

# ***ADB Strategic Reforms***



**Mr. Graham Stegmann**  
**Special Adviser to the President**  
**African Development Bank**  
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# Outline of the presentation

- **Context and background**
- **ADB still a small player**
- **But ADB is growing in:**
  - **The public sector**
  - **The private sector**
- **Efficiency and development impact still needs to improve**
- **The need for a long term vision**

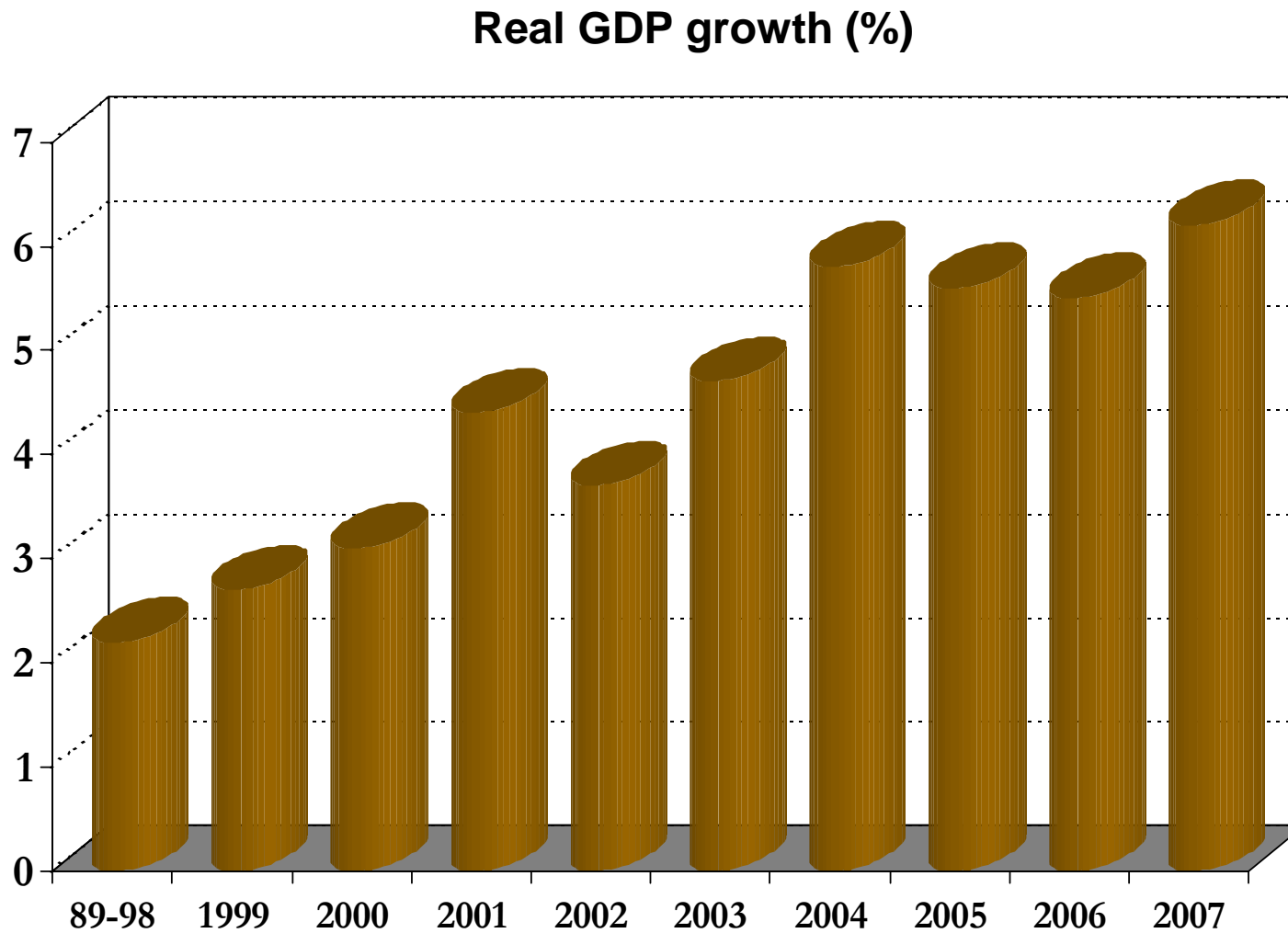


## Context and background

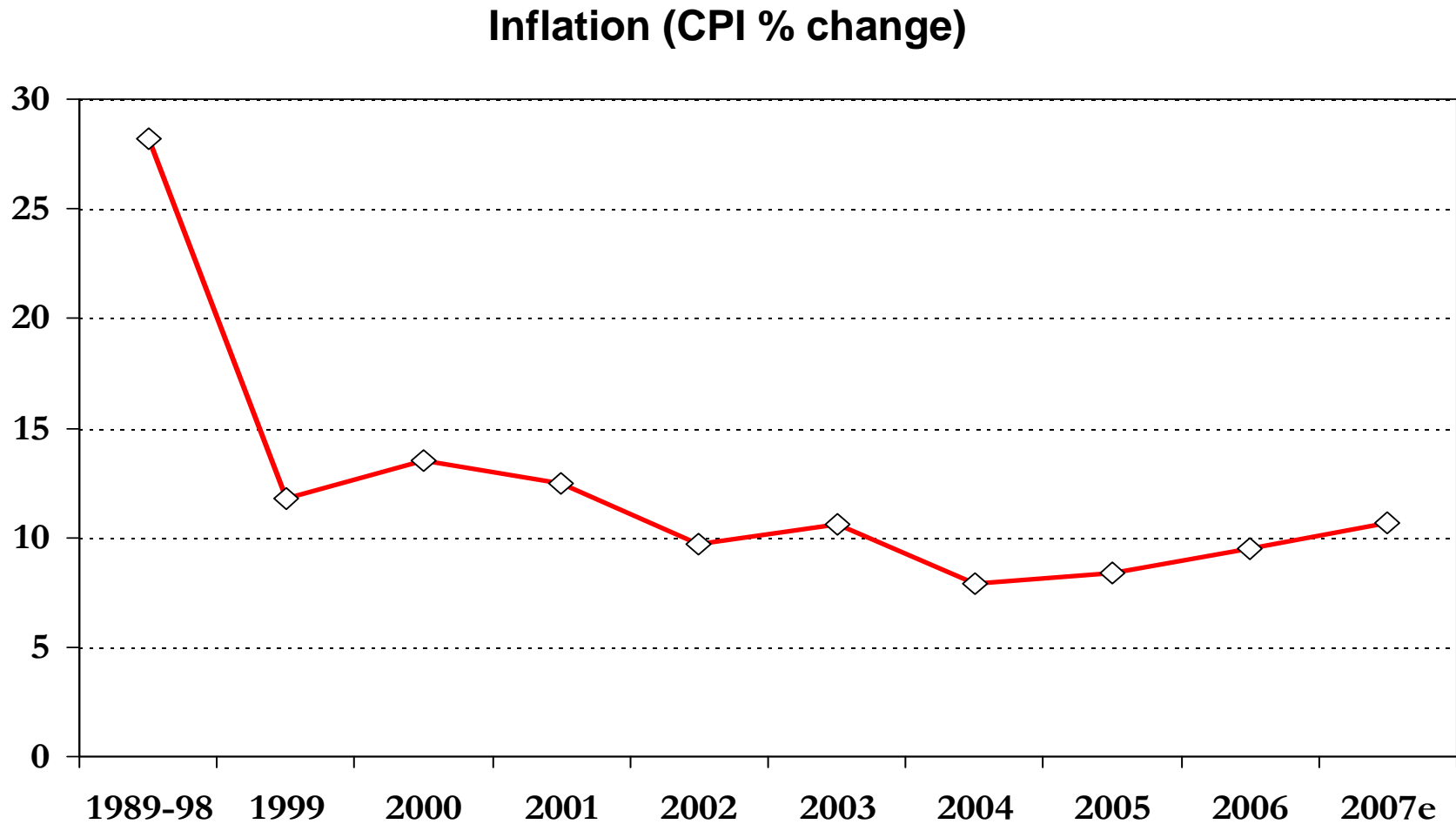
- **Africa represents greatest development challenge**
  - **Most African countries will not meet the MDGs**
  - **It is marginal in international trade and investment**
  - **Despite Africa's positive economic trends**
- 
- **ADB is being asked to do more**
  - **President elected on a reform mandate**



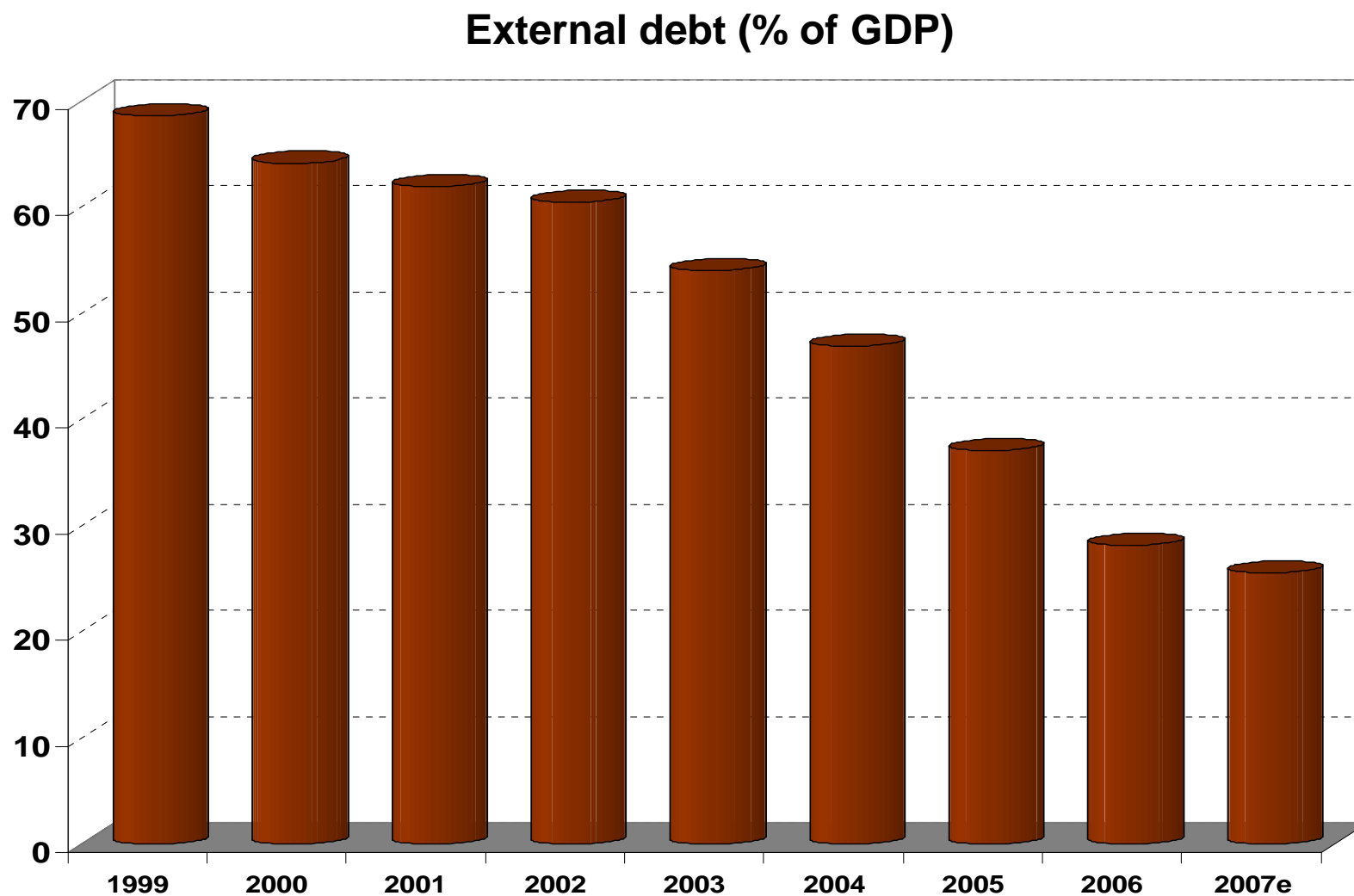
## Africa's positive economic trends – GDP growth



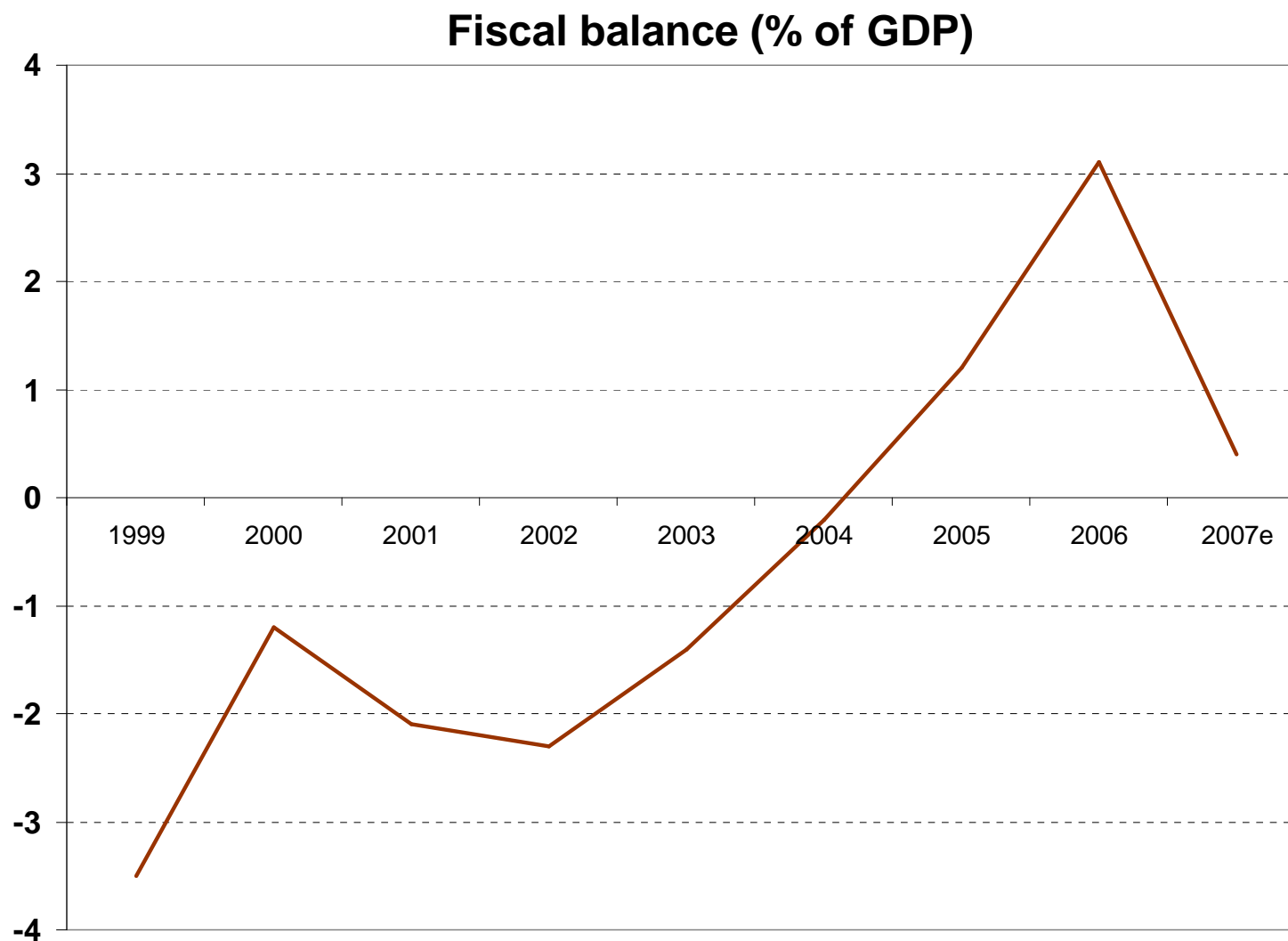
## Africa's positive economic trends – inflation



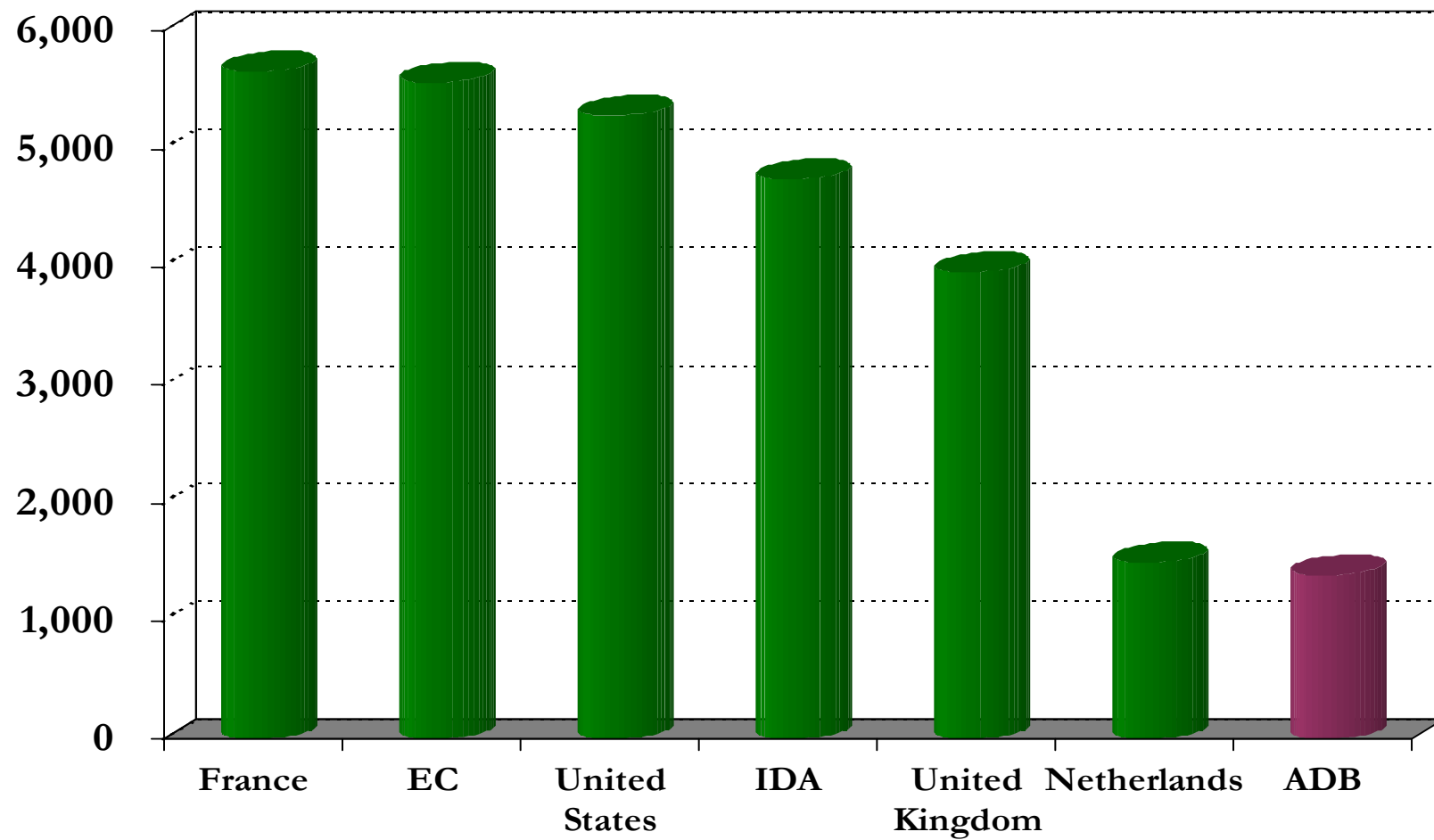
## Africa's positive economic trends – external debt



## Africa's positive economic trends – fiscal balance

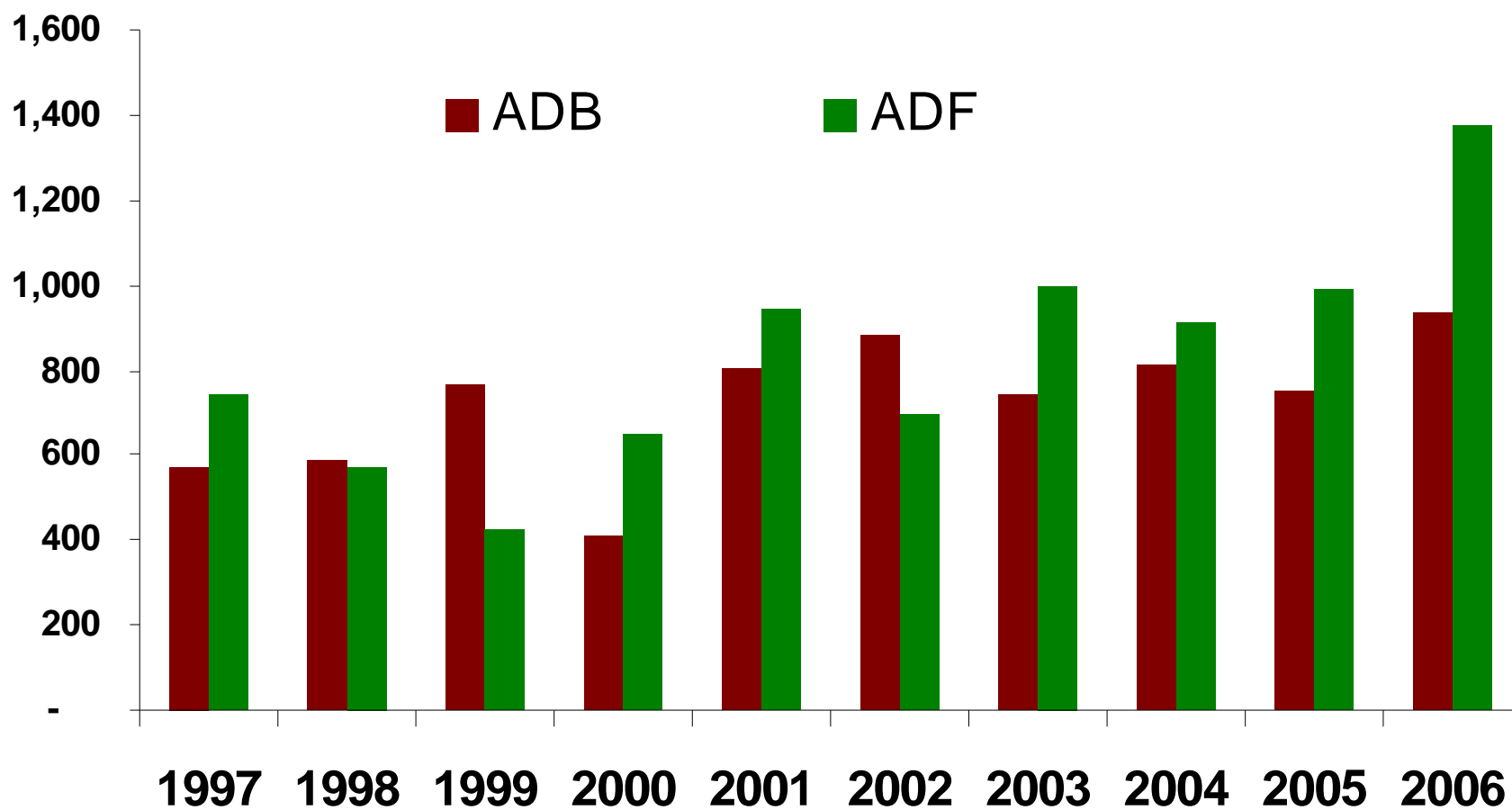


## ADB still a small player

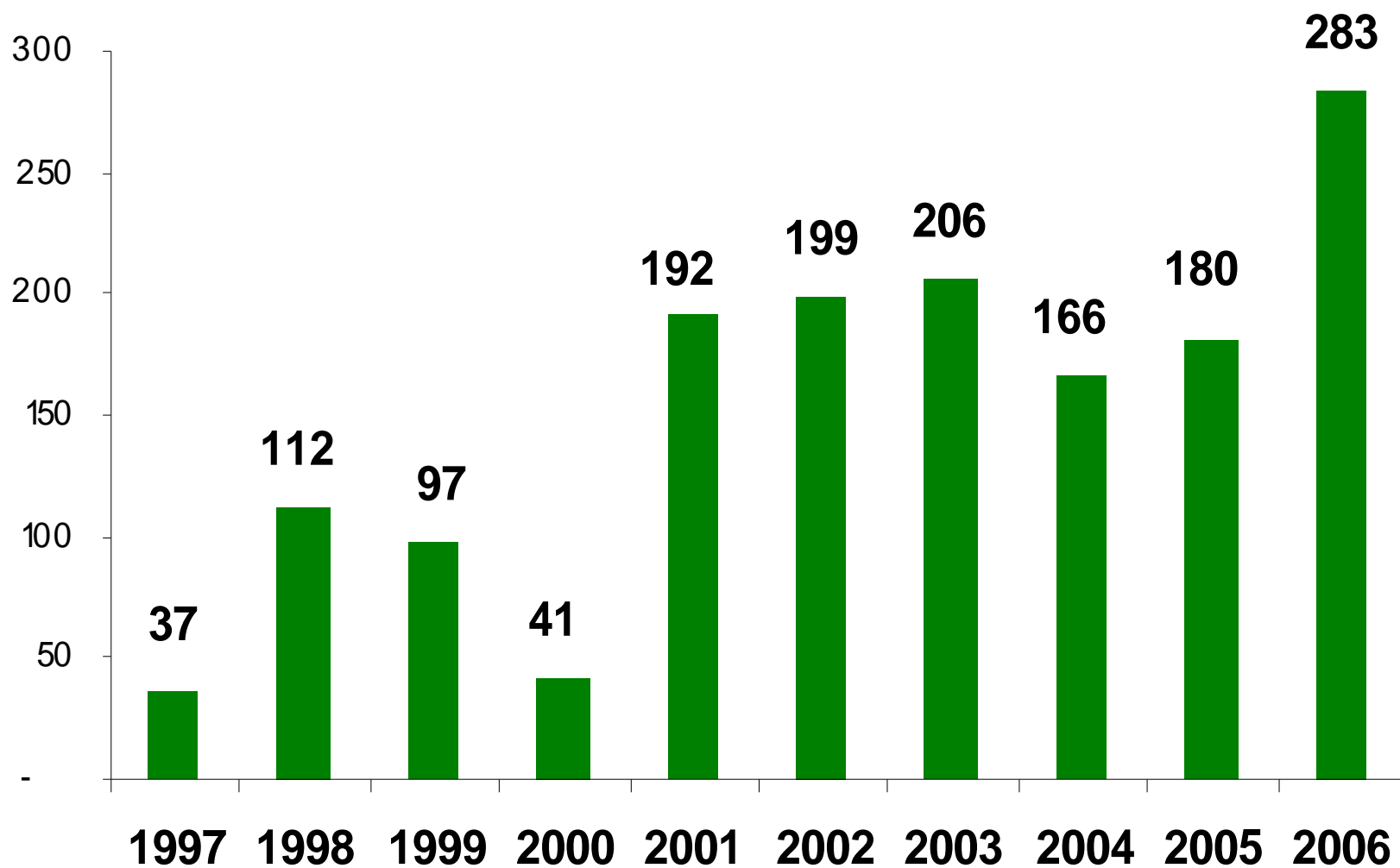




## Loan & grant approvals, 1997 – 2006 (UA millions)



## Private sector approvals, 1997 – 2006 (UA millions)



## **Efficiency and development impact still needs to improve**

**Some of the weaker areas:**

- **Diluted country focus**
  - **Insufficient knowledge generation and sharing**
  - **Poor portfolio management (length of project cycle, size of projects,...)**
  - **Departments working in “silos”**
  - **Insufficient professional and support staff in operations**
  - **Centralized processing with little empowerment of Task Managers**
  - **Cumbersome processes**
- ➔ The President launched a Task Force on institutional reforms**



# The institutional reforms build on 10 years of change and strengthening at the Bank

## 1st Generation Reforms:

- Consolidation and centralization
- Financial strengthening

1990 - 95

1995 - 2004

2005 -

## Crisis Years:

- Knox Report
- Loss of "AAA" credit rating and shareholder confidence

## 2nd Generation Reforms:

- Enhancing development impact & efficiency



## **Enhancing development impact and efficiency – Phase I**

- **The primary goal of Phase I of reform was the transition to the new structure**
- **The new structure features 3 VPs for operations (previously 2):**
  - **Country & Regional programs**
  - **Sector Operations (Agriculture, Human Development, Governance and Economic Management)**
  - **Infrastructure, Private sector and NEPAD/Regional Integration**
- **Reinforced Office of the Chief Economist**



## Enhancing development impact and efficiency – Phase II

- **Complementary changes to support the new structure:**
  - **HR policies supportive of enhanced staff performance**
  - **Streamlined business processes to improve client service and reactivity → fewer and larger projects, shorter project cycle, improved portfolio management**
  - **Increased focus on generation and sharing of operationally relevant knowledge**
  - **Empowered approach to decentralisation**

## **To succeed, the Bank must fundamentally change its culture to emphasize...**

- **Results not processes**
- **Implementation rather than approval**
- **Staff empowerment and delegation with accountability**
- **Transparency, openness and accessibility**
- **Collaboration and teamwork**
- **Innovation, learning and knowledge-sharing**



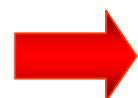
## Reasons for a High Level Panel

- **President looking to define a long term vision**
  - **The vision that should guide the Bank**
  - **The strategic shifts needed in the Banks focus and operational choices in the short and medium term**
  
- **Three basic scenarios for the Bank**
  - **More of the same**
  - **A niche Bank**
  - **The premier Institution supporting Africa's development**

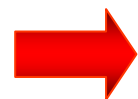




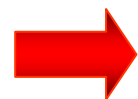
# The ADB should be pivotal



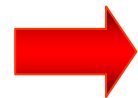
**Premier African Institution**



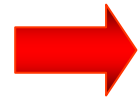
**Poverty Reduction through Growth**



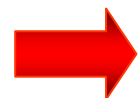
**Relevant to all RMCs**



**Single Bank**



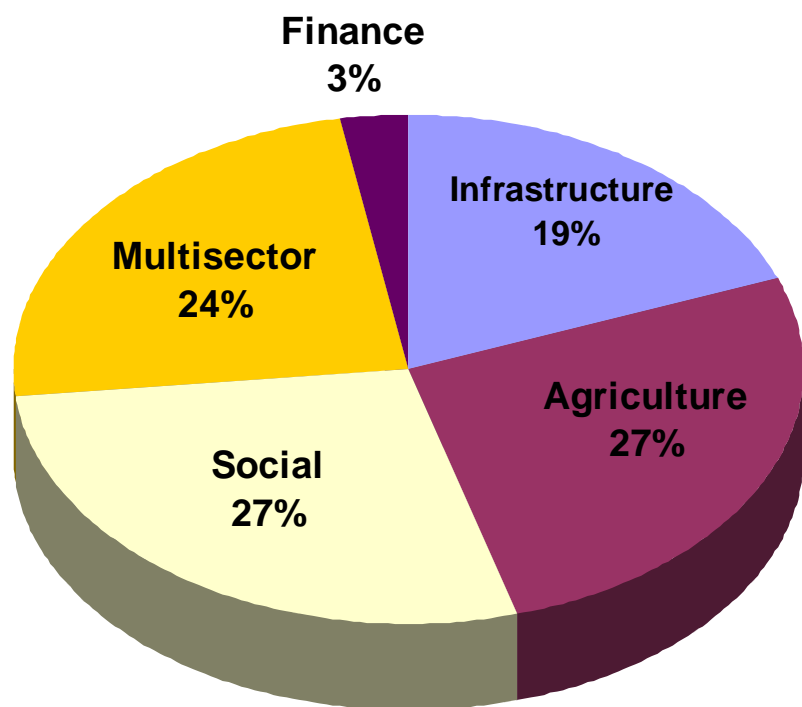
**Regional and Pan-African Integration**



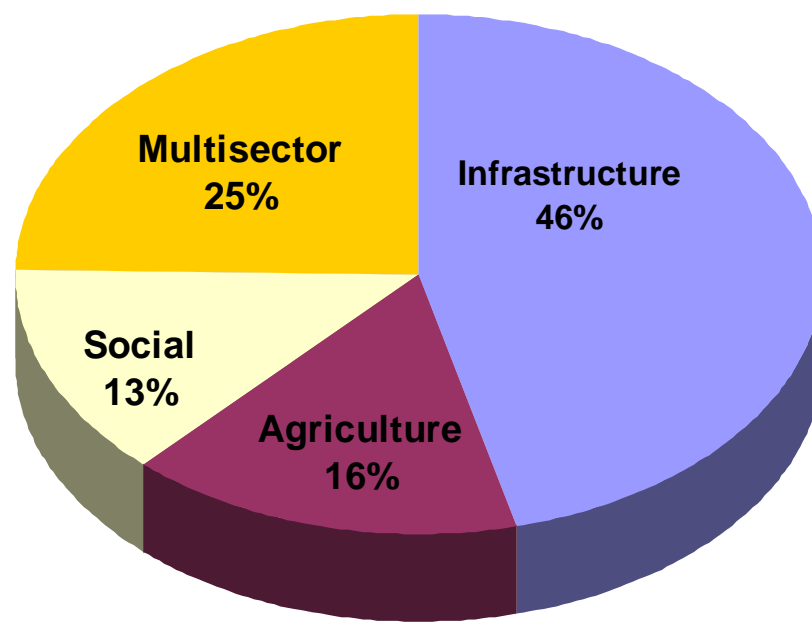
**Financial and Knowledge Services**

**This is not completely new, the Bank already has a degree of focus**

*ADF Approvals by Sector*



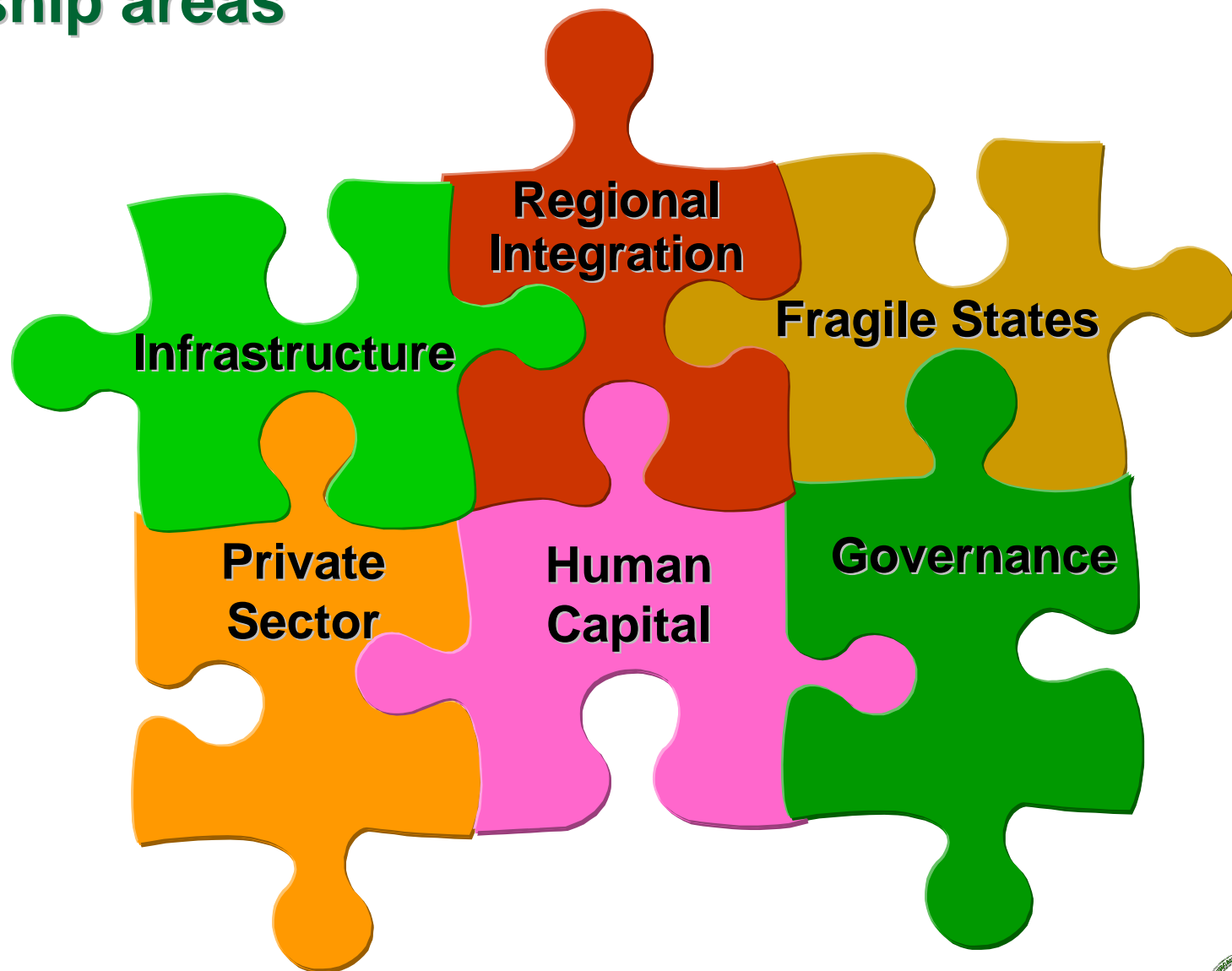
**2002**



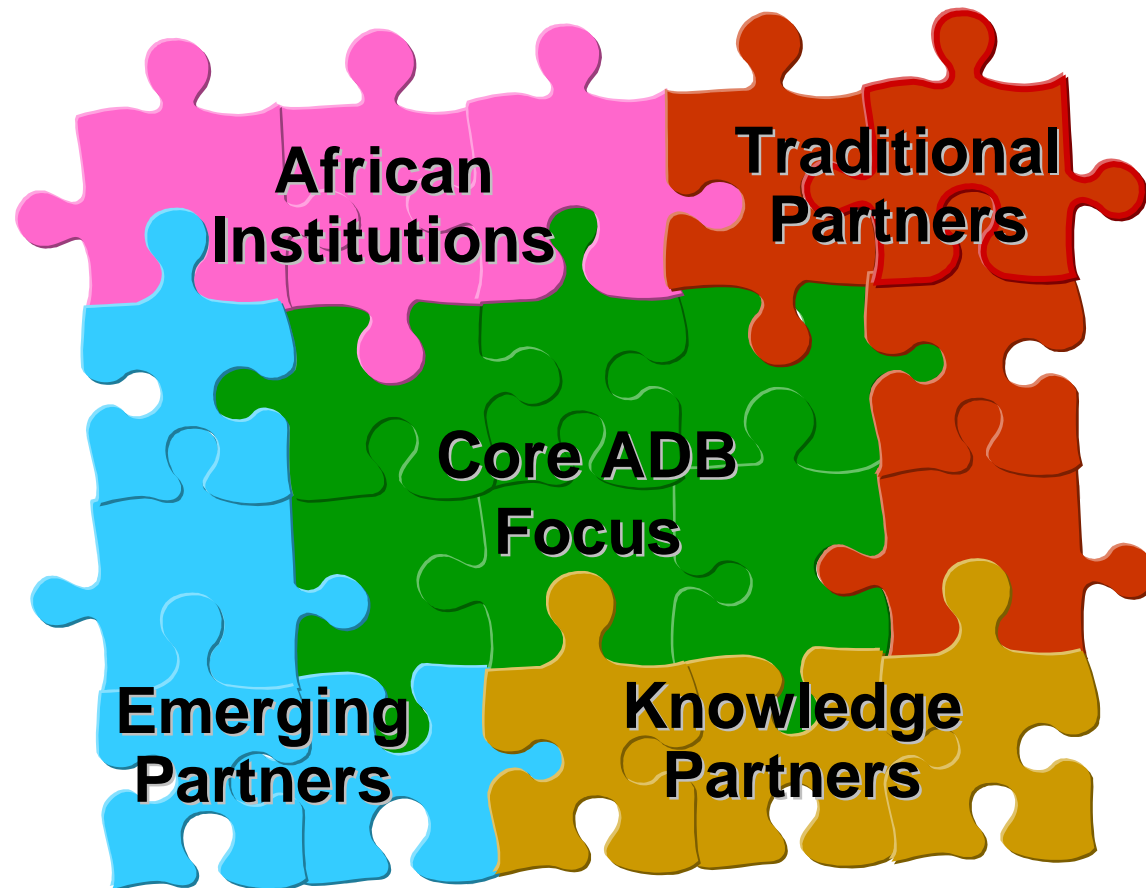
**2006**



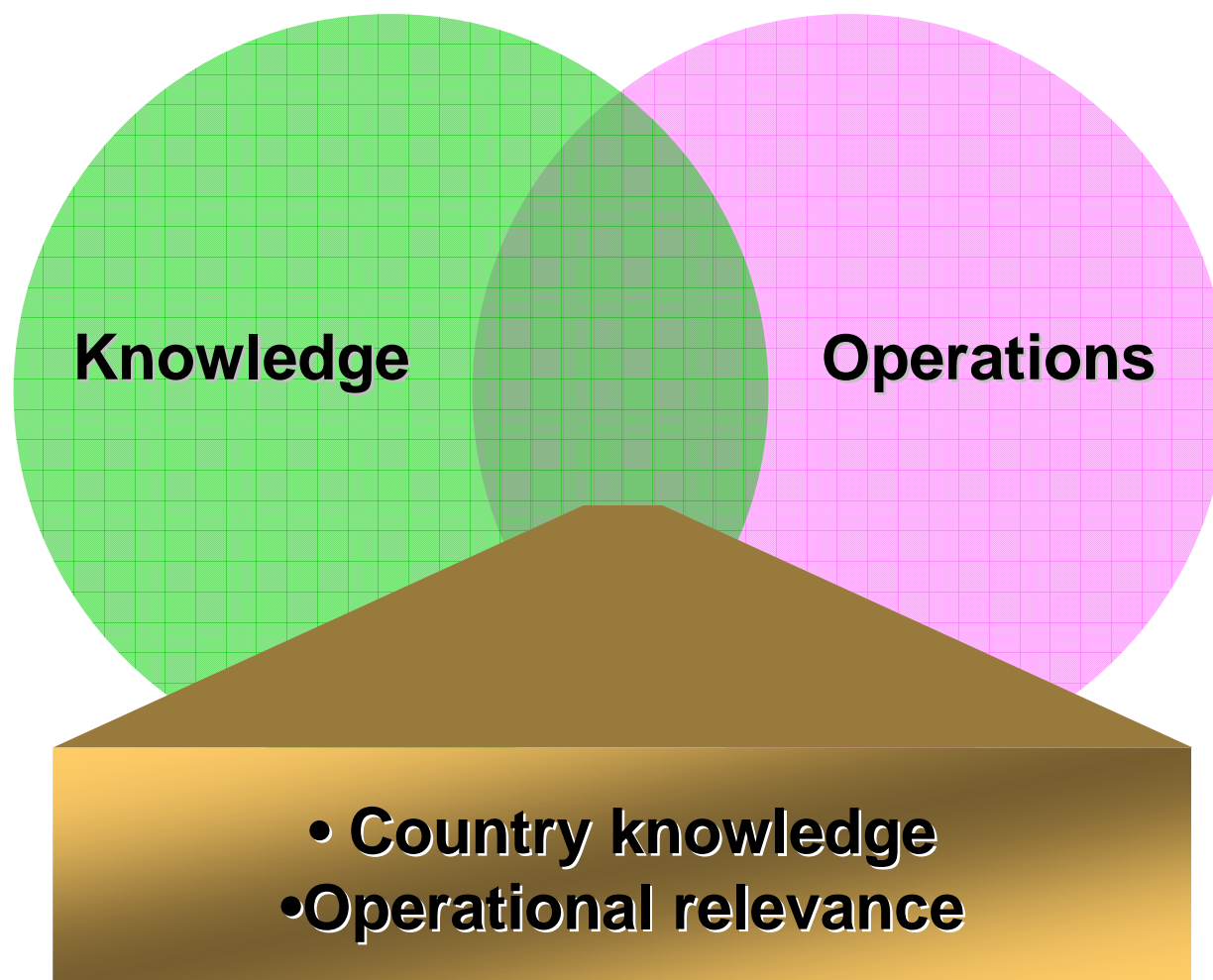
## The Bank can add the most value in a few key flagship areas



# Effective partnership is the key to ensuring all of Africa's needs are met



## The Bank's ambitions must be grounded in greater analytical and policy capacity



## **SOME KEY POLICY ISSUES**

- **Going for growth, what about inequalities?**
- **Just how important is regional integration?**
- **And how best to support it – new instruments?**
- **Keeping AAA rating while using balance sheet assets**
- **Performance and Allocation – an African model?**
- **Governance – what's most important?**
- **Staying engaged – fragile states and poor performers**
- **What can the ADB offer the MICs?**
- **How much direct support to the Private sector?**

