1104
Agricultural inputs provided: fertiliser, seeds, etc.	(tons)	283 040	306 716	108%	16 940
Agricultural community-based projects executed	(number)	4051	4581	113%	5222
Rural population trained/recruited/using improved technology	(people)	1 586 235	2 313 018	146%	1 620 125
Rural households reached	(household)	3 099 914	3 308 428	107%	4 162 759
Total people benefited	(number)	29 593 000	31 672 000	107%	40 266 000
REGIONAL INTEGRATION					
Cross-border roads constructed or rehabilitated	(km)	471	550	117%	2698
Cross-border transmission lines constructed or rehabilitated	(km)	597	594	99%	769
PRIVATE-SECTOR AND TRADE[2]					
Foreign exchange saved	($ million)	..	1282	..	12 497
Government revenue from investee projects and sub-projects	($ million)	..	12 528	..	18 620
SME effect (turnover from investments)	($ million)	..	704	..	33 205
Total jobs created for investee projects and sub-projects	(jobs)	..	167 491	..	364 180
Total jobs created for women	(jobs)	..	28 532	..	91 244

.. = data not available; ha = hectares; km = kilometres; MW = megawatts; m³ = cubic metres; NGO = non-governmental organisation; SME = small and medium-sized enterprise; USD = United States dollars.

[1] The performance is measured on the basis of completed projects as captured in Project Completion Reports (PCRs) and does not reflect recent achievements in water and sanitation. Figures based on ongoing operations show that the Bank exceeded its targets.

[2] Results expected come from private-sector operations approved in 2009 or later, when ex-ante assessment of development outcomes and additionality (ADOA) was introduced. The numbers may therefore appear lower than they actually are. Over the next few years, the expected results will climb as more operations from 2009 and later begin to reach operating maturity. This will also allow for the establishment of a baseline for projects that have reached operating maturity to assess achievement of targets.

NB: UA figures from material converted at 1 UA = $1.53

Source: African Development Bank.

Table 3: How well AfDB manages its operations (Level 3)

The table below presents the Bank's progress in achieving its 2012 targets for portfolio management:

- 🟢 We have achieved our target;
- 🟡 Progress has been made but the target has not yet been reached;
- 🔴 No progress has been made, or we have moved even further away from our target;
- ⚪ Data are not available to measure performance.

INDICATOR			ALL AFRICAN COUNTRIES			OF WHICH ADF COUNTRIES		
			Baseline 2009	Latest 2012	Target 2012	Baseline 2009	Latest 2012	Target 2012
PORTFOLIO PERFORMANCE								
🟢	Operations formally supervised twice a year	(%)	40	64	60	61	64	65
🟢	Problem projects in ongoing portfolio	(%)	6	2	5	6	2	5
🔴	Disbursement ratio of ongoing portfolio	(%)	28	22	32	18	18	20
🟢	Operations eligible for cancellation	(%)	13	8.5	9	20	9.5	10
QUALITY-AT-ENTRY								
🟡	Budget support disbursed on schedule	(%)	70	75	81	60	66	75
🔴	Time elapsed from approval to first disbursement	(months)	12	13	10	13	12	11
🟢	Operations that disclose ESIAs on time	(%)	85	92	90	82	90	90
🟢	CSPs rated satisfactory	(%)	..	100	95	..	100	95
🟢	Operations rated satisfactory[1]	(%)	77	96	95	78	96	95
🟢	Regional operations rated satisfactory[1]	(%)	75	100	90	75	100	90
PARIS DECLARATION INDICATORS OF EFFECTIVE AID								
🟡	Development resources recorded on budget	(%)	57	67	85	57	67	85
🟡	Predictable disbursements	(%)	54	72	80	54	72	80
🟢	Use of country systems	(%)	39	58	53	39	58	53
🟢	Parallel project implementation units	(number)	113	35	40	113	35	40
KNOWLEDGE MANAGEMENT								
🟢	Exiting projects with a timely PCR	(%)	90	91	90	92	91	90
🟡	PCRs rated satisfactory	(%)	75	75	80	72	74	80
🔴	New ESW and related papers	(number)	60	31	112	52	..	73
GENDER MAINSTREAMING								
🟡	PCRs with gender-disaggregated data	(%)	54	69	75	56	67	75
🟢	New projects with at least one gender indicator	(%)	59	78	70	61	75	70
🟢	New CSPs with at least one gender indicator	(%)	44	75	70	40	70	70
CLIMATE CHANGE								
🟡	Climate-proofed projects	(%)	0	65	75[2]	0	65	75[2]

.. = data not available; AfDB = African Development Bank; ADF = African Development Fund; CSP = Country Strategy Paper; ESIA = Environmental and Social Impact Assessment; ESW = economic and sector work; PCR = Project Completion Report.

[1] Baseline is 2010.

[2] When the indicator was introduced a modest target was set. Now that we are gaining more experience and have prioritised implementation, the target has been adjusted to be more ambitious.

Notes: ADF countries are the 39 lower-income AfDB member countries that qualify for concessional funding: Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo Republic, Democratic Republic of the Congo, Côte d'Ivoire, Djibouti, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, São Tomé and Principe, Senegal, Sierra Leone, Somalia, Sudan, South Sudan Tanzania, Togo, Uganda, Zambia, and Zimbabwe. Cape Verde is in transition.

Source: African Development Bank.

Table 4: **How efficient AfDB is as an organisation (Level 4)**

The table below presents the Bank's progress in achieving its 2012 targets for organisational performance:

- We have achieved our target;
- Progress has been made but the target has not yet been reached;
- No progress has been made, or we have moved even further away from our target;
- Data are not available to measure performance.

INDICATOR		Baseline 2009	2010	2011	2012	Target 2012
DECENTRALISATION						
Operations professional staff based in field offices	(%)	26	26	29	36	35[1]
Projects task-managed from field offices	(%)	16	19	25	42	35
HUMAN RESOURCES						
Staff premature attrition rate[2]	(%)	1.9[A]	1.9	1.6	1.6	1.5
Share of women in professional staff	(%)	26	27	28	27	33
Vacancy rate	(%)	12	13	15	11.7	8[3]
Operations professional staff	(%)	62	67	72	67	65
BUSINESS PROCESSES AND PRACTICES						
Lapse of time for bidding completion	(weeks)	63	60	42	38	40
Administrative costs per UA 1 million disbursed	(UA thousands)	109[B]	92	79	86	93
INFORMATION TECHNOLOGY						
Downtime of wide area network in field offices	(hours)	175	108	53	144	150
Average time to resolve clients' IT requests	(hours)	5	4.3	4	3.1	4
TRANSPARENCY AND TIMELY AUDITING						
Project audits submitted on time	(%)	9	29	59	88	80

_ = data not available; AfDB = African Development Bank; ADF = African Development Fund; IT = information technology; UA = Units of Account.

Available baseline year is [A] 2010, [B] 2008.

[1] The target has been adjusted in line with the HR strategy to set a more realistic target (from 5% to 8%).

[2] The premature attrition rate can be measured in different ways. Here it is defined as the percentage of professional staff leaving the Bank within the first three years of contract in comparison to total professional staff.

[3] The target has been adjusted to reflect the decentralisation roadmap (from 40% to 35%).

Source: African Development Bank.