Management Response

The Development and Business Delivery Model (DBDM) was introduced in 2016 as a ‘transformative journey’ guided by three core principles: the first focuses on aligning the Bank’s structure with its strategic priorities; the second on bringing the Bank closer to its clients; and the third relates to improving organisational effectiveness. As the evaluation notes, the reforms implemented as part of the DBDM: “have already resulted in positive change and there is considerable potential for further benefits”. Management welcomes the DBDM evaluation and fully endorses its four main recommendations. Indeed, the evaluation comes at an ideal time, as it informs the next stage in the DBDM journey. There is full agreement on the fundamental features of the One Bank organisation and the steps required to complete the journey and achieve the objectives set out in the DBDM. Management will set out clear plans for implementing adjustments in the light of the discussions at the next GCC meeting in Malabo.

INTRODUCTION

Management welcomes the DBDM evaluation. It provides useful lessons on what has, and has not, worked well in implementing the DBDM reforms.1

The evaluation confirms that since the Board adopted the DBDM in April 2016, progress has been made but that the journey is ongoing. In the spirit of continuous learning, Management has made a number of course corrections to the DBDM in the light of experience. For example, in 2017 the DBDM was adjusted to include, amongst other things, the five organising pillars referred to by the evaluation.2 This illustrates why the DBDM needs to be seen as a roadmap, guided by a clear sense of direction, not a blueprint set in stone. That being said, Management also recognises the need to anchor future reforms on stable organisational foundations: e.g. a streamlined organigram and clear arrangements for an efficient and effective delivery model.

With this in mind, Management will be elaborating three items: (i) the principles of the new One Bank organisation; (ii) the streamlined organigram that will enable it; and (iii) a clear implementation plan to help to guide and track execution. These will build on recent experiences and achievements, including the evaluation. Taken together, these course adjustments, will help the Bank complete the journey envisaged in the DBDM.

There is full agreement on the key features of the One Bank organisation, which are anchored on three principles (i) quality; (ii) joint accountability and (iii) delivery. The One Bank approach builds on the experience of implementing the DBDM and clarifies roles and responsibilities. And is underwritten by the Delegation of Authority Matrix (DAM), which is being reviewed to ensure full consistency with the adjustments in roles and responsibilities. This, in turn, will also inform the revisions to the Operations Manual.

In addition to the four strategic recommendations, the evaluation also provides 29 further “technical recommendations and areas for attention” covering each of the DBDM’s five pillars.3

Against this background, this Management Response sets out the steps the Bank will be taking in addressing the findings and recommendations — strategic and technical — presented in

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1 Other organizations have also commissioned evaluations relating to organisational reform, many of which highlight similar challenges, including the World Bank Group and the International Fund for Agriculture and Development.

2 Other adjustments to the DBDM included the creation of a Country Economics Department (ECCE) and the relocation of the Special Operations Unit.

3 This does not include recommendations apparently addressed to BDEV.
the DBDM evaluation. Management will complement this response with a clear implementation plan for the principal areas discussed below.

Management fully endorses the four main recommendations made by the evaluation. And broadly agrees with the general direction of the 29 technical recommendations some of which cut across pillars. In this context, it is useful to consider the issues raised in the evaluation under four strategic headings:

- The One Bank organisation
- People management
- Processes, efficiency and effectiveness
- Change management

This Management Response discusses the evaluation’s key findings and recommendations under each of these four headings. The Management action record at the end of the document, sets out concrete actions in response to “technical recommendations and issues for attention.”

THE ONE BANK ORGANISATION
The evaluation rightly points out that the vision set out in the DBDM for i) the division of labour between the regions and the sectors; and ii) the physical location of staff, involved an ambitious level of change. Moving from a Bank driven by sectors in headquarters, where the “field offices” performed a liaison role, to one where leadership for originating projects, policy dialogue and portfolio management is genuinely decentralised, is an area where significant progress has been made.

Regional hubs and Country offices are markedly stronger than prior to the DBDM. As shown in Table 1, in addition to progress in decentralising operations staff, the share of projects which are being managed from the Hubs and Country Offices, has also increased, a clear indicator of progress in getting closer to the client when it comes to the Bank’s core business — its individual operations.

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of operations staff based in country offices and regional hubs (%)</td>
<td>40</td>
<td>53</td>
</tr>
<tr>
<td>Projects managed from country offices (%)</td>
<td>60</td>
<td>77</td>
</tr>
</tbody>
</table>

Having learnt from the experience of the last three years, Management is now adjusting how the matrix organisation will work, in terms of division of labour, reporting and accountability. These adjustments aim to enhance collaboration, cross-fertilisation across regions and increase efficiencies, while retaining the decentralised model. Core principles in the new One Bank model are:

- **Quality.** Strengthening the focus on the quality and impact of operations, with in-depth technical knowledge and strong quality control, led by the sectors with input from operations support departments.
- **Delivery.** Client facing business units prioritise delivery of the shared work programme, under the coordination of Regional Delivery Hubs.
- **Joint accountability.** Complexes work towards, and are held accountable for, the same objectives, ensuring the incentives for all are to collaborate.

The Bank recognises the need to create a platform for stronger and more effective collaboration between parts of the matrix organisation — i.e between the different sector complexes and the Regional Development and Business Delivery complex. This requires clear, consistent and effective division of labour between different units within the Bank. Management will take the following actions to address the objectives:

*Fine-tune and improve the Bank’s organisational structure.** Drawing on lessons learned from implementing the DBDM as well as the findings from the DBDM evaluation, Management is reviewing the Bank’s organisational structure with a view to improving efficiency and increase synergies between organisational units and functions. Management will submit to the Board of Directors before the end of 2019 a proposal for fine-tuning the Bank’s organisational structure.

*Institutionalise the arrangements that guide and underpin the One Bank organisation.** The three principles of quality, joint accountability and delivery inform how the model works. To implement these principles Management will undertake a well-sequenced set of actions, updating the Delegation of Authority Matrix, and designing joint key performance indicators and other accountability and incentive mechanisms. As part of this exercise, Management is updating the Operations Manual. Work is underway in all of these areas.

Guidance notes will describe in greater detail key managerial processes such as recruitment, deployment, performance evaluation and career management. The One Bank approach will also bring improvements related to planning (e.g., budget coefficients, and the role of sector
boards), resource allocation, management and reporting of budgets and people, so that accountability for resources is assigned to the appropriate positions and responsibilities.

**Box 1: Promoting Accountability through Joint KPIs**

Management has introduced as part of the ongoing DBDM reforms, joint KPIs that underpin the One Bank approach and further strengthen synergies between operational complexes, break-down silos and, more generally nurture a culture of cooperation and teamwork. These top level KPIs assigned to VPs will be cascaded down across operations teams. These cover the following key areas:

1. Strengthening business development by establishing a robust pipeline of operations.
2. Delivering on the Bank’s annual lending targets.
3. Mobilising resources through co-financing and syndication.
4. Improving the performance, quality and development impact of operations.
5. Enhancing efficiency and speed of delivery.
6. Implementing Corporate Commitments arising from Audit and Evaluation Reports.

Further improvements, focusing particularly on project quality, will be made in 2020, in line with the Quality Assurance Implementation Plan.

The evaluation also notes the progress made with regards joint performance indicators and executive performance agreements, in support of accountability within a matrix structure. In 2019, an important change has been made to the targets for each complex to reinforce collaboration — namely that the KPIs are genuinely shared, with those of the regions comprising of the sum of those of the sectors. Overarching KPIs do include indicators on portfolio quality and implementation, and work is underway to examine options for further improvement. Management recognises the importance of getting people management right. The evaluation notes that many of the DBDM reforms in these areas are complex, ambitious and incomplete.

Management fully accepts that people management reforms are unfinished business and will make them a centrepiece of the package of reforms agreed in the GCI context. This is why, Management recognises the need to:

*Promote a stronger employee value proposition.* The Bank recognises the critical importance of offering a strong value proposition to attract and retain the best staff. It is also necessary to increase staff engagement and motivation and provide incentives for staff to perform at their best.

*Better manage human resources to increase the capacity to deliver.* The Bank places the highest importance on ensuring that the right number of staff with the right skills are in the right place within the organisation. There is an urgent need to enhance particular capacities and skills sets, especially for non-sovereign operations, investment banking and financial engineering, environmental and social safeguards, quality assurance and risk management, and the position of task manager.

*Promote a culture of performance and results.* The Bank is adapting its approach to managing staff performance, shifting towards rewarding implementation rather than approvals and incentivising accountability and recognition for results.

To achieve these three objectives, Management will:

*Finalise the People Strategy to promote a stronger employee value proposition.* Building on recent progress, the Bank will finalise its new People Strategy with a view to attracting and retaining the right skills while also promoting a culture of performance and results. Going forward, it will offer a stronger employee value proposition, particularly for career development. It will introduce job families to the Bank, providing staff with clear career development pathways and helping to guide staff training. This will increase staff engagement and motivation and will increase transparency when filling vacancies. Learning from its experience with its last strategy, the Bank will devote greater attention to monitoring the implementation of the People Strategy and the strategy’s action plan.

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4 The Bank’s new top level of KPIs put additional emphasis on project quality and include KPIs that track implementation of actions Management committed to take in response to internal evaluations (audit and BDEV).
Conduct a ‘right-sizing’ strategic staffing review, to be updated biennially, of the Bank’s staffing and how it aligns with business requirements. The Bank will conduct a biennial assessment of its allocation of human resources with a special focus on filling the needs of operational departments. This exercise will assess the extent to which the Bank has filled all critical positions, including positions with oversight functions; has increased region-based staff; has made use of qualified consultants; and has aligned the skills mix of each office with that office’s business requirements. The Bank will also improve and accelerate recruitment to maintain the vacancy rate at or below approximately 10%. It will ensure a strategic approach to using human resources more efficiently, among other things by arranging the best mix of regular staff, short-term staff and consultants. In parallel, work is already under way to map current use of consultants in the Bank, with a view to ensuring the best value-for-money and alignment to the Bank’s business needs.

Improve the framework for managing staff performance. The framework will be operational for the 2020 performance cycle and will be supplemented by more attention to the underlying process. The process will be based on comprehensive discussions between managers and team members, not only about performance but also about development plans and career aspirations. The intent is to shift from a performance-rating-driven appraisal to a coaching, improvement, and growth-focused discussion. Top-level key performance indicators will be cascaded. A more differentiated merit increase system based on performance will also be put in place.

**Processes, Efficiency and Effectiveness**

The evaluation concludes that changes to business processes, as envisaged, were far-reaching but remain unfinished. Management agrees that not all of the many process reforms proposed by DAPEC have been implemented in practice. Nevertheless, many of them have been taken on board in the new DAM, issued in 2018. The delay in implementing proposed changes in operations processes will in fact enable Management to align with adjustments to the nature of the matrix organisation.

The evaluation notes that there is a perception that increased efficiency may come at the expense of quality. Management takes the view that this does not need to be the case, and evidence that this risk has materialised is not presented. Indeed, the fact that improvements to processing indicators have been slow, illustrates that in practice Management has been careful and measured in implementing ambitious process changes recommended by DAPEC.

Going forward, most of the process reforms are being executed through a Bank-wide business process reengineering project (aka Project WAKANDA), enabled by the SAP system. Project WAKANDA is a change management initiative that will provide the technical systems foundation to support the AfDB Group of tomorrow to drive increased efficiencies and accountability.

Over the past eight years, the Bank introduced important tools and standards to improve the quality of operations. These tools and processes now have to be reviewed and reformed in the context of recent organisational reforms with the objective of enabling consistently high-quality operations and proactive portfolio management.

To this end, Management has developed a Quality Assurance Implementation Plan (‘The Quality Plan’) that sets out a clear, well-sequenced set of actions covering 2019–2021. The Bank will fully implement five broad, mutually reinforcing thematic areas, backed by specific time-bound deliverables:

* Reinforce the knowledge of operations staff. Experience shows that quality starts with the expertise and experience of the task manager and the task team. An Operations Academy — based on a value-for-money e-learning approach — will be developed to ensure that all operations staff have the same strong foundation in Bank rules, standards, tools and good practices.

* Strengthen project preparation. High-impact projects require a robust pipeline and sound project preparation. In this respect, the Quality Plan highlights actions in relation to i) graduation from pipeline to indicative operational program; ii) robust upfront assessments of partners’ capacity to execute; and iii) funds to support partners with project preparation downstream.

* Refine the framework for quality-at-entry. The two principal tools to assure the quality-at-entry of sovereign operations — the readiness review and the peer review — will be revised. These revisions will enhance focus on the drivers and predictors of project success while also increasing space for contestability and accountability.

* Sharpen the focus on delivery and results. The Bank is i) increasing its proactive support for implementation ii) rolling out an important online tool that will connect results reporting throughout the project cycle (The Results Reporting System); and iii) revising key monitoring tools, such
as portfolio reviews, to better support portfolio management, quality and results. A staff awards programme and better internal communications about the Bank’s quality agenda will also draw more attention to the quality of implementation and delivery.

Improve planning, budgeting and information management to support operations. Creating an environment that promotes quality means i) ensuring appropriate planning and the appropriate allocation of resources and ii) continuing to digitise and automate processes and data tools. While these activities go beyond the quality agenda, they are fundamental to enabling operations staff to deliver high-quality operations in an efficient manner. Reforms are planned in both areas.

CHANGE MANAGEMENT

The theme that cuts across the evaluation is change management. Indeed, the evaluation’s four main recommendations focus on the need to ensure that appropriate change management structures and arrangements are in place. These recommendations can be summarised as follows:

- Prioritise change management (Recommendation 1).
- Develop a clear implementation plan for remaining or new reforms (Recommendation 2).
- Develop or adjust reform timelines to be realistic (Recommendation 3).
- Revisit the Bank’s KPIs and incentive structures (Recommendation 4).

Management fully endorses these four recommendations; and recognises the need to have clear and well-established change management arrangements to prioritise, sequence and drive internal reforms.

Management understands that the evaluation also requires reflection on the sheer number of reform commitments with ambitious timelines that have been made. And recognises it has to pay attention to reform fatigue and multiple reports on overlapping issues. As such, going forward, Management will seek to link completion of the DBDM journey to the major reform package currently under discussion in relation to GCI VII. These reform priorities are described in Annex A of a Proposal for Seventh General Capital Increase (‘The GCI-VII Proposal’).

In addition to establishing a dedicated change management mechanism (Recommendation 1), the GCI-VII Proposal also sets out a programme of priority reforms to be undertaken. These reforms include sequenced implementation plans (Recommendation 2) with seven clearly defined objectives, action areas and time-bound deliverables (Recommendation 3).

Taken together, the seven objectives, actions and deliverables set out in the GCI-VII Programme of Priority Reforms address most of the technical recommendations included in the evaluation. In addition, it also addresses other important objectives such as the Bank’s long-term financial sustainability, and mainstreaming priority concerns such as climate change and gender equality, which are central to the Bank’s development mandate.

This approach actively draws on lessons from the evaluation, in that it will enable the Bank to focus on a package of coherent and well-monitored reforms. As suggested in the evaluation, Management is actively drawing on lessons from the Transition Management Team (TMT) and Delivery, Accountability and Process Efficiency Committee (DAPEC) experience. This experience supports the approach of avoiding additional structures for change management, and duplication of monitoring and reporting.

The monitoring and change management arrangements set out for GCI VII include the following:

Establish a dedicated change management mechanism. Housed within the Senior Vice-President’s complex, the mechanism will be charged with tracking and supervising timely implementation of the key reforms agreed as part of GCI-VII. Communication around change for specific reform areas will also be overseen from that vantage point.

Rigorously track implementation. For the purposes of internal monitoring, Management will establish a tracking sheet and a dashboard, setting out the status of each action and indicating whether each commitment is on- or off-track. This information will be presented to Senior Management each month, allowing Senior Management to undertake the additional actions required to accelerate progress.

Annually report to Governors on Progress. Management will prepare an overall progress report, providing a narrative report of the status of planned actions under each commitment and an overall assessment of progress towards the intended impacts. The report will be presented to the MAR table overleaf, and will be tracked using the normal evaluation tracking system – MARS.

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5 This is based on a preliminary mapping of the 4+29. Those not covered in the GCI have specific responses in the MAR table overleaf, and will be tracked using the normal evaluation tracking system – MARS.
the Board of Directors for review and transmitted to the Board of Governors at the Annual Meeting.

At a later date, the Board of Directors may also opt to ask the independent evaluation department (BDEV) to evaluate the extent to which the Bank delivers on the actions committed to in the context of GCI VII. Such an evaluation was completed for GCI VI.

Notwithstanding the above reporting covering, as stated above, Management is developing an implementation plan to help ensure timely and efficient implementation. Similarly, the People Strategy will be complemented with a clear action plan to support its implementation. Lessons from the evaluation, such as careful sequencing, clear and realistic timelines, clarity on responsibilities and communicating and managing change, will form the starting point for these plans.

**NEXT STEPS**

Management considers this evaluation particularly important and it has arrived at an opportune moment. Management will use the evidence that has been gathered, and recommendations that have been put forward, to inform future directions.

In the context of the GCI VII, Management has taken the opportunity to use the findings of this evaluation to inform the commitments made under GCI VII (Table 1, and objectives 2 and 3 in particular). This underlines Management’s view on the great importance of these topics, not only for the immediate but also the longer-term direction for the institution.

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6 An evaluation was conducted in the context of GCI VI
**MANAGEMENT ACTION RECORD**

The following Management Action Record sets out the actions Management will be taking in response to the 29 technical recommendations and areas for attention. Actions in response to the four main recommendations are presented and discussed above.

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Moving Closer to the Client to Enhance Delivery (Pillar 1)</strong></td>
<td>Management agrees to:</td>
</tr>
<tr>
<td>1.1. Reaffirm the current and future functions, roles and responsibilities of</td>
<td>- Fine-tune and improve the Bank’s organisational structure (2019). Management is reviewing the Bank’s organisational structure for opportunities to further fine-tune for more efficiency and increased synergies between organisational units and functions. To this end, Management will submit to the Board of Directors a proposal for fine-tuning the Bank’s organisational structure by the end of 2019.</td>
</tr>
<tr>
<td>1.2. Set realistic decentralisation objectives and targets, taking into account</td>
<td>- Institutionalise the organisational arrangements that guide and underpin the matrix delivery model (2019). This will be achieved through a well-sequenced set of actions, including updating the Delegation of Authority Matrix, and designing joint key performance indicators and other accountability and incentive mechanisms. This will allow detailed procedures, including roles and responsibilities, to be clarified. The Operations Manual is also being revised, to be completed by end 2019</td>
</tr>
<tr>
<td>1.3. Reconsider the current imbalances, where relevant, between headquarters,</td>
<td>- Conduct a strategic staffing review (2019). The Bank will conduct a biennial assessment of its allocation of human resources with a special focus on filling the needs of operational departments. This exercise will assess the extent to which the Bank has filled all critical positions; has increased region-based staff; has made appropriate use of qualified consultants; and has aligned the skills mix of each office with that office’s business requirements.</td>
</tr>
<tr>
<td>1.4. Determine and adopt clear definitions of staff categories (e.g., operational and non-operational) and apply these consistently, as a more effective way to monitor and report progress against decentralisation targets</td>
<td>- Improve communication around knowledge work (2020), in line with the existing communications strategy, as well as the new DAM which more clearly situates Country Managers as the front line of in-country communication and relation building for the Bank as a whole.</td>
</tr>
<tr>
<td>1.5. Optimise the right-sizing criteria against their validity, rationality and applicability in light of the Bank’s current realities, and apply these consistently to identify staffing surpluses, gaps and needs.</td>
<td>- Improve the Bank’s policy dialogue toolbox (2021). The Bank will re-emphasise and better equip staff to engage in effective policy dialogue. This includes ensuring it is based on strong knowledge work as well as more explicit planning and reporting, including through CSPs.</td>
</tr>
<tr>
<td>1.6. Make a more focused effort to better communicate the Bank’s knowledge products among partners and clients.</td>
<td>- Fine-tune and improve the Bank’s organisational structure (2019). (See above).</td>
</tr>
<tr>
<td>1.7. Implement those outstanding measures that are already fully aligned with the DBDM’s key principles, such as the right-sizing exercise.</td>
<td>- Institutionalise the organisational arrangements that guide and underpin the matrix delivery model (2019). (See above) This entails ensuring what the One Bank matrix model means in practice is clearly set out.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2. Reconfigure Headquarters to Support the Regions to Deliver Better Outcomes (Pillar 2)</strong></th>
<th>Management agrees to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1. Establish a clear and full understanding of the matrix organisation structure and relations</td>
<td>- Fine-tune and improve the Bank’s organisational structure (2019). (See above).</td>
</tr>
<tr>
<td>2.2. Spell out and operationalise the ‘One Bank Principle’, including its implications for the ways</td>
<td>- Institutionalise the organisational arrangements that guide and underpin the matrix delivery model (2019). (See above) This entails ensuring what the One Bank matrix model means in practice is clearly set out.</td>
</tr>
<tr>
<td>2.3. Reassess the current size and composition of the Bank’s headquarters’ complexes vis-à-vis their intended functions, roles and responsibilities and adjust accordingly.</td>
<td>- Conduct a strategic staffing review (2020). (See above).</td>
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</table>
### 3. Strengthen Performance Culture and Attract and Retain Talent (Pillar 3)

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>ACTIONS</th>
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</thead>
<tbody>
<tr>
<td>3.1 Ensure timely commission of staff survey and/or other systematic, Bank-wide perception data collection instruments to gather comparative quantitative/qualitative data on culture.</td>
<td>Management agrees to:</td>
</tr>
<tr>
<td>3.2. Fulfil Pillar 3 initiative commitments to provide sufficient systemic incentives for cultural change, ensuring that organisational capacity and capabilities to manage change match the motivation for change.</td>
<td>- Release the overarching results of the staff survey (2019), already conducted in 2019. And, continue to conduct and act on such surveys periodically.</td>
</tr>
<tr>
<td>3.3 Be more explicit about the cultural characteristics currently required by the Bank, namely what values, behaviours and ways of working are required to achieve corporate objectives.</td>
<td>- Finalise the People Strategy (2019) to promote a stronger employee value proposition. The Bank will finalise its new People Strategy with a view to attracting and retaining the right skills while also promoting a culture of performance and results. It will introduce job families to the Bank, providing staff with clear career development pathways and helping to guide staff training. It will cover talent management, corporate rates, ensuring that it is an attractive place to work including for women.</td>
</tr>
<tr>
<td>3.4 Identify the remaining number of outstanding performance contracts to be finalised, and develop a realistic but expeditious timeframe to completion. Track assertively.</td>
<td>- Conduct a strategic staffing review (2019). (See above)</td>
</tr>
<tr>
<td>3.5 Ensure continued focus on implementing the Performance Management System (PMS) in a credible manner, with robust consequence measures in place to support compliance actively track.</td>
<td>- Improve the framework and processes for managing staff performance (2020). The new framework will be operational for the 2020 performance cycle and will be supplemented by more attention to the underlying process. The new process will be based on comprehensive discussions between managers and team members, not only about performance but also about development plans and career aspirations.</td>
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<tr>
<td>3.6. Establish a systematic mechanism for on-boarding commensurate with the demands of accelerated recruitment initiatives, and differentiated professional levels and roles.</td>
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<tr>
<td>3.7 Accelerate its work to ensure that it is an attractive place to work for women, including in senior positions, using a compendium of support schemes, including mentoring, targeted career development and family-friendly policies.</td>
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</tr>
<tr>
<td>3.8 The Bank should finalise and approve its talent management strategy and framework, and launch expeditiously.</td>
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<tr>
<td>3.9. Explore opportunities for exchange programmes with other Multilateral Development Banks (MDBs), and explore opportunities for staff rotation to broaden and deepen staff exposure to different parts of the Bank.</td>
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</table>

### 4. Streamline Business Processes to Promote Efficiency and Effectiveness (Pillar 4)

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Develop a realistic timeframe for both the design and implementation phases of process reforms, supported by a detailed implementation plan that is actively used and updated.</td>
<td>Management agrees to:</td>
</tr>
<tr>
<td>4.2. Within this process, the Bank should ensure adequate time for consultation, especially with frontline staff and, where appropriate, clients. This consultation should include the testing of proposed reforms once developed, to ensure their feasibility and relevance.</td>
<td>- Take on board these valuable lessons in future reforms, in particular in the context of the package of reforms agreed under the GCI VII (2019 and ongoing). Including by:</td>
</tr>
<tr>
<td></td>
<td>- Establishing a dedicated management mechanism. Housed within the Senior Vice-President’s complex, the mechanism will be charged with tracking and supervising timely implementation of the key reforms agreed as part</td>
</tr>
</tbody>
</table>

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7 As previously communicated to Board members, 6 DBDM updates were planned followed by a final report.
4.3. At the same time, the Bank should explicitly include a risk assessment with proposed business process reforms, in particular considering potential adverse impacts on quality. Where mitigating measures are not warranted, the Bank should identify how risks to quality will be monitored to ensure they do not materialise, in line with the Bank’s new Quality Assurance Implementation Plan.

4.4. In terms of analysing and reporting business process efficiencies, a single ‘average’ indicator for a process has limitations in terms of explaining performance to stakeholders and identifying areas for improvement. While the size of the Bank’s Results Measurement Framework needs to be kept manageable, there is scope to examine aspects of performance in more depth (as illustrated above) and present this selectively in key performance reports.

4.5. More immediately, further research by the Bank appears warranted to: (i) explore the apparent relationship between pre- and post-approval processing times; and (ii) the behavioural incentives for clients created by the process deadlines advanced in Presidential Directive 02/2015.

**MANAGEMENT ACTION RECORD**

**RECOMMENDATION**

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4.5. More immediately, further research by the Bank appears warranted to: (i) explore the apparent relationship between pre- and post-approval processing times; and (ii) the behavioural incentives for clients created by the process deadlines advanced in Presidential Directive 02/2015.

**ACTIONS**

- **Rigorously tracking implementation.** For the purposes of internal monitoring, Management will establish a tracking sheet and a dashboard, setting out the status of each action and indicating whether each commitment is on- or off-track. This information will be presented to Senior Management each month, allowing Senior Management to undertake the additional actions required to accelerate progress.

- **Annually reporting to Governors on Progress.** Management will prepare an overall progress report, providing a narrative report of the status of planned actions under each commitment and an overall assessment of progress towards the intended impacts. The report will be presented to the Board of Directors for review and transmitted to the Board of Governors at the Annual Meeting.

**Complete process reforms in the context of Program WAKANDA (2020).** Management will take on board these valuable lessons in the context of Program WAKANDA. The Program which started reviewing processes in March 2019, is adopting three different optimization approaches depending on the process under review: (1) end-to-end optimization which entails a classic re-engineering of processes where teams are mobilized, initiatives are designed and fine-tuned and implementation is facilitated according to lean principles; (2) enhancing efficiency which entails building on past initiatives and taking optimization further; and (3) best practices approach which entails building on existing and benchmarking current processes. The design phase is expected to end during the fourth quarter of 2019 while the implementation of the revised processes will be completed by the third quarter 2020. The objective is to make the more agile, efficient and client-centric while balancing process efficiency and quality. The Program is designing a robust change management plan to ensure Bank-wide adoption of changed processes.

**Continue to use a range of indicators to measure process efficiency. (2019)** While the ADER focuses on one composite indicator, others are available, and tracked in the Operations Delivery Dashboard and Top Level KPIs assigned to VPs. It is envisaged that the planned Annual Portfolio Performance report (from 2020) will give Board members a much better feel for such data. This also allows analysis of pre and post approval processing times. In addition, four process efficiency indicators are normally reported to the Board in the annual budget retrospective report (including in the 2018 edition).
### 5. Improve Financial Performance and Increase Development Impact (Pillar 5)

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>ACTIONS</th>
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<tbody>
<tr>
<td><strong>5.1.</strong> The Bank may wish to consider to what extent the current balance between KPIs focused on approvals and disbursements are well balanced with KPIs focused on project quality, implementation and development results.</td>
<td>Management agrees to:</td>
</tr>
<tr>
<td><strong>5.2.</strong> Given the importance of measuring disbursements for the High 5s, it is recommended that the Bank improve its data and reporting tools to better capture this.</td>
<td>- Execute the Quality Assurance Implementation Plan (2019-2021)</td>
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<td><strong>5.4.</strong> Review of approval and disbursement targets and the underlying assumptions for setting them may help the Bank to better develop more realistic and achievable targets for improved results management and accountability.</td>
<td>- Review and improve KPIs and other results measures. (2020) Management is integrating lessons from 2017-18 into the 2019 KPIs, and will further revise KPIs (including focus, coverage and specific targets) in 2020. 2019 KPIs are already addressing some of the challenges identified by the evaluation, with greater attention to quality of operations and implementation of evaluation recommendations. Further improvements will be made in 2020.</td>
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<td><strong>5.3.</strong> Given the expectation that the Bank’s country offices are able to cover their costs at a minimum (except in select cases such as transition countries), it is also recommended that the Bank analyses to what extent this has occurred and under what conditions it is feasible.</td>
<td>Management agrees to:</td>
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<td></td>
<td>- Conduct a strategic staffing review (2019). (See above) The strategic staffing review as well as the ongoing work on budget coefficients will inform work on the appropriate staffing for each country office. In cases where the size of the current program does not justify the staffing level, other factors will be looked at, such as the Bank’s important dialogue and relationship building role in the specific case of transition countries.</td>
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