
ADB Strategic Reforms



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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

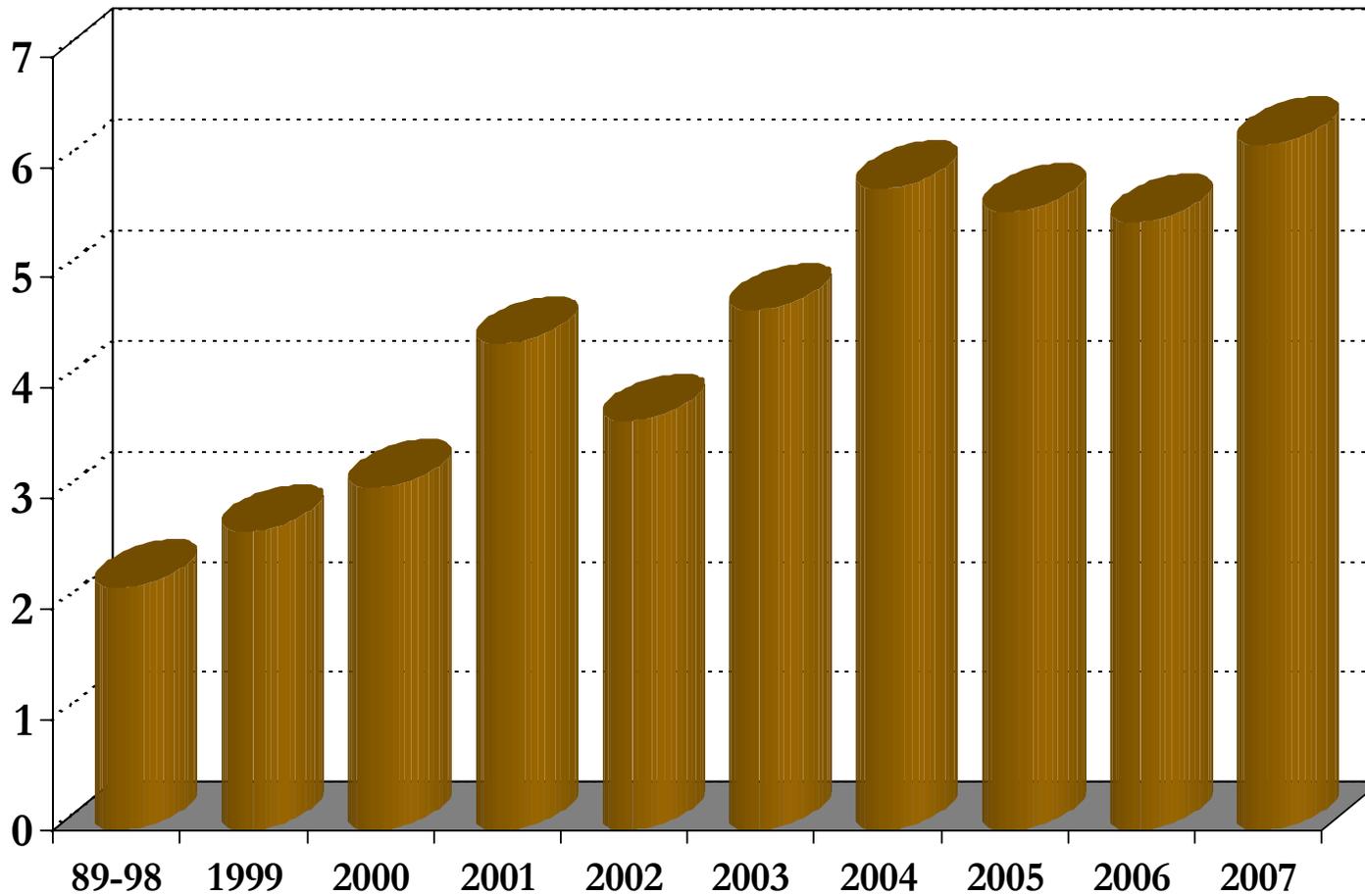
- **Africa represents greatest development challenge**
- **Most African countries will not meet the MDGs**
- **It is marginal in international trade and investment**
- **Despite Africa's positive economic trends**

- **ADB is being asked to do more**
- **President elected on a reform mandate**



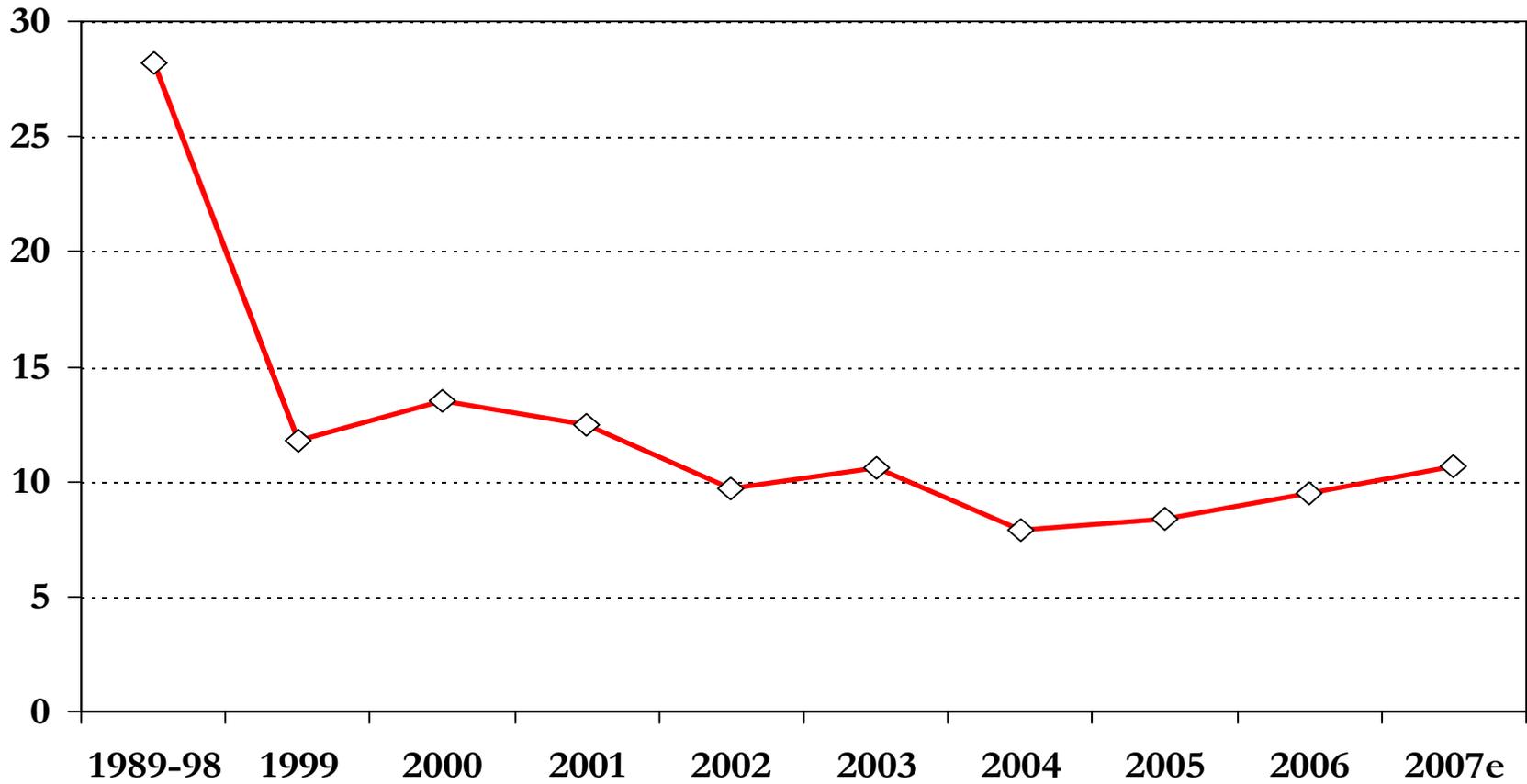
Africa's positive economic trends – GDP growth

Real GDP growth (%)



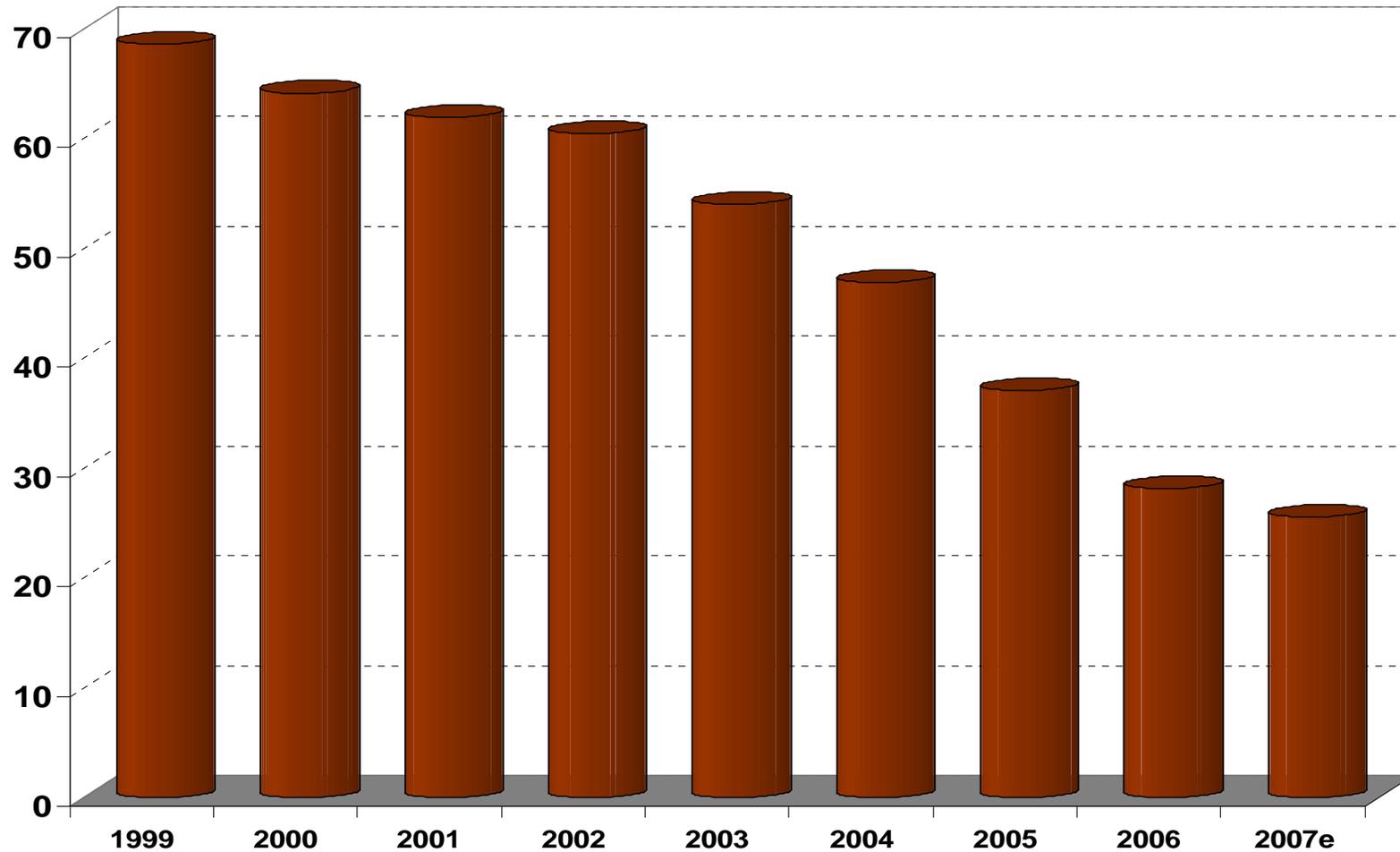
Africa's positive economic trends – inflation

Inflation (CPI % change)

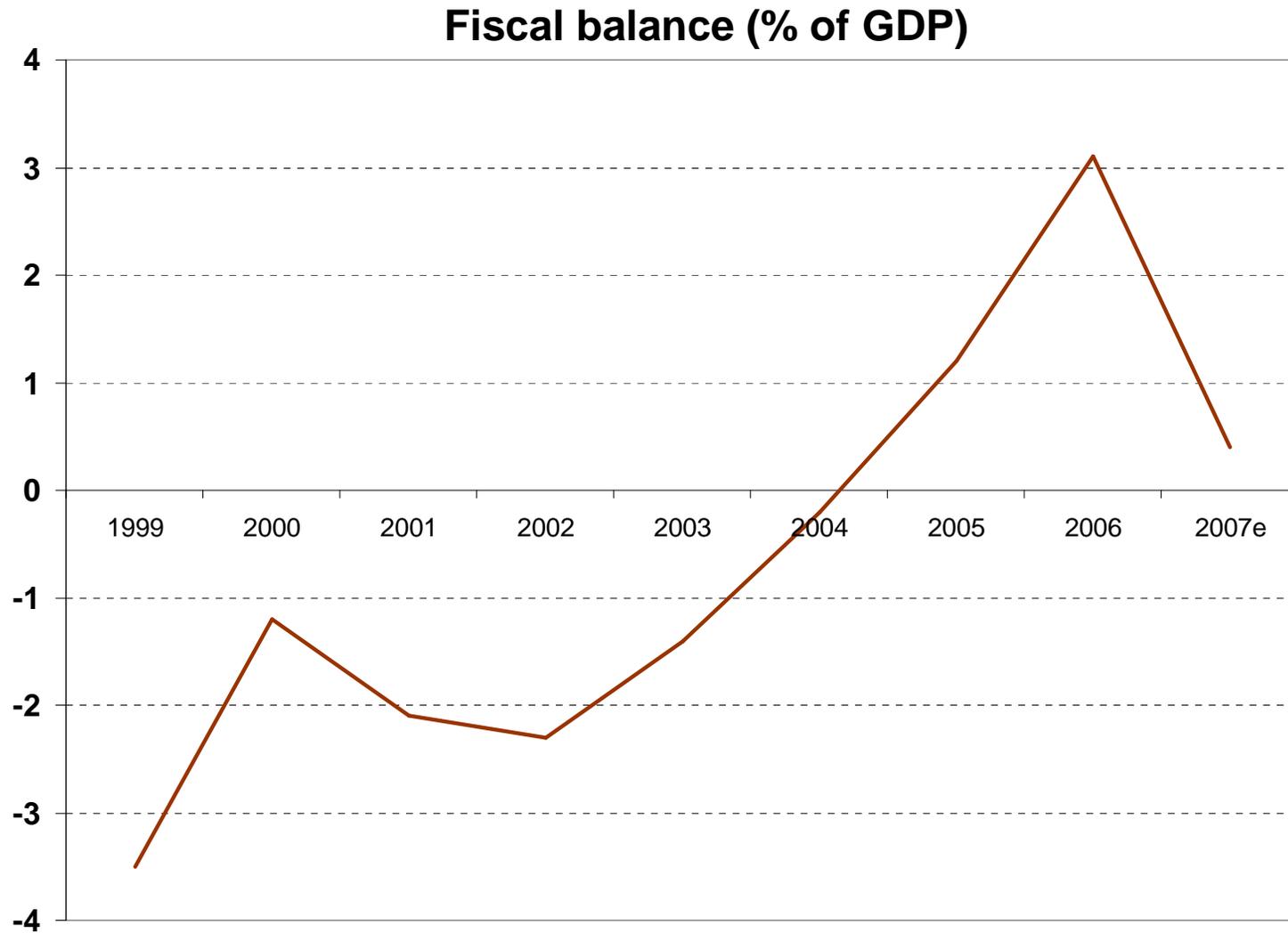


Africa's positive economic trends – external debt

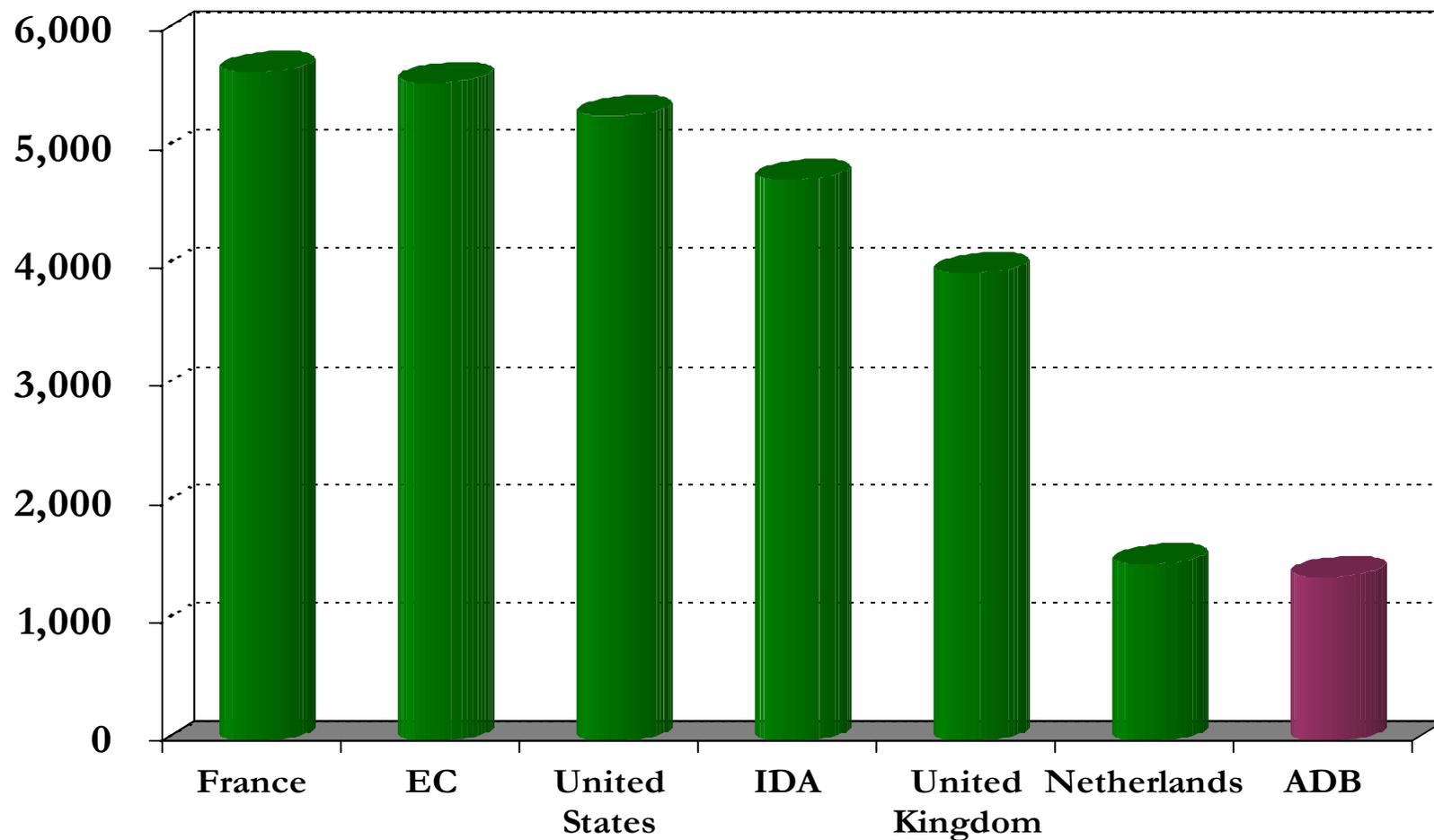
External debt (% of GDP)



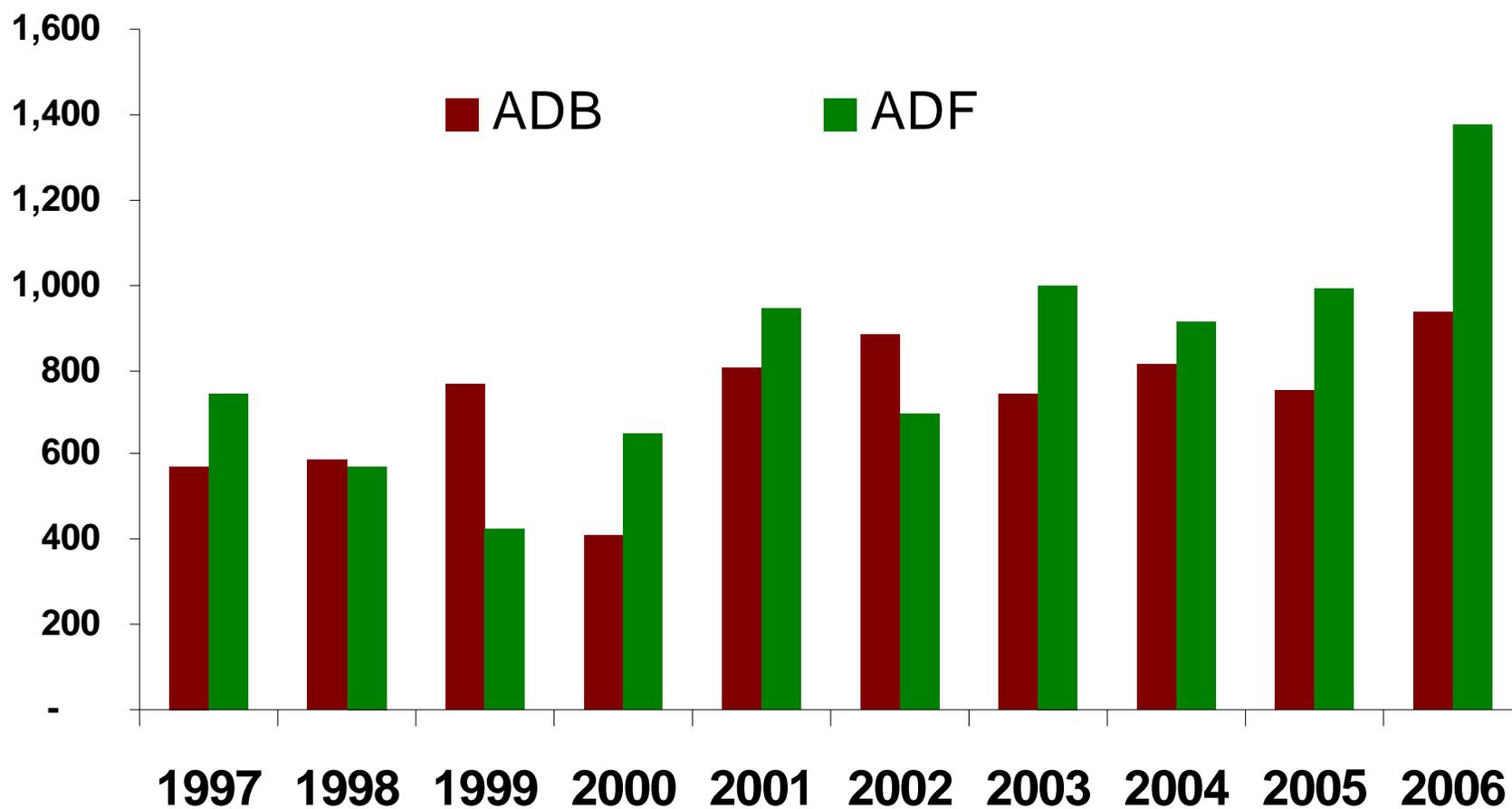
Africa's positive economic trends – fiscal balance



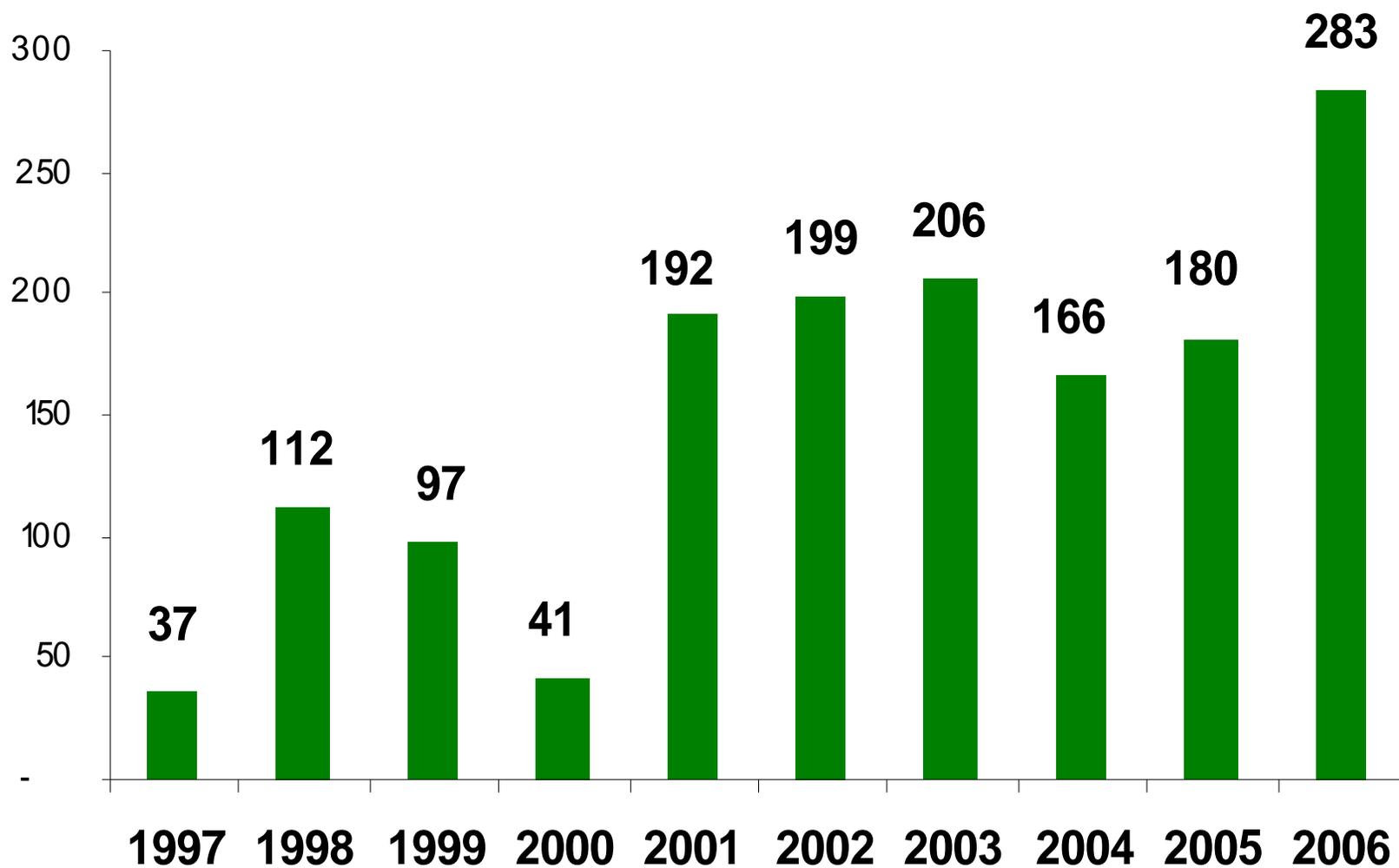
ADB still a small player



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



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**



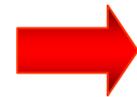
Reasons for a High Level Panel

- **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**

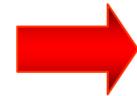
- **Three basic scenarios for the Bank**
 - **More of the same**
 - **A niche Bank**
 - **The premier Institution supporting Africa's development**



The ADB should be pivotal



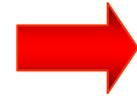
Premier African Institution



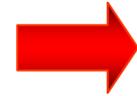
Poverty Reduction through Growth



Relevant to all RMCs



Single Bank



Regional and Pan-African Integration

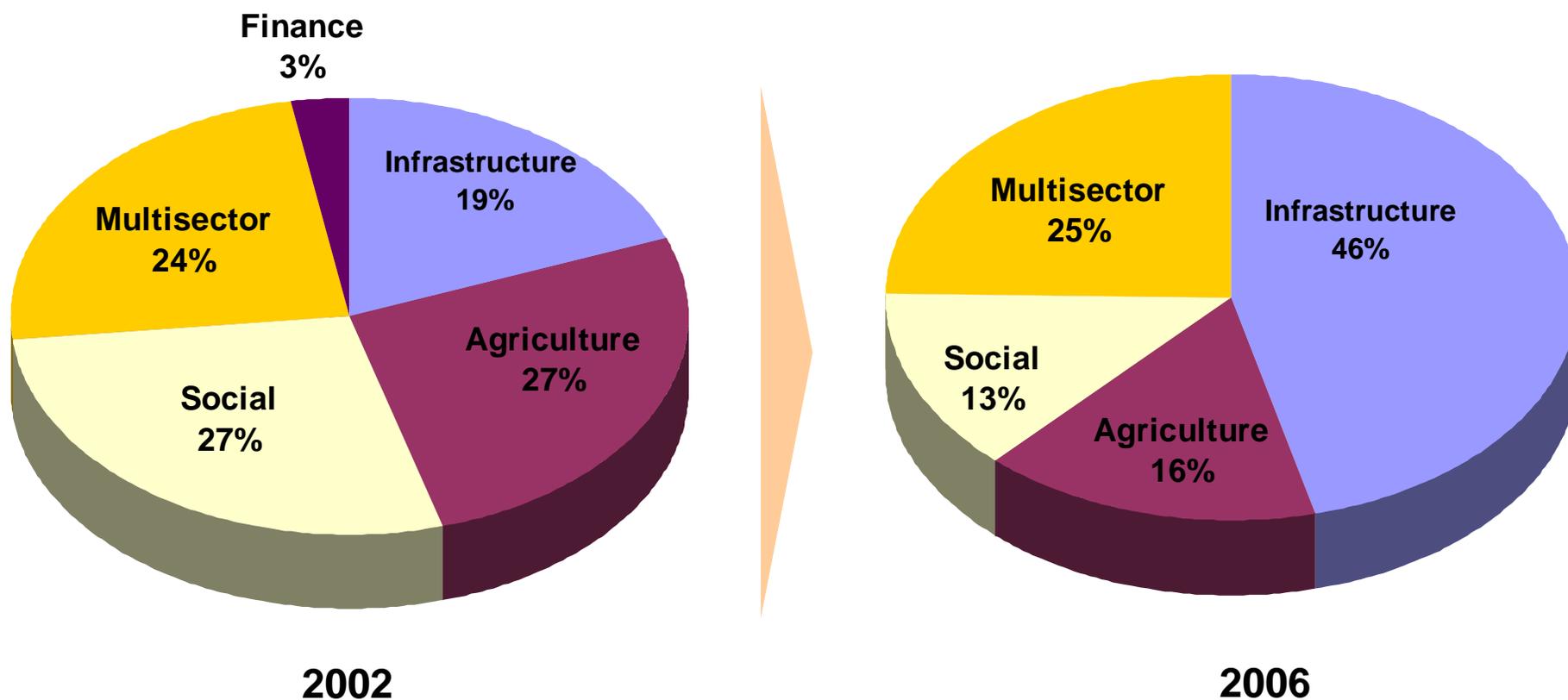


Financial and Knowledge Services

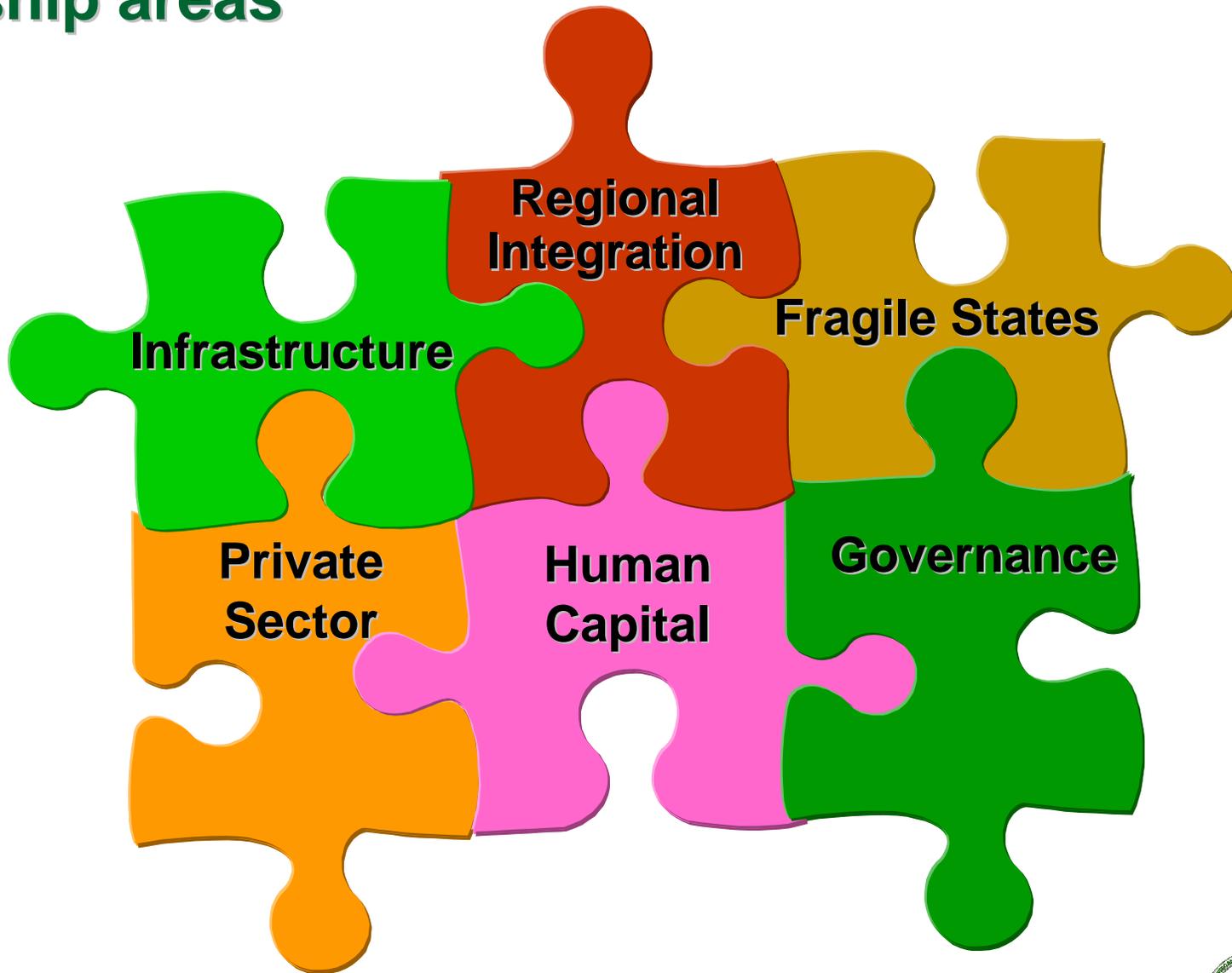


This is not completely new, the Bank already has a degree of focus

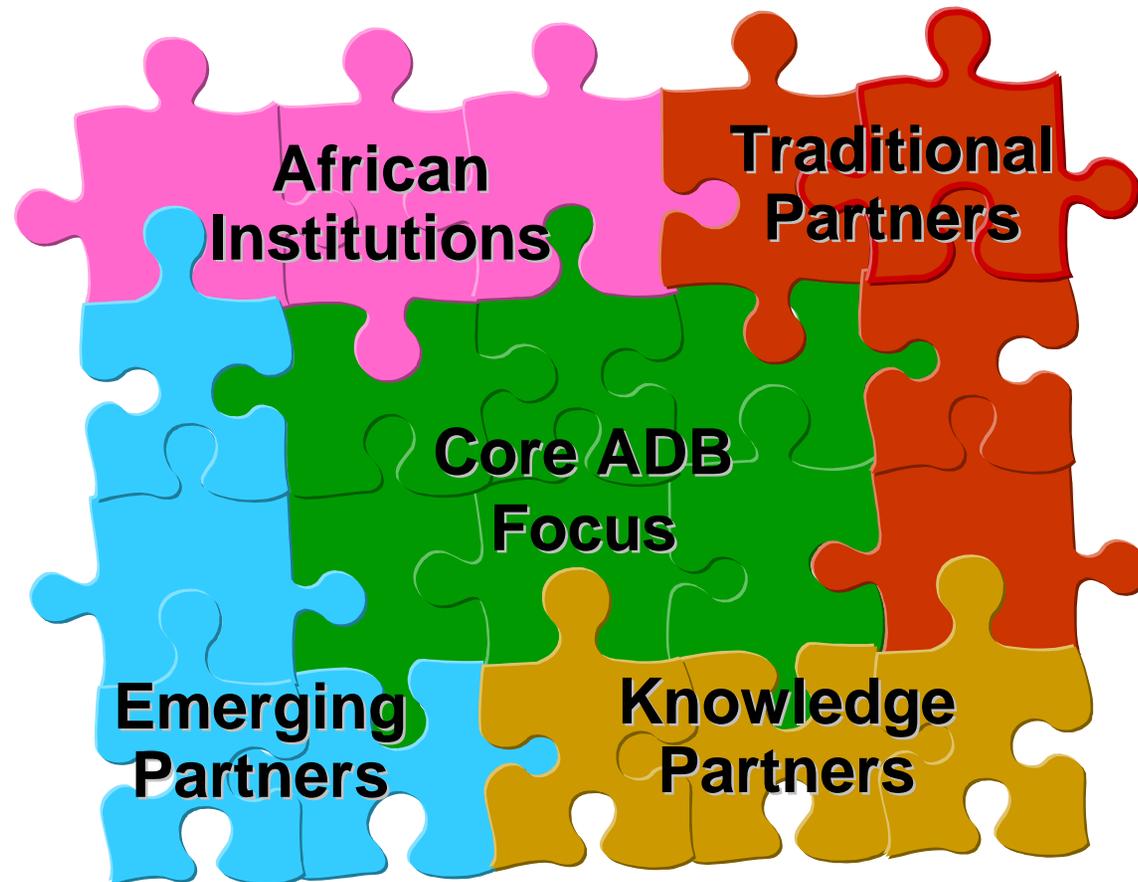
ADF Approvals by Sector



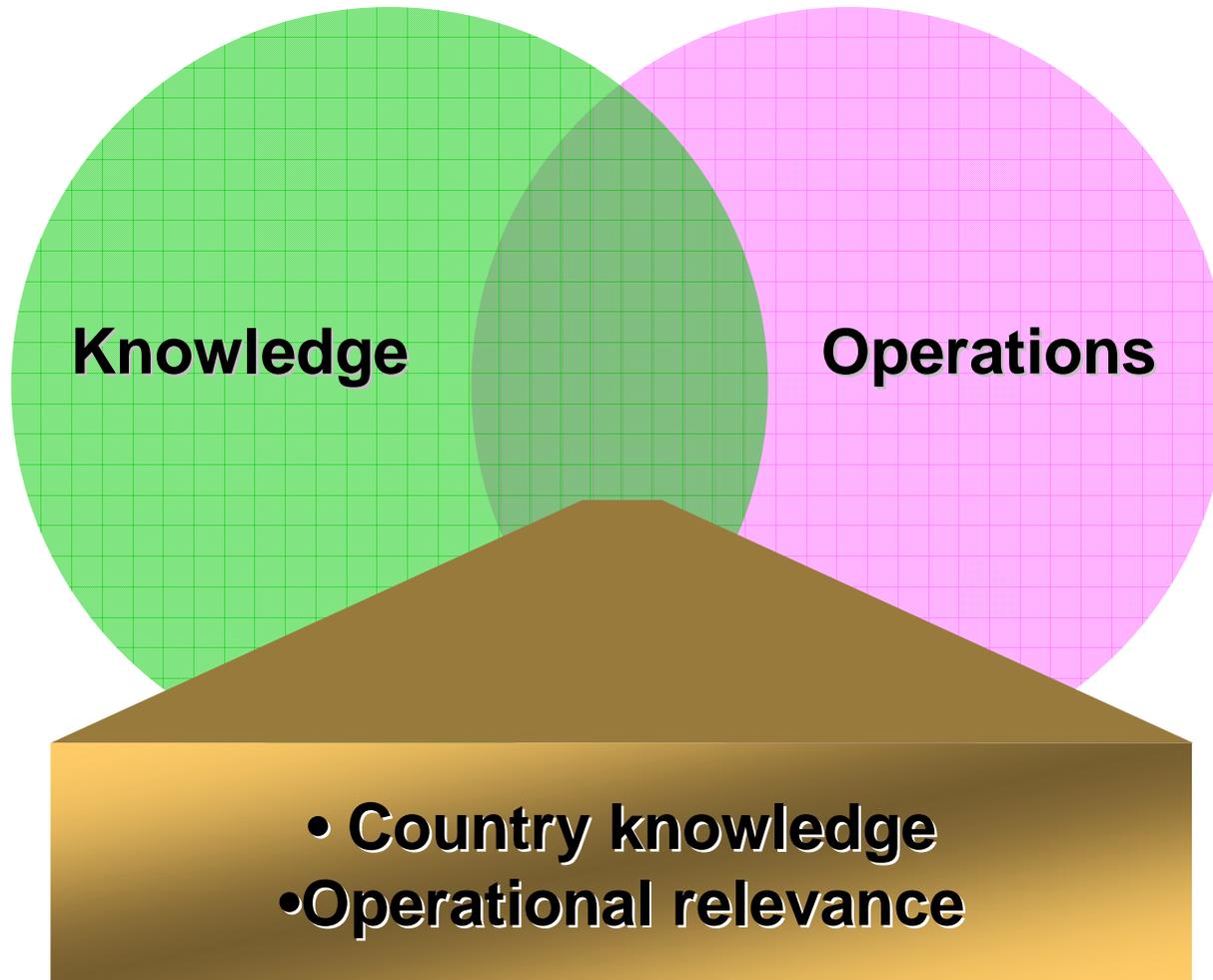
The Bank can add the most value in a few key flagship areas



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?**

