AFRICAN DEVELOPMENT BANK GROUP

2008 ANNUAL REVIEW OF EVALUATION RESULTS

What Have We Learned?
Findings and Lessons from Fourteen Evaluations

OPERATIONS EVALUATION DEPARTMENT
(OPEV)

June 2009
Table of Contents

Foreword ...................................................................................................................... iii
Acknowledgments ........................................................................................................ iv
List of Abbreviations ................................................................................................. v
List of Figures and Tables .......................................................................................... vi

Preface: Lessons Learned from 2007-2008 Evaluations .............................................. 1

PART A: HIGH-LEVEL EVALUATIONS ................................................................. 8
2. Cameroon Transport Sector Review, 1996-2004 .................................................. 14

PART B: PROJECT-LEVEL EVALUATIONS ....................................................... 32
8. Kenya El Niño Infrastructure Rehabilitation Project .......................................... 36
9. First Line of Credit to Eastern and Southern African Trade & Development Bank (PTA Bank) ............................................................................................................. 40
10. Fifth Line of Credit to East African Development Bank (EADB) ...................... 44
11. Mozambique Electricity II Project ................................................................. 49
12. Cape Verde Economic Reform Support Programs (ERSP) I, II & III .............. 52
13. Tunisia Competitiveness Support Programs, PAC I & II .................................. 55

Annex: Summary of Key Data for the Case Studies ................................................. 63
Foreword

The African Development Bank (“the Bank”) is playing a rapidly growing role in supporting Africa’s social and economic development. Like all development finance institutions, it is continually challenged by its shareholders, clients, and donors to demonstrate the effectiveness and efficiency of its operations: to show results for the resources it deploys, to track the results over time, and to report progress against stated goals and benchmarks. This challenge is heightened now, as available resources are stretched by the financial crisis. Independent evaluation plays an important role in the African Development Bank and other international financial institutions in providing objective, methodical, and credible assessments of performance and results, and in drawing lessons from this work which will contribute to stronger performance and better development outcomes in the future. At the African Development Bank, independent evaluation is carried out by the Operations Evaluation Department (OPEV), which undertakes a wide range of evaluation work. Findings and conclusions from recent studies are presented in summary form in this report.

This report, the Annual Review of Evaluation Results (ARER), has been prepared by OPEV with the aim of making key evaluation findings, lessons, and recommendations widely available in a concise and accessible format. The report summarizes evaluation findings and lessons from evaluation studies completed in 2007 and 2008. The report is based on a set of 14 studies, encompassing the range of OPEV’s recent evaluations, from project reviews to high-level corporate assessments.

The evaluations are remarkably consistent in terms of the issues they highlight. The report brings out six key lessons, three of which relate to success factors, and three of which address constraints and shortcomings, as elaborated in the Preface. Successful interventions are found where there is good governance and sustained commitment to reform. The evaluations also confirm that robust project management contributes strongly to project success. Where performance has been below expectations, the causes of inefficient implementation are found to be multifaceted, and tend to relate to both the Borrower and the Bank. Key factors impeding development effectiveness include the lack of long-term perspectives and limited analytical work, which in turn limits the basis for informed and effective action. Finally, the evaluations reveal a weak focus on results in many of the operations reviewed. This provides further evidence in support of the Bank’s ongoing efforts to strengthen the focus on results-based management across its operations.

The African Development Bank is already pursuing the “results agenda” with vigor. OPEV has a key role to play in this process, not least in terms of encouraging frank and open discussion, critical debate, and constructive action. This report is intended to contribute to such discussion and action both within and beyond the Bank, and to help the institution as it scales up its efforts to meet the development challenges facing the continent.

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Acknowledgments
This report was prepared by Ms. Philippa Haden, Consultant, under the guidance of Mr. Mohamed Manaï, Evaluation Manager, OPEV. The report was edited by Mrs. Sandra Jones (Consultant). Joseph Mouanda, Evaluation Officer, OPEV, enriched the report with graphics related to AfDB operations.
# List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ADF</td>
<td>African Development Fund</td>
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<td>ADI</td>
<td>African Development Institute</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>AFDP</td>
<td>Artisanal Fisheries Development Project</td>
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<td>ARER</td>
<td>Annual Review of Evaluation Results</td>
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<td>BRSP</td>
<td>Budgetary Reform Support Program</td>
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<td>CAE</td>
<td>Country Assistance Evaluation</td>
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<td>CSP</td>
<td>Country Strategy Paper</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>EADB</td>
<td>East African Development Bank</td>
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<td>EdM</td>
<td>Electricidade de Mozambique</td>
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<td>EIRP</td>
<td>El Nino Infrastructure Rehabilitation Project</td>
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<td>ERSF</td>
<td>Economic Reform Support Program</td>
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<td>ESW</td>
<td>Economic &amp; Sector Work</td>
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<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoK</td>
<td>Government of Kenya</td>
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<td>HQ</td>
<td>Headquarters</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>JAI</td>
<td>Joint Africa Institute</td>
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<td>LOC</td>
<td>Line of Credit</td>
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<td>M&amp;E</td>
<td>Monitoring &amp; Evaluation</td>
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<td>MDCI</td>
<td>Ministry of Development and International Cooperation</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MIC</td>
<td>Middle Income Country</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<td>NDF</td>
<td>Nordic Development Fund</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NPLs</td>
<td>Non-performing Loans</td>
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<td>NTF</td>
<td>Nigeria Trust Fund</td>
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<td>OPEV</td>
<td>Operations Evaluation Department, AfDB</td>
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<td>ORQR</td>
<td>Quality Assurance and Results Department, AfDB</td>
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<td>PAC</td>
<td>Competitiveness Support Program</td>
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<td>PCR</td>
<td>Project Completion Report</td>
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<td>PIWMP</td>
<td>Participatory Watershed Management Project</td>
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<td>PMU</td>
<td>Project Management Unit</td>
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<td>PPER</td>
<td>Project Performance Evaluation Report</td>
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<td>PRGSP</td>
<td>Poverty Reduction and Growth Strategy Paper</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>PRSSP</td>
<td>Poverty Reduction Strategy Support Program</td>
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<td>RMCs</td>
<td>Regional Member Countries</td>
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<td>SMEs</td>
<td>Small and Medium Scale Enterprises</td>
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<td>UA</td>
<td>Unit of Account (used by AfDB)</td>
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<td>WB</td>
<td>World Bank</td>
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</tbody>
</table>
List of Figures and Tables

Figures

1.1 Ethiopia: Country Assistance Evaluation – Summary of Outcomes 10
1.2 Ethiopia: Project Disbursements Lag, 1996-2004 11
2.1 Cameroon: Performance of Bank Assistance to Transportation Sector, 1996-2004 14
3.1 Cameroon: Performance of Bank Assistance to the Agriculture & Rural Development Sector, 1996-2004 17
3.2 Summary of Sectoral Contributions to Cameroon’s GDP Growth 19
4.1 Cameroon: Performance of Bank Assistance to Social Sector, 1996-2004 21
5.1 NTF: Net Cash Flow to Regional Member Countries, 1990-2005 25
6.1 JAI Sponsoring Organizations’ Contribution to Participants’ Direct Training Costs, 2000-2006 29
6.2 Training Events and Participants by Sponsoring Organization, 2000-2007 29
7.1 Quality Assessment of Project Completion Reports 34
8.1 Kenya: Performance of El Niño Infrastructure Rehabilitation Project 38
9.1 Performance of LOC I to PTA Bank 42
10.1 Performance of LOC V to East African Development Bank 46
10.2 EADB LOC V Subproject Distribution by Member Country and Sector 47
11.1 Mozambique: Electricity II Project Performance 51
12.1 Cape Verde: Performance of Economic Reform Support Program I, II, and III 55
13.1 Tunisia: Performance of the Competitiveness Support Programs, PAC I-II 58
14.1 Benin: Performance of the Budgetary Reform Support Program (BRSP) and the Poverty Reduction Strategy Paper I (PRSP I) 62

Tables

7.1 Quality Assessment of Project Completion Reports 34
Preface: Lessons Learned from Evaluations 2007-2008

INTRODUCTION

1. This report is the first Annual Report on Evaluation Results (ARER) to be produced by OPEV. It summarizes findings and lessons from a set of 14 evaluations completed by OPEV in 2007 and 2008. The synthesis presented here is intended to share key findings and lessons with a wide range of audiences concerned with development, both within and beyond the Bank.

2. The set of 14 evaluations is diverse in terms of its level of focus, and it can be divided into two subsets. The first subset (Part A of this report) encompasses the Bank’s “high-level” evaluations, at the corporate, country, or country sector level. There are six evaluations in this subset: a country-level review of the Bank’s Ethiopian assistance program, three sector reviews from Cameroon (transportation, agriculture and rural development, and social sector), a review of the Nigeria Trust Fund, and a review of the Joint Africa Institute.

3. The second subset (Part B of this report) includes eight studies, one of which is a synthesis of project completion reports (PCRs), while the other seven are project-level evaluations covering a range of Bank interventions, from post-disaster infrastructure rehabilitation in Kenya to economic reform in Cape Verde, to the extension of electricity provision in Mozambique.

4. There are lessons common to almost all these studies, which concern implementation issues: What are the key factors underlying successful operations? What are the common factors constraining success? There are also findings emerging from the entire set of studies concerning the emerging culture of results-based management within the Bank. Finally, there are lessons that are more specific to the high-level evaluations regarding strategy, the setting of objectives, and selectivity in operations.

5. However, the number of studies is relatively small and the subject matter is diverse. The purpose of this introduction is not, therefore, to attempt to present rigid standard prescriptions but rather to highlight key generic features which recur across the varied set of studies, and which point the way to enhanced results for the future. This Preface is followed by an individual summary of each of the 14 evaluations. Updates on actions taken since the evaluations were released are also provided, where appropriate; similarly, Management’s responses to recommendations made in the evaluations are set out where these have been agreed.

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1 The full text of each study is available in full in the evaluation section of the AfDB website, [www.afdb.org](http://www.afdb.org). Other important OPEV products from 2007-2008 include *The Independent Evaluation Policy and Functional Responsibilities of the Operations Evaluation Department* (2007), and the *Glossary of Key Terms in Evaluation and Results Based Management* (2008), a collaborative piece of work to translate the original 2002 document into Arabic, with the Islamic Development Bank and the OECD-DAC Development Co-operation Directorate.
KEY LESSONS

What are the critical “success factors”?  

6. The review has identified three key factors contributing to successful interventions: (i) good governance and sustained Borrower commitment; (ii) anchoring project interventions to an appropriate institutional base; and (iii) robust management arrangements. These three key factors are analyzed separately below.

(i) Good governance and sustained commitment to reform are fundamental features of the more successful operations. Three of the project evaluations were concerned with economic and/or budgetary reform in Cape Verde, Tunisia, and Benin respectively. All three were successful and rated as “satisfactory” across all aspects. All were multi-donor initiatives. Success was closely allied to the enabling environment of good governance, and the commitment of the respective governments to reform. Cape Verde progressed to Middle Income Country (MIC) status in January 2008; Tunisia raised the overall competitiveness of its economy; and Benin increased its macroeconomic stability and access to basic services. The Cape Verde and Benin examples are tempered by the caveat that reform is fragile in environments where the country is insular and vulnerable through a lack of economic diversity (Cape Verde) or (in the case of Benin) to exogenous factors such as the cotton market and trade ties with a bigger neighbor such as Nigeria.

(ii) The institutional location of a project management unit plays a key role in successful project delivery. The management arrangements of the three successful projects cited above were solidly rooted in the institutional landscape. For example, in Tunisia, the program was ably managed by the Ministry of Development and International Cooperation and a similar situation prevailed in Benin, where the work was coordinated by the Permanent Secretariat in the National Commission for Development and Poverty Reduction, under the authority of the Ministry of Development, Finance and Economy. The programs were not only appropriately located institutionally, but the staff had the capacity and experience to manage them well. In Kenya, the El Niño Infrastructure Rehabilitation Project was also well managed. However, in contrast to the previous examples, the project management unit
was not closely integrated with the relevant institutions but was established at something of a distance in the President’s office. This arrangement contributed to implementation delays. The importance of institutional location is further highlighted by the evaluation of the Cameroon transportation sector. In this case, the management unit was placed outside the structure of the Ministry with the aim of avoiding known institutional weaknesses. However, although this was a measure designed to enhance delivery, it created problems with the Ministry and had the opposite effect.

(iii) Robust management arrangements increase the chances of success. In the case of the Kenya rehabilitation project, the recruitment process for the management team was open and competitive. In addition, the project was subject to independent audit. These were all measures regarded by the evaluation team as part of sound management of disaster rehabilitation in the absence of adequate country policies, procedures, and systems.

7. Experience from two Lines of Credit (LOCs) provided by the Bank reinforces lessons concerning the importance of the quality of management arrangements in place to deliver the desired outcomes. The LOCs were extended to two subregional banks, namely the Eastern and Southern African Trade and Development Bank (PTA Bank) and the East African Development Bank (EADB). Both required internal reform and restructuring during the agreement periods to ensure that high-quality business practices and good governance were in place to form the bedrock of institutional practice. These structural needs were not directly addressed by AfDB support (i.e. through institutional strengthening mechanisms), although the AfDB was “catalytic” in provoking change and restructuring in both banks. This was relatively successful with the PTA Bank, however the EADB, where the Bank was less effectively engaged, has not achieved the same degree of performance improvement.

8. These cases point to the importance of government commitment, government capacity, and sound project management in achieving effective and efficient operations and positive development results. What does this mean for the AfDB’s operations? All of these issues relate to the design of operations and the quality of institutional analysis underpinning the design of interventions: where governance, institutional arrangements and management have been adequately considered, the likelihood of project success is significantly enhanced.

What has hindered successful project delivery?

9. The review identified three key constraints to successful performance: (i) weak implementation and delays; (ii) insufficient attention to analysis and long-term planning; and (iii) management deficiencies, including the neglect of lessons from previous experience.

(i) Inefficient implementation has been a recurrent feature of Bank operations, and it requires a multifaceted response by both the Borrower and the Bank. Operations funded by the Bank repeatedly encounter delays throughout the project cycle, and these reduce effectiveness and impact. The causes of inefficient implementation are widely understood and well documented within the Bank, and are highlighted in a significant proportion of both PCRs and evaluations. Shortcomings
relate to problems on the part of both the Borrower and the Bank. On the Borrower side, there are delays in loan effectiveness and first disbursements due to long and complex loan ratification procedures in-country, and slow disbursement flows due to incorrect or irregular submission of documentation. Some of these difficulties may be compounded by problems with project implementation units, including delays in staff recruitment, high staff turnover, and poor integration with government machinery. On the Bank side, delays are related to the heavy workload of task managers, a multitude of conditionalities for first disbursement, inconsistent follow-up and irregular missions, slow procurement processes, and erratic supervision. Any combination of the above regularly results in considerable delays (up to 2.5 years in the Cameroon transportation sector and 3 years for Mozambique Electricity II); longer project cycles, resulting in higher costs and reduced efficiency; and underspending (Nigeria Trust Fund and the Kenya El Niño Rehabilitation project).

The Bank is attempting to respond to these challenges, in part through decentralization to country offices and increased delegation to task managers, and this is starting to make a difference. In Ethiopia, for example, the field office has increased efficiency and effectiveness, while delegated management authority has assisted delivery in education and health operations. In contrast, in Cameroon, Bank-funded interventions in the agriculture and rural development sector have been hindered by poor communication between the Bank and project implementation units. Empowered task managers could have made faster and more efficient progress.

**(ii) Underestimating the value of high-quality analytical work and long-term planning has hindered development effectiveness.** The Ethiopian Country Assistance Evaluation highlights the importance of analysis both as a tool for improved engagement with the government and with other development partners, but also as a means for improving the selectivity of interventions. All three of the Cameroon sector reviews highlight the need for more coherent, long-term strategic planning regarding the Bank’s interventions in the country, and the need to ensure consistency of approach to a given sector from one Country Strategy Paper to the next. Among other issues, an inconsistent approach appears to have limited the Bank’s development effectiveness in Cameroon.

Further, in relation to the Cameroon transportation sector, it is important not only to develop a coherent, long-term strategy, but also to analyze precisely where the Bank brings added value. For example, given the Bank’s engagement in the social sector, developing the social dimension of infrastructure interventions would be one such opportunity. More generally, the social sector review of Cameroon emphasizes the need for the Bank to deepen its understanding of health, education and poverty reduction in the country, for better interaction with government and for enhanced programming.

A further constraint on long-term strategy planning comprises specific policy gaps, which have limited the effectiveness of particular initiatives. The JAI evaluation
highlighted the Bank’s critical need for an overarching policy on capacity building, to guide the focus and modalities of capacity development efforts. The Kenya rehabilitation evaluation was silent on policy issues, but implicitly poses the question of whether and how the Bank should intervene in the wake of disasters, and whether additional lending instruments are required to respond more promptly, more flexibly and more efficiently.

(iii) **Addressing the operational constraints on the Bank’s effectiveness and impact – and also identifying and building on success – requires an increased focus on results-based management (RBM).** Most of the evaluations reiterate the need for a stronger focus on development results, and the need to scale up the culture and practice of RBM within the Bank. RBM is multifaceted and calls for sustained efforts throughout the project cycle. A key element of “managing for development results” is analyzing and learning from previous experience. This is not fully institutionalized within the Bank. The EADB operation, which was hampered by fundamental management issues within the regional bank, should have been informed by lessons learned from the experience of previous lines of credit (LOC III and IV). Had these been applied to the design of LOC V, the impact of the intervention would have been stronger, and mistakes could have been avoided. The Ethiopia CAE also highlights the lack of institutional learning from the results of previous interventions. Design deficiencies in the agriculture, education, and health projects could have been avoided had greater attention been paid to the lessons of previous interventions.

The PCR synthesis review echoes this from a slightly different angle: it notes that PCRs are produced so late (an average of 5 years after project completion) as to be effectively irrelevant to those who need to learn from them. (This issue is now being addressed, as noted below in the discussion of the Bank’s response). The NTF evaluation recommends that the Fund should be “managed for results,” with regular reviews of the Fund’s performance, and reporting performance on key indicators in annual reports.

10. There are further RBM lessons relating to the importance of applying “results-chain thinking.” The evaluation of the JAI highlighted the fact that this was a flaw in the management of the institute: in other words, training inputs and activities were not being directed toward clearly defined, capacity-building outcomes, making it very difficult to assess the cumulative impact of the inputs. Similarly, the PCR synthesis review found that PCRs have limited utility because of their focus on implementation activities rather than on development outcomes.

11. Nevertheless, despite implementation deficiencies, many of the evaluations reveal positive results. The evaluation of the Nigeria Trust Fund (NTF) found that often the results of the projects funded by the NTF were reasonably good, but featured unsatisfactory beginnings and process delays. The Ethiopian CAE found that overall performance at project level was satisfactory, but that the overall performance of the Bank’s assistance was limited by weak support services and inadequate analysis and policy dialogue. In Cameroon,
although all projects from all three sectors suffered from inefficient implementation, there were some good results: for example, in the social sector, despite unsatisfactory performance in the health sector, results were satisfactory in the education sector and in targeted poverty reduction projects. This indicates that the basis for better performance does exist, but depends upon significant improvements in design and implementation processes to overcome recurrent shortcomings.

**HOW HAS THE BANK RESPONDED?**

12. None of the lessons cited above is unknown or unfamiliar within the AfDB. They confirm widely understood elements of best practice in development, and reiterate challenges relating to development effectiveness and organizational efficiency. The “success factors” focus on the broad features of good governance, sound project management, and the institutional location of project management units: all these elements relate to the quality of the Bank’s preparatory analysis and design of interventions. Weak performance on the part of the Bank tends to follow from deficiencies and delays in implementation and from inadequate supervision and implementation support.

13. However, the Bank has in recent the years embarked on an ambitious reform agenda, much of it focused on strengthening business processes, delegating authority closer to the operational level, and increasing the pace and extent of decentralization of the Bank’s activities. Since the end of 2007, the Bank has been making a concerted effort to strengthen the focus on results across its portfolio, with the introduction of a results measurement framework for ADF 11, and the subsequent establishment of the new Quality Assurance and Results Department (ORQR) in July 2008 to spearhead its implementation.

14. Taking steps to improve the Bank’s performance will help to deliver better results. However, this also depends upon better performance by Borrowers. We have already noted the importance of sound governance and sustained Borrower commitment. In relatively strong institutional environments, Borrower performance tends to be satisfactory, with projects achieving their objectives. In more challenging environments, capacity gaps are much more likely to hinder effective delivery. This is not surprising. Nonetheless, the Bank needs to do more to assess the risks and constraints in the operating environment, identifying any gaps or weaknesses in Borrower capacity, and to take systematic action to address such constraints and deficits.

15. This is especially critical as the Bank begins to scale up its assistance to fragile states, which are characterized by poor governance and weak institutions. In post-conflict Mozambique, the Electricity II project (1997-2003) ultimately proved successful, in spite of delays in project implementation totaling 38 months. The evaluation concluded that “delays at start-up can be minimized if the Bank ensures appropriate and timely training on procedures for staff in the Executing Agency, undertakes an adequate capacity assessment, and sets a realistic timeframe.” The lesson is clear, simple, and can be readily acted upon – however, embedding it routinely into project design and following through into implementation requires consistent attention to the issue and sustained effort.
16. Independent evaluation has a key role to play within the broader results agenda, by providing impartial and systematic assessments of the Bank’s activities and results. OPEV’s work program for 2009 includes evaluations at project, sector and country levels, as well as assessment of ongoing reforms, notably the Bank Group’s decentralization process. Aspects of the Bank’s assistance to private sector activities and to subregional development banks are also under evaluation. OPEV will prepare an *Annual Review of Evaluation Results* for 2009, as a contribution to the Bank’s continuing agenda of reform, improvement, and growth.
PART A: “HIGH-LEVEL” EVALUATION

OPEV carries out various types of evaluation for a range of purposes. “High-level” evaluation is a convenient way to describe evaluation that takes place above the project level: for example, country assistance evaluations (CAEs), country sector evaluations, and organization-wide corporate processes. The first part of this report focuses on high-level evaluation over the period 2007-2008.

*Country assistance evaluations* aim to help Field Offices and Operations Departments to improve performance; furthermore they assist the Board to track progress across a country’s portfolio. The Ethiopia Country Assistance Evaluation is an example of this type of evaluation.

*Country sector evaluations* assess performance of the sector portfolio and sectoral issues within a country, for example in terms of policy. Country sector evaluations feed into CAEs. Three of the case studies presented here are sector evaluations focusing on Cameroon.

*Corporate-level evaluations* help the AfDB Management and the Board in their decision-making processes, for example regarding the future of a funding stream. Two of the case studies presented in this report, namely the evaluation of the Nigeria Trust Fund and the evaluation of the Joint Africa Institute, fall into this category.

Most high-level evaluations are conducted using five standard evaluation criteria (relevance, efficacy, efficiency, institutional development impact, and sustainability) and ratings are assigned using a four-point rating scale. The rating scale ranges from “highly satisfactory” (the highest rating) to “highly unsatisfactory” (the lowest rating); see figure below. This rating system is used in the 14 evaluation summaries that follow. This system is described in detail in the OPEV Revised Guidelines on Project Completion Report, Evaluation Note and Project Performance Evaluation Report of May 2001, which is available on the AfDB website.

**Explanation of AfDB Rating Scale**

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<th>Rating Level</th>
<th>Rating Symbol</th>
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<tr>
<td>Highly Satisfactory</td>
<td>★★</td>
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<tr>
<td>Satisfactory</td>
<td>★</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>▼</td>
</tr>
<tr>
<td>Highly Unsatisfactory</td>
<td>▼▼</td>
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**Ethiopia** has been the single highest recipient of ADF resources since 1975 and therefore serves as a good indicator of the effectiveness of Bank support. This *Country Assistance Evaluation 1996-2007* paints a mixed picture. While the overall contribution of the program to macroeconomic stabilization has been substantial, its support to economic growth and poverty reduction was inefficiently delivered with modest results.

**THE REPORT**

1.1 The report in question is an evaluation of the Bank assistance to Ethiopia during the period 1996-2007, focusing on the period 1996-2004, when the AfDB committed UA 564.0 million (US$ 794.8 million) for a total of 28 operations. The CAE drew information from background sector reviews, project evaluation reports, and interviews with key stakeholders in the Ethiopian Government and the Bank. At the country level, the Country Strategy Papers (CSPs) were evaluated in terms of the following outcomes: macroeconomic stability and improved public sector management, sustainable growth and rural development, and better health and education service delivery.

**THE OBJECTIVES**

1.2 The objectives of the report were threefold:

- To analyze the contribution of Bank assistance to national development objectives at the country level;
- To analyze assistance at the project level; and
- To provide lessons for improving ongoing and future interventions.

**THE FINDINGS**

1.3 The overall outcome for the period 1996-2004 was rated as *unsatisfactory* in addressing strategy objectives (see Figure 1.1 below). This was largely attributable to ineffectiveness in addressing key implementation challenges concerning procurement, disbursement, and capacity. The institutional development impact of the program was rated as “modest.” The sustainability of most of the benefits of the program was rated as “likely,” given the government’s commitments to macroeconomic stability, irrigated small-scale agriculture and diversified economic structure, as well as its support to improve the country’s development management capacity and relations with neighboring countries.

*Figure 1.1. Ethiopia: Country Assistance Evaluation – Summary of Outcomes*

<table>
<thead>
<tr>
<th>Program Pillars</th>
<th>Outcome Rating</th>
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<tr>
<td>Overall Objective: Poverty Reduction</td>
<td>Unsatisfactory</td>
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<tr>
<td>1. Macroeconomic stability and improved public sector management</td>
<td>Satisfactory</td>
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Country Strategy Papers’ Relevance and Effectiveness

1.4 The period comprises four ADF programming cycles (1996-98, 1999-2001, 2002-2004, and 2005-2009), each informed by a Country Strategy Paper (CSP). In general, the CSPs were relevant to the development needs of Ethiopia, and were internally coherent. They were aligned with the Millennium Development Goals (MDGs) and the objectives of other donors. However, the project approach of the Bank in education and health was not coherent with the sector-wide approach of other donors. The overall strategy (1996-2004) was rated “not effective” in terms of project selectivity and using lessons learned, due to a limited planning and results culture. Further, there was a failure to establish realistic and appropriate results-chain monitoring and evaluation (M&E) systems, and the implementation timeframes of CSPs were also unrealistic.

Country Strategy Objectives

1.5 Progress toward objectives was slow and unsatisfactory. Bank assistance for macroeconomic stability and improved public sector management was satisfactory overall (see Figure 1.1 above). Bank assistance for sustainable growth and rural development was unsatisfactory, mainly because of the limited delivery of the assistance in agriculture and power. Bank assistance for health and education was also unsatisfactory, with substantial under-delivery – only about one-third of planned schools and health facilities were realized. Disbursement time lags, particularly for health and education, are highlighted in Figure 1.2 below.
Figure 1.2: Ethiopia: Project Disbursements Lag (except in policy-based lending), 1996-2004

Source: AfDB Database of projects approved in 1996-2004

Project Level Results

1.6 Overall performance at project level was rated as *satisfactory*. However, whereas it was satisfactory for the lending assistance, it was rated unsatisfactory for the non-lending services. This was due to limited analytical work, policy dialogue, and aid coordination. Bank assistance worked best in delivering physical infrastructure facilities (roads, air transportation, power, water & sanitation), but was less effective in agriculture, education and health projects. This was mainly due to design deficiencies and high staff turnover.

Overall Bank Performance

1.7 Overall Bank performance was rated as *unsatisfactory*. Although the portfolio was substantial and relevant, and Bank staff understood the Government’s approach to delicate issues such as land tenure and privatization of strategic state enterprises, substantial results were not achieved in many areas. This was due to the slow pace of empowering the field office, and ignoring the lessons of earlier interventions. The Bank’s overall supervision, procurement, disbursement, and monitoring services in support of its portfolio were weak and of moderate value. The Ethiopian Field Office has increased the Bank’s efficiency, effectiveness and visibility, while its delegated education and health project management authority assisted delivery. However, its effectiveness was limited by inadequate financial and technical support and by poor communication and coordination with HQ.
CONCLUSIONS

1.8 The principal conclusions of the CAE were as follows:

- The orientation for effective results-based management has not yet permeated through the Bank system, although in recent years the Bank has scaled up the results orientation of its operations.
- The limited scale of investment by the Bank in broad analytical work and in evaluation has weakened the analytical basis for CSP design, partnership development, and dialogue with the government.
- CSP selectivity was undermined by the severe under-delivery of Bank assistance, shifts in some of the priority sectors from one programming cycle to the next, and by unrealistic planning horizons. None of the Bank’s commitments within a programming period led to any disbursements within the same period.

MAIN RECOMMENDATIONS

1.9 The CAE made a number of recommendations for the Bank (Management’s response is in italic):

- To improve the performance of the active portfolio to achieve development results through: (i) enhanced and timely technical assistance, (ii) appropriate Bank procurement and disbursement rules and procedures, (iii) effective supervision and dialogue, backed by knowledge generation through economic & sector work (ESW). Management agrees; a portfolio improvement plan is in process.
- To improve the effectiveness of the field office (ETFO). Management agrees; the scope of the portfolio management authority for some projects will be gradually delegated from HQ.
- To scale up the results orientation of Bank processes, projects, and programs by (i) ensuring that these are results-based and M&E compliant, and that M&E systems are realistic and generate appropriate data; (ii) clearing the backlog of PCRs; and (iii) supporting government efforts to build its federal and regional M&E capacity. Management agrees and has committed to review the portfolio to improve the effectiveness of the M&E system for each project/program by March 2009. It also plans to improve government M&E by providing training on a continuous basis.

UPDATE

1.10 The AfDB carried out a midterm review of the current Ethiopia CSP in late 2008, which considered, inter alia, how to take forward the Country Assistance Evaluation (CAE) recommendations. Key actions in this regard relate to greater selectivity in programming, which is being put into effect, particularly in terms of deferring any new interventions in the agriculture sector until the current portfolio performance is improved, and a generally enhanced focus on results.
1.11 The review reiterates the CAE finding that the results culture is not yet embedded and that capacity in M&E is generally weak. However, there is a plan to conduct M&E training to address this weakness. Finally, the Ethiopia Country Team is developing a medium-term program of Economic and Sector Work (ESW) to ensure that a higher quality of analysis will be fed into the work of AfDB in Ethiopia.
2. Cameroon: Transportation Sector Review, 1996-2004

The AfDB has been heavily involved in the transportation sector of Cameroon for more than 30 years. Despite severe project-level implementation delays, the Bank introduced for the first time a strong social dimension in the implementation of infrastructure projects.

THE REPORT

2.1 The report is a Country Sector Review. Completed in 2008, it analyzes the Bank transportation sector interventions during the period 1996-2004, including the sectoral approach and nonlending assistance, as expressed in the Country Strategy Papers. The review focused on three projects with a total value of UA 54.68 million (US$ 71.55 million²), comprising two road projects and one oil-rig repair facilities project, the latter an “enclave project” working with the private sector. The transportation sector received 23.9% of the Bank’s net total commitment to Cameroon during this period.

2.2 In order to carry out the review, a field mission to Cameroon in March 2007 was supplemented by a desk review at the Bank. The evaluation criteria used for the assessment were: relevance, quality at entry, effectiveness, efficiency, institutional impact, sustainability, crosscutting impacts, performance of the Borrower and the Bank, and any exogenous factors.

THE OBJECTIVES

2.3 The objectives of the review were twofold:

- To conduct a systematic assessment of Bank assistance to Cameroon’s transportation sector, with a focus on results from the 1996-2004 period; and
- To draw lessons regarding policies and strategies to improve future Bank interventions in the sector.

Figure 2.1. Cameroon: Performance of Bank Assistance to Transport Sector, 1996-2004

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>★★★</td>
</tr>
<tr>
<td>Efficacy</td>
<td>▼</td>
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<tr>
<td>Efficiency</td>
<td>▼</td>
</tr>
<tr>
<td>Institutional Impact</td>
<td>★★★</td>
</tr>
<tr>
<td>Sustainability</td>
<td>★★★</td>
</tr>
<tr>
<td>Overall Performance Rating</td>
<td>★</td>
</tr>
<tr>
<td>Performance of Borrower</td>
<td>▼</td>
</tr>
<tr>
<td>Performance of the Bank</td>
<td>★</td>
</tr>
</tbody>
</table>

² Exchange rates for the approval period for each project were used to calculate US dollar conversion.
THE FINDINGS

Overall Performance

2.4 The overall performance rating for the Bank’s support to the transportation sector in Cameroon for the period under review was satisfactory. The performance of the Borrower (Government of Cameroon) was rated as unsatisfactory, while that of the Bank was satisfactory (see Figure 2.1).

Assistance Strategy

2.5 The sector’s inclusion in the Bank’s country strategy process appears somewhat ad hoc. Of the three Country Strategy Papers covering the period under review (1996-98, 1999-2001, and 2002-2004), transportation is absent from the first, reappears in the second without justification, and is maintained in the third. In terms of cumulative commitment, transportation represents 37% of the Bank’s commitments in Cameroon since 1972, which is a very high sectoral allocation compared to other RMCs.

Project Design and Implementation

2.6 The relevance and quality at entry of the three projects was rated highly satisfactory, with the interventions consistent with the Bank’s sectoral policies as well as with national policies for the sector. A series of studies that had featured in Cameroon’s Transport Sectoral Program were used to inform project designs.

2.7 Project implementation encountered serious difficulties in terms of effectiveness and efficiency. All three projects incurred delays of more than 2.5 years, entailing an upward revision of local costs. The Bank performance is rated satisfactory overall, with Borrower performance unsatisfactory, characterized by excessive delays. For the roads projects, the Executing Agency was located outside the Ministry of Transport at the Bank’s request, with staff seconded into it. This arrangement worked well, but could not compensate for the delays caused by the government. However, Bank assistance positively impacted the development of the two Executing Agencies, by introducing a strong social dimension to the implementation of infrastructure projects, which the Bank was the first to initiate in Cameroon.

2.8 The impact of the projects appears positive in terms of regional integration, with one of the two roads considerably reinforcing cross-border economic integration (between Cameroon, Gabon, and Equatorial Guinea). Moreover, the repair of oil rig facilities in the Gulf of Guinea is also likely to strengthen cooperation in the region.

CONCLUSIONS

2.9 A number of conclusions emerged from the report:
• The Bank has introduced infrastructure projects with strong social dimensions; in Cameroon, this is considered as a major innovation.

• Cameroon is targeting the achievement of a high overall road density, yet 75% of its road traffic is concentrated in only 30% of its regions. As a result, the Government risks pursuing investment options for roads that are likely to be underutilized.

• The Bank investment in minor road projects is questionable: the impact of these is difficult to quantify and these projects have high transaction costs.

• The Bank did not adequately utilize its own Technical Assistance Fund to bring in other donors to prepare potential projects with the private sector; it left too much responsibility with the Borrower.

• Cameroon’s legal and fiscal provisions require reform; they are not conducive to private sector development.

MAIN RECOMMENDATIONS

2.10 The review recommended three major focal areas for the Bank, to improve the effectiveness of its interventions in Cameroon’s transportation sector:

• To focus on financing integrated infrastructure projects and their total costs in order to avoid the risks of unavailability of local counterpart funds. This would give the Bank a particular advantage over other donors.

• To undertake relevant studies that would enable prioritization of the interventions with the strongest intersectoral complementarity. In terms of the development of roads, priority should be given to areas of traffic concentration.

• To use the Technical Assistance Fund to fund a feasibility study into the creation of an industrial and technological pole on the Cameroon Shipyards and Industrial Engineering (CNIC) site. It would be shipbuilding and oil-industry oriented and could generate SME development through subcontracting of activities.

Bank support to the agriculture and rural development sector, though financially significant, has not adequately assisted Cameroon to address sectoral constraints, particularly in relation to storage and marketing issues. Projects have also been hampered by implementation delays.

THE REPORT

3.1 The report is a Country Sector Review completed in 2008. The review covers the whole agriculture and rural development portfolio of the Bank in Cameroon, focusing on operations approved during the period 1996-2004. The review uses a set of nine reference projects (agriculture, livestock breeding, fisheries and forestry, with a focus on income generation or the promotion of food security). The report also examines nonlending aid instruments.

3.2 The agriculture and rural development sector represented 26.1% of the net commitment of the Bank to Cameroon in this period, with a value of UA 113.41 million (US$ 124.27 million). A field mission to Cameroon in March 2007 was supplemented by a desk analysis at the Bank.

THE OBJECTIVES

3.3 The objectives of the review were twofold:

- To conduct a systematic assessment of Bank assistance to Cameroon’s agriculture and rural development sector, in terms of Bank and national strategies and assistance through lending and nonlending operations, with a focus the 1996-2004 period; and
- To draw lessons regarding policies and strategies to improve future interventions.

*Figure 3.1. Cameroon: Performance of Bank Assistance to the Agriculture and Rural Development Sector, 1996-2004*

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Rating</th>
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<tbody>
<tr>
<td>Relevance</td>
<td>★</td>
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<tr>
<td>Efficacy</td>
<td>▼</td>
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<tr>
<td>Efficiency</td>
<td>▼</td>
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<tr>
<td>Institutional Impact</td>
<td>★</td>
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<td>Sustainability</td>
<td>▼</td>
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<tr>
<td>Overall Performance Rating</td>
<td>▼</td>
</tr>
<tr>
<td>Performance of Borrower</td>
<td>▼</td>
</tr>
<tr>
<td>Performance of the Bank</td>
<td>★</td>
</tr>
</tbody>
</table>
THE FINDINGS

Overall Performance

3.4 The overall performance rating of the Bank’s support to the agriculture and rural development sector in Cameroon for the period under review was unsatisfactory. The performance of the Borrower was rated unsatisfactory, while that of the Bank was satisfactory (see Figure 3.1).

Assistance Strategy

3.5 The Bank’s strategy over the period was relevant. The quality of the three Country Strategy Papers (1996-1998, 1999-2001, and 2002-2004) improved over time with the inclusion of new aspects (gender, environment, private sector), which required increased consultation. Portfolio reviews, supervision missions, studies and joint donor activity also improved the quality of dialogue between the Bank and the government of Cameroon. However, the treatment of the agriculture sector in CSPs was inconsistent over the period, with only the 2002-2004 CSP assigning sufficient importance to it.

Project Design and Implementation

3.6 Project design was fully consistent with poverty reduction strategies, as expressed in Cameroon’s agriculture and rural development priorities and in the Bank strategy to invest in rural development for economic growth. However, several project designs underestimated either the scale of a challenge or the complexity of social dynamics, thereby hampering the effectiveness of the interventions.

3.7 Project implementation has encountered serious difficulties, generated mainly by the Borrower. The generic problems relate to the signing and effectiveness of loan and grant agreements, the non-disbursement of counterpart funds, and contract award and performance difficulties. The resulting sanctions led the Bank to extend eight of its nine projects, with only one project not being classified as problematic. Recurrent disbursement problems can be attributed to the Bank; the number of days between approval and first disbursement ranges from 562 to 848 days for seven projects.

3.8 Despite the size of the portfolio, the impact of the projects on the sector is not yet perceptible, except in research which has been revitalized due to the Bank inputs. Although the agriculture and rural development sector made a positive contribution to GDP growth in 1996-2004, its contribution was lower than that of the other sectors of the economy, as Figure 3.2 below indicates:
### CONCLUSIONS

A number of conclusions have emerged from the agriculture and rural development sector review for Cameroon:

- Inconsistent consideration of the sector through successive CSPs has contributed to limited development effectiveness of Bank projects; this reflects the short-term approach of the CSP and, more generally, the lack of long-term vision.

- Inflexible disbursement procedures have hampered project implementation.

- Projects with wide geographical scope and inadequate management mechanisms have little chance of success. Projects with too many components are likely to be ineffective.

- Cofinancing could enhance dialogue between partners and speed up the harmonization process.

- Negative impacts of agriculture sector liberalization (export crops) have led farmers to revert to food crop cultivation, which has enormous processing potential. However, the weak link in the system remains the lack of storage and marketing infrastructure.

- There is immediate potential for supporting subregional and regional integration throughout the sector, such as through the channels of the Institute of Agricultural Research for Development and through using lessons from a completed food security project.

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**Figure 3.2: Cameroon: Summary of Sectoral Contributions to GDP Growth (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary (subsistence agriculture dominated)</th>
<th>Secondary</th>
<th>Tertiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>3.7</td>
<td>0.7</td>
<td>-0.6</td>
</tr>
<tr>
<td>1997</td>
<td>1.3</td>
<td>2.1</td>
<td>1.5</td>
</tr>
<tr>
<td>1998</td>
<td>3.4</td>
<td>1.0</td>
<td>1.5</td>
</tr>
<tr>
<td>1999</td>
<td>2.1</td>
<td>1.5</td>
<td>1.2</td>
</tr>
<tr>
<td>2000</td>
<td>2.4</td>
<td>0.7</td>
<td>0.2</td>
</tr>
<tr>
<td>2001</td>
<td>1.9</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2002</td>
<td>2.7</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>2003</td>
<td>2.7</td>
<td>0.5</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: Adapted from “Analysis of Cameroon’s Agriculture Policy”, OECD 2006
Inadequate dialogue between the government and the private sector is a constraint to agricultural financing, and limited access to local financing is a constraint to the sustainability of the project outputs.

MAIN RECOMMENDATIONS

3.10 Three focal areas were highlighted to improve the delivery of Bank assistance to the sector:

- The Bank needs to address the issue of short timeframes for CSPs, and consider the need for longer-term vision.
- The Bank needs to prioritize projects and ensure that these feature a limited number of components and a manageable geographical area.
- The Bank needs to transfer greater decision-making powers to task managers to improve communication between the Bank and the Project Implementation Unit.
Bank assistance to the social sector in Cameroon has lacked a coherent, long-term strategy. As a result, projects have been piecemeal and, compounded by severe implementation issues, have had only limited impact. After ten years of cooperation, none of the health facilities financed under Bank assistance remains functional.

THE REPORT

4.1 The report is a Country Sector Review from 2008. It covers the Bank social sector interventions during the period 1996-2004, analyzing six projects with a total net value of UA 71.18 million (US$ 80.77 million) (three education projects, two health projects, and one poverty reduction project). These social sector interventions covered 25.9% of the Bank’s net total commitments to Cameroon during the period under review. The report also examines non-lending aid instruments. A field mission to Cameroon in March 2007 was supplemented by a desk analysis at the Bank.

THE OBJECTIVES

4.2 The review had three primary objectives:

- To examine the consistency of the Bank’s policy and strategies in the sector with those defined by the Cameroonian authorities;
- To analyze the extent to which the interventions achieved the objectives defined in the Country Strategy Papers; and
- To analyze the extent to which the resources were used effectively.

Figure 4.1. Cameroon: Performance of the Bank’s Support to the Social Sector, 1996-2004

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Rating</th>
</tr>
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<tbody>
<tr>
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<td>Efficacy</td>
<td>★</td>
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<tr>
<td>Efficiency</td>
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<tr>
<td>Institutional Impact</td>
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<tr>
<td>Sustainability</td>
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<tr>
<td>Overall Performance Rating</td>
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<tr>
<td>Performance of Borrower</td>
<td>▼</td>
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<tr>
<td>Performance of the Bank</td>
<td>▼</td>
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</tbody>
</table>

*Exchange rates of respective project approval dates used to calculate US dollar total, 1997-2004.*
THE FINDINGS

Project Performance

4.3 The overall performance rating for the Bank’s support to the social sector in Cameroon for the period under review was unsatisfactory. The performance of both the Borrower and the Bank were also rated unsatisfactory (see Figure 4.1).

4.4 The Bank did not define a sufficiently clear and coherent long-term strategy with prioritized objectives for education, health, and poverty reduction in Cameroon. There was a lack of synergy between successive Country Strategy Papers. For example, in relation to education, of the three CSPs (1996-98, 1999-2001, and 2002-04) the first prioritizes education, the second had no specific strategy for education, while the third shifted from a previous focus on primary education to that of technical and vocational education.

4.5 Nonlending activities were also rated as unsatisfactory. Although the Bank was proactive regarding dialogue on the PRSP, good governance, and improvement of the portfolio quality, it did not contribute significantly to sectoral development policy and strategy dialogue in health, education, or poverty reduction, through analytical works and sector studies. Moreover, loans were not accompanied by complementary financing instruments such as technical assistance or institutional support.

Project Design and Implementation

4.6 The performance of lending activities was also rated unsatisfactory for the entire social sector. For the portfolio under review, the disbursement rate was low: 40.6% for all operations. The average age of projects almost doubled between 2004 and 2006. The Cameroonian government had difficulties in fulfilling loan and grant conditions, resulting in delays. In addition, the government failed to provide the required support to individual projects. Box 4.1 below illustrates examples of implementation delays.

Box 4.1: Examples of Project Implementation Delays

- The allocation of land for new buildings in Yaoundé was one of the conditions for the first disbursement for the Education II Project. It was difficult to fulfill this condition because of local occupancy of the sites, and lengthy procedures for dislodging the population and in awarding compensation payments by the State.
- The establishment of the National Public Health Observatory, which was one of the conditions of the Health System Development Project, was difficult to realize, given that it required the issuance of a Presidential decree.

On the Bank side, project implementation was hampered by insufficient project preparation, and by the application of generic, inflexible procedures for disbursement.

The outputs of lending activities varied according to subsector. They were satisfactory in education and also for targeted poverty reduction action. Outputs in health though were rated unsatisfactory.

**CONCLUSIONS**

The lack of synergy between CSPs resulted in a decade of piecemeal assistance to the social sector, and in programming without rigor. Clear and coherent sectoral strategic objectives were not set.

The Cameroon PRSP (2003) did lead to the formulation of sectoral strategies and to a Medium-Term Expenditure Framework (MTEF); furthermore the donor community did come together to form a PRSP monitoring committee. However, the lack of inter-ministerial coordination undermined the ownership of policy dialogue with partners. Further, the deterioration of governance in general, and public finance management in particular, dissuaded donors from granting sectoral budget support to strengthen aid harmonization.

The Bank, like other development partners, continued to pursue support to the social sector in “project mode,” rather than adopting a more coherent and holistic approach. This limited approach, when unsupported by other instruments, may well reduce impact and sustainability. To illustrate the point, in the health sector, after 10 years of cooperation, none of the health facilities financed with Bank assistance remains functional.

**MAIN RECOMMENDATIONS**

The report made the following principal recommendations for the Bank’s future intervention in this sector:

- The Bank should engage in genuine long-term dialogue to reach clear and coherent sectoral strategic objectives in the areas of health, education, and poverty reduction. These objectives should be based on (i) a better understanding of those sectors, (ii) the PRSP, and (iii) the MDGs.
  
- The Bank should continue to support the government to implement its good governance strategy. The objective would be to grant sectoral budget support to strengthen the aid harmonization process, which positions the beneficiary country at the core of the process.
  
- The Bank should revise its 2005-2009 CSP, taking into consideration the much-needed rejuvenation of the portfolio concerning the social sector, the fragility of achievements concerning the MDGs, and the limited resources of the government. The CSP should also build on and disseminate the outputs of the pilot experiment, which was successfully conducted in primary education.

The NTF has underperformed and been underutilized in the past. Projects often attained their objectives but too slowly, while NTF resources accumulated. The Fund should be extended with the same objectives but made more accessible and responsive.

5.1 The report is a two-volume document evaluating the Nigeria Trust Fund, produced by a consultancy team from the International Development Department (IDD) from the University of Birmingham in the UK. Volume 1 comprises the “Synthesis,” which overviews the approach, the history, the performance of projects, Fund strategy and management, and proposes changes to policy and management to enable better future performance. Volume 2 presents the “Evaluation framework,” developed to respond to the Terms of Reference of the study, focusing on five case study countries (Benin, Gambia, Mauritania, Rwanda, and Swaziland) plus other documentary evidence on the NTF. The evaluation was based on the 29 NTF projects initiated after 1990.

THE OBJECTIVES

5.2 The objectives of the evaluation were to:

- Assess how well NTF resources had been used in the past;
- Review the performance of the AfDB and the Nigerian authorities in managing the NTF;
- Examine the relevance of the original objectives of the NTF;
- Assess the terms for NTF financing in relation to the sustainability of the Fund;
- Analyze whether the Fund should be extended, and whether any changes should be made to its operation and uses.

THE FINDINGS

NTF Project Performance

5.3 Objectives for NTF projects have mainly been attained, but with many delays resulting from slow procedures both in borrowing countries and in the Bank. About half of the 29 projects examined rated as satisfactory. NTF resources have generally had the same impact as those of the Bank as a whole, since they are administered together.
5.4 NTF projects have generally performed better with regard to effectiveness than to efficiency, resulting in high impact in many cases, despite unsatisfactory beginnings and delays. Increasing efficiency of project implementation relates directly to increasing country leadership in policy and implementation.

**Box 5.1: What Causes Delays in Implementation – Gambian Examples**

The *Artisanal Fisheries Development Project (AFDP)* has been the subject of long delays caused primarily by the 3 year period taken to make the BADEA (Arab Bank for Economic Development in Africa) loan effective, the lack of coordination of the cofinancing arrangements, and the mistaken assumption that cofinancing arrangements would follow the AfDB/IFAD model.

The *Participatory Watershed Management Project (PIWMP)* delays were mainly on the government side in terms of slowness in creating the Project Management Unit and establishing the special account, and in fulfilling conditions precedent to first disbursement.

**Fund Performance**

5.5 The overall performance of the NTF as a fund to help the poor in Africa was severely reduced by its underutilization post 1990, resulting in negative cash flow to regional member countries since 1992. This was caused by the small and (in the 1990s) diminishing number of NTF project proposals submitted to the Bank’s Board for approval and by the slow disbursement of approved NTF commitments. In total from 1976-2005, UA 197.0 million was disbursed.

**Figure 5.1. NTF: Net Cash Flow to RMCs, 1990-2005**

*Source: ADB Financial Database*
5.6 The Nigerian authorities’ lengthy system of approval for NTF resources on a project by project basis, involving 4 months’ delay and much uncertainty of outcome, was found to be the main cause of NTF’s underuse. This cumbersome procedure has in the past caused Bank project designers to seek other lines of finance, with the NTF used only as a fund of last resort.

5.7 NTF use improved following a modification of interest rates and other conditions. The World Bank–IMF Debt Sustainability Framework, which the Bank supports, does not appear to block the use of NTF loans by HIPC countries. Low-income Countries (LICs) which prior to 2003 were only able to access NTF loans at 4% interest rates, have begun to take advantage of the lowering of interest rates to 2% in recent years.

Fund Design

5.8 The original objectives of the NTF (to assist mainly low-income countries) remain highly relevant and the NTF Agreement requires little change beyond updating and including regular reviews of the NTF performance. This lack of statutory provision for a regular performance review was identified as the Agreement’s greatest inherent weakness.

CONCLUSIONS

5.9 NTF would be a welcome source of finance on its present terms for AfDB projects, provided that applications could be quickly and reliably managed. Regional infrastructure projects, SME funding via the Bank’s private sector arm, rural infrastructure investments, and private sector participation in infrastructure investment could all benefit from the Fund.

5.10 Rather than seeking specific niches for NTF in the future, the Fund should be made more accessible and attractive for a variety of purposes. The objective should be to exploit the substantial opportunities available for expanded use of the NTF, in order to establish the NTF as an accessible and responsive source of cofinancing.

MAIN RECOMMENDATIONS

5.11 The principal recommendations arising from the evaluation are given below. Updates since the review are given in italic.

- That the NTF should be renewed for a further substantial period. Update: A ten-year extension was agreed by the Federal Government of Nigeria, commencing April 25, 2008. This was approved by the Board of Governors of the Bank on May 15, 2008. There were no new approvals in 2008 but the lending program is scheduled to recommence in 2009.

- That the NTF should have a regular statutory review of its performance. Update: The NTF Operational Guidelines (approved in December 2008)
stipulate that the Fund will be reviewed in its 3rd, 6th and 9th years of implementation.

- That the NTF should utilize flexible, results-oriented management. Update: The NTF Operational Guidelines stipulate that the NTF will utilize the same results-based logframe adopted by the Bank Group.

The Joint Africa Institute has failed to adequately incorporate its training activities into a broader vision of capacity building. It was not possible to systematically evaluate JAI’s impact owing to the lack of overarching capacity-building policy, plus an absence of defined training outcomes and performance monitoring.

THE REPORT

6.1 The report is an evaluation of the Joint Africa Institute (JAI), covering the period from its inception in 1999 to 2007. Total expenditure of the Institute 1999-2006 amounted to US$ 19.0 million. The evaluation was carried out in 2008 by a team of consultants: one independent and two from the University of Sussex in the UK. A wide range of documentation was reviewed relating to the establishment and management of the JAI, a sample of the course material was analyzed, and interviews were conducted with key personnel. An attempt was made to contact course participants.

THE OBJECTIVES

6.2 To assess the past performance of the JAI in order to inform decisions about its future, and the future of other similar capacity-building initiatives.

THE FINDINGS

6.3 The Institute’s performance was assessed under three evaluation criteria: relevance; efficiency; effectiveness and impact, as summarized below.

Relevance

6.4 The JAI was established in 1999 as a partnership between the International Monetary Fund (IMF), the World Bank, and the AfDB, with the IMF taking the dominant role in terms of numbers of trainees and financial inputs (see Figures 6.1 and 6.2 below). Up to mid-2007, 127 training events attracting over 4,300 participants had been delivered under JAI auspices; of these, 51% were delivered by the IMF. The training events sponsored by the IMF were highly focused on areas of interest to the IMF (financial management issues), and trainees were selected by IMF country staff. The evaluation found little evidence that IMF courses have adapted to the changing, country-focused agenda of the development community in recent years.
Figure 6.1. JAI Sponsoring Organizations’ Contribution to Participants’ Direct Training Costs, 2000-2006

Figure 6.2. Training Events and Participants by Sponsoring Organization, 2000-2007

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6.5 In terms of the training events sponsored by the WB and AfDB, little effort appears to have been made to identify or prioritize training needs or to develop a clear rationale linking training activities to capacity building and ultimately to developmental objectives, although themes did respond to the changing development agenda. Themes and content of events appear to have often been determined by supply-side considerations.

**Efficiency**

6.6 Organizationally, as a service provider and facilitating body, JAI has been highly efficient. However, there have been major shortcomings in its management of information, the manner in which records are kept, and its failure to monitor and evaluate its activities.

6.7 Pedagogically, in general the methods used by the JAI have been efficient, consisting of a mix of formal courses and workshops to address a range of issues. However, little
attempt has been made to define training outcomes or to evaluate the extent to which these outcomes have been achieved.

6.8 Assessing the true cost-efficiency of the JAI is extremely difficult; and at no point has any systematic attempt been made to do so.

Effectiveness and Impact

6.9 Difficulties associated with record-keeping by the JAI, the failure to define clear training outcomes, the absence of any performance monitoring, and the failure to identify the expected impacts in participants’ countries, make any evaluation of effectiveness and impact extremely difficult. From the very limited data available, it appears that the courses sponsored by the IMF were effective and did have an impact in improving the performance of trainees. The effectiveness and impact of training events sponsored by the AfDB and WB appear to be less marked.

CONCLUSIONS

6.10 In order to be relevant, effective, and have an impact, training has to be incorporated into the wider context of capacity building. A results-chain approach is needed in which developmental objectives are defined and prioritized and clear needs assessments undertaken.

6.11 In order to be efficient and effective, records have to be kept in a manner that facilitates accessibility and that supports an effective monitoring, evaluation and feedback mechanism.

6.12 Where partnerships are established, there must be clear agreement from the outset on the objectives of that partnership. Furthermore, there needs to be a degree of autonomy and flexibility – both financial and managerial – to allow the partnership to realize its potential to be greater than the sum of the individual partners’ inputs.

MAIN RECOMMENDATIONS

6.13 The report produced three principal recommendations (Management’s response is given afterwards in italic):

- That the AfDB should formulate a clear and comprehensive policy on capacity building (including training) before it develops further training activities. This should link capacity-building priorities with explicit development objectives, to ensure that training does not become an end in itself. Management agreed.

- That over the next 12 months, the AfDB in collaboration with the two partner institutions, should seriously consider future options for the JAI, to include:
  - Integration with the African Development Institute (ADI) in 2010;
  - Relaunching JAI with much greater autonomy;
  - Closing the JAI at the end of 2009.

  Management agreed to deliberate on the future of JAI with its partners.
The policy recommended by the evaluation team was to close JAI at the end of 2009, and that the AfDB should develop its own training and capacity-building activities in support of country policies and practices.

*Management did not agree. The recommendation was rejected by CODE.*

**UPDATE**

6.14 Management action in relation to the JAI is progressing. The ADI is in the process of developing a strategy which may inform a wider capacity-building strategy for AfDB. Moreover, in early 2009, the Oversight Committee of the JAI (made up of the partner institutions) agreed the following:

- That the three partners are committed to the continuation of the JAI, and that it should develop a niche with 5-6 branded courses;
- That the committee would seek the extension of the current MoU for a further 5 years;
- That partners would explore extra-budgetary sources for funding of JAI;
- That a 3-5 year business plan would be developed for the JAI.
PART B: PROJECT-LEVEL EVALUATION

As well as conducting “high-level” evaluations, OPEV also carries out project level evaluations, through the production of *Project Performance Evaluation Reports (PPERs)*. The aim of a PPER is to assess the performance and results of an intervention, and to learn lessons from its implementation.

Seven of the following studies are PPERs. Most focus on a single intervention (or consecutive interventions in a single country), other than the Lines of Credit evaluations, which relate to regional areas rather than single countries.

Also presented here is the summary of a *PCR Synthesis Review (2003-2005)*, based on 42 Evaluation Notes. Project Completion Reports (PCRs) are prepared as self-evaluation exercises by Operations teams, and are subsequently independently assessed for quality and accuracy by OPEV, with the assessment written up as an Evaluation Note. Each Evaluation Note reports on the quality of the PCR and provides validation of the project performance ratings presented (or, in a certain proportion of cases, amends the performance rating).

**THE REPORT**

7.1 The report presents the results of a 2007 review of 42 Project Completion Reports (PCRs), which were distributed to the Boards of AfDB in the period 2003-2005.\(^4\) It was prepared on the basis of a desk review at the Bank, following the Bank’s evaluation guidelines, particularly the *Evaluation Methodology for Assessment of the Quality of PCRs*. The assessment of the quality of each PCR followed criteria specified in the PCR format: objectivity and soundness of judgment; appropriateness and adequacy of coverage; inclusion of key data and supporting material; adequacy of lessons learned; and consistency/quality of presentation. The review also gave an overview of the project quality of the sample.

**THE OBJECTIVES**

7.2 The review’s objectives were twofold: (i) to improve the quality of PCRs; and (ii) to strengthen the self-evaluation system of the Bank in which project completion reporting plays an important part.

**THE FINDINGS**

7.3 These can be broadly analyzed as two separate areas: (i) PCR Quality and Standards and (ii) Project Performance, as detailed below.

**PCR Quality & Standards**

7.4 A number of weaknesses were identified by the review:

- **Late preparation**: On average, PCRs were being prepared 5 years after they were due, rendering findings and conclusions outdated and even irrelevant. This was compounded by the fact that Borrowers did not always prepare their PCRs on time.

- **Failure to follow the guidelines**: Only 45% of the PCRs under review were prepared according to the prescribed format and to a satisfactory standard. The remaining 55% were constrained by omissions, limited analysis, and a lack of verifiable indicators and assessment of sustainable effects.

- **Limited utility**: PCR contents were mostly a catalogue of implementation issues, with little attention paid to development outcomes. The latter were not

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\(^4\) As the PCRs were prepared on average 5 years after they were due, most relate to projects that were operational in the 1990s.
sufficiently emphasized in the PCR guidelines and in addition the context for outcome assessment is weak due to poor quality at entry issues such as unclear project objectives, lack of verifiable indicators, and missing data sets caused by irregular monitoring.

- **Poor quality**: The ratings tables clearly cause problems: ratings were not being properly justified. Project matrices were not being constructed with sufficient care, and this was the case both at appraisal and completion. Even when presented, the Borrower’s completion report was rarely assessed in the Bank’s PCR. In most PCRs, lessons learned were poorly formulated.

### Table 7.1. Quality Assessment of PCRs

<table>
<thead>
<tr>
<th></th>
<th>Highly Satisfactory (Score &gt; 3.75)</th>
<th>Satisfactory 3.75 &gt; Score ≥ 2.75</th>
<th>Unsatisfactory 2.75 &gt; Score ≥ 1.75</th>
<th>Highly Unsatisfactory (1.75 &lt; Score)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of PCRs</td>
<td>-</td>
<td>19</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>-</td>
<td>45.2</td>
<td>52.4</td>
<td>2.4</td>
</tr>
</tbody>
</table>

**Project Performance**

7.5 The major weaknesses identified in this area were:

- **Delays in project implementation**: The PCRs noted that projects were generally implemented with considerable delays resulting from issues such as the late fulfillment of loan conditions, procurement delays, and the inexperience of project implementation units.

- **Questionable sustainability of project outcomes**: The sustainability of most projects is affected by the lack of resources for maintenance of facilities and sometimes the inability of institutions to reform and to operate on a cost recovery basis.

- **Poor quality at exit**: Only 40% of projects registered an overall satisfactory performance. Implementation was unsatisfactory and so was Bank performance. Nevertheless, development outcomes were found to be fairly satisfactory for most projects.

**CONCLUSIONS**

7.6 Principal conclusions were drawn in the report:

- The inadequacies found in the PCRs coupled with their insufficient number is a major gap in the Bank’s self-evaluation system, making systematic analysis and reporting on the performance of the Bank’s operations almost impossible.

- In principle, PCRs form the bedrock for subsequent evaluation activities. The poor quality of the Bank’s PCRs is therefore a major handicap for independent evaluation.
MAIN RECOMMENDATIONS

7.7 The report made several recommendations to the Bank to improve the quality of PCRs:

- PCRs should be recognized as one of the key documents in the Bank’s business plan; they should be accorded due priority as such, and be speedily processed through internal committees.

- The review process needs to be enforced within the Bank to improve the quality of PCRs and the use of lessons learnt. The PCR should be regarded as equal in importance to an appraisal report, with senior management actively involved in its compilation.

- PCRs should be prepared within 6 months of project completion, and the backlog needs to be cleared. The PCR missions should take place as soon as projects are completed, and mission teams should include all required expertise.

- PCR Guidelines and format should be revised to enhance their clarity and focus on development effectiveness.

- Borrowers should be assisted and urged to prepare their own PCRs.

UPDATE

7.8 In 2009, new PCR formats and processes were introduced by the new Quality Assurance and Results Department (ORQR), in line with the heightened results orientation and agenda of the Bank (including a new simplified logical framework template, supervision format, and PCR format). The new formats, coupled with a major effort to improve compliance with project completion reporting requirements, should go a long way toward resolving the shortcomings noted in the PCR Synthesis Report.
8. Kenya El Niño Infrastructure Rehabilitation Project (EIRP)

*The El Niño Infrastructure Rehabilitation Project (EIRP) was a qualified success and contributed to the rehabilitation of the majority of devastated infrastructure. However, the Bank’s standard lending instrument is simply not suitable for emergency rehabilitation, and there was significant underspend of the project budget.*

**THE REPORT**

8.1 The report is a Project Performance Evaluation Report (PPER) from 2007. This post evaluation was carried out through desk review as well as missions to Kenya in August-September 2005 and February 2006. The report focuses on the project implementation in Kenya 1999-2001.

**THE PROJECT**

8.2 In 1997-98, Kenya experienced abnormally high rainfall associated with the “El Niño” phenomenon. Devastating flooding destroyed infrastructure in 41 of Kenya’s 61 districts. The overall goal of the project was to restore vital socioeconomic infrastructure in order to counteract the effects of “El Niño” on the adversely affected population. The project had four physical components (water and roads related) and one institutional component, which concerned consultancy services for design, implementation, and management of the work.

8.3 The total project cost at appraisal was UA 14.3 million (US$ 19.1 million\(^5\)), of which the AfDB agreed to provide just over 80% (UA 11.52 million), with cofinanciers the World Bank and the Government of Kenya (GoK) contributing the balance (UA 1.35 million and UA 1.43 million respectively). However, only UA 10 million was eventually disbursed –approximately 70% of the total project budget.

**OBJECTIVE**

8.4 To review the performance of the project in terms of the Bank criteria of relevance, efficacy, efficiency, institutional impact, sustainability, overall performance assessment, and Borrower and Bank performance.

**THE FINDINGS**

*Project Delivery*

8.5 Overall project performance was *satisfactory*. The ratings for the Borrower and the Bank were likewise *satisfactory*.

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\(^5\) Exchange rate of May 1998: UA 1.0= US$ 1.33536.
Relevance
8.6 The project was consistent with most of the Bank’s policy and guidelines, and with government’s national sector strategies. However, the achievement of high rates of compliance was incompatible in some instances with the emergency situation of the project. The Bank’s normal lending instruments are not wholly suited to rapid response of this kind.

Efficacy and Efficiency
8.7 Stated outputs at appraisal for the rehabilitation of the network of 74 roads in 8 districts and the restoration of water supply facilities in 33 towns in 13 districts were carried out, to varying degrees of quality.

8.8 The project used the same implementation arrangement as the International Development Association (IDA)-financed El Niño Emergency Project, and utilized IDA-financed consultants, which increased efficiency.

Institutional Development Impact and Sustainability
8.9 EIRP increased other agencies’ capacity for planning, policy analysis, definition of programs, and service delivery through the stability, transparency, and predictability of institutional arrangements. Also, there was improved alignment and enhanced capacity of different parties such as line ministries, district councils, and NGOs in pursuit of their different mandates.

8.10 Disaster preparedness mechanisms are being put into place by the government, reinforced by policy and procedural innovations that are now being practiced as a result of the El Niño Emergency Project and the AfDB-financed EIRP.
8.11 However, there are sustainability concerns, particularly regarding the roads sector in terms of original design, the maintenance regime, and maintenance finance.

Performance of the Borrower and the Bank

8.12 The Borrower performance was generally satisfactory. After initial delays at project start-up (due partly to the resistance of the GoK to fulfill the conditions precedent to loan implementation), the subsequent implementation support improved greatly.

8.13 The Bank performance was also satisfactory. The Bank responded rapidly to the request for assistance from the GoK. The loan was appraised in May 1998 and approved in November of the same year.

CONCLUSIONS

8.14 The high level commitment of the GoK to the El Niño disaster response, including the Project Management Unit (PMU) situated in the President’s office, is an example of good practice in handling disaster rehabilitation projects in the absence of adequate country policies, procedures and systems.

8.15 The open and competitive recruitment of the three project management staff from outside the public service contributed significantly to the quality of project management and timely outputs of the project. The use of an independent audit firm (financed by the IDA loan) provided a valuable, additional layer of project management supervision.

8.16 The Bank’s standard lending instrument and related policies (procurement, disbursement, and implementation) are not suitable for disaster rehabilitation, where time is of the essence. Streamlined procurement and payment procedures and public service contract management are necessary in such situations. The Bank failed to delegate procurement and disbursement functions to the PMU, unlike the World Bank.

8.17 Unrealistic disbursement deadlines and lack of coordination of such deadlines with cofinanciers contributed to the disbursement of only UA 10.0 million of the total project budget of UA 14.3 million. The Bank disbursed UA 7.1 million of its share, with UA 4.4 remaining undisbursed.

8.18 The active participation of communities during implementation stages of disaster rehabilitation projects is a prerequisite for projects such as EIRP.

8.19 The sustainability of rehabilitated disaster facilities is an issue which should be resolved upfront, with adequate transitional arrangements for the facilities. In this case, there was a specific need to delineate long-term responsibility for road maintenance.
8.20 The report made three main recommendations for future emergency projects:

- For disaster relief, the Bank needs to develop an alternative project instrument with flexible rules and implementation policies. This would fall between the current emergency policy and the standard lending instrument.

- The use of quarterly or bi-annual technical, financial, and management audits should be considered for all projects.

- For construction projects, the Bank should ensure that Project Management Units are staffed with adequate technical capacity to check, verify, and where necessary challenge technical consultants.

**UPDATE**

8.21 In 2004 the GoK created the Ministry of State for Special Programs. As outlined in its strategic plan of 2006, the Ministry has a Disaster Risk Reduction Division, responsible for coordination and policy-making, including leading the process of the draft national Disaster Management Policy. There is also a Disaster Emergency Response Coordination Department, which is responsible for immediate response at the national level to any disaster.
9. First Line of Credit (LOC I) to Eastern and Southern African Trade & Development Bank (PTA Bank)

Up until 2000, the PTA Bank faced serious governance issues and poor financial performance resulting from inadequate selection, preparation, appraisal, and monitoring of its portfolio. The corporate restructuring in 2000 resulted in a positive turnaround for the bank, leading to improved portfolio management and a reduction in the number of Non-Performing Loans (NPLs).

THE REPORT

9.1 The report is a Project Performance Evaluation Report (PPER) from 2007. This post evaluation was carried out through desk review at the Bank, as well as country-level assessment in East Africa in 2006. The report focuses on the project implementation 1994-2002, but also assesses to the present day the performance of both the PTA Bank and the subprojects, to better examine the sustainability of Line of Credit (LOC) outcomes.

THE PROJECT

9.2 LOC I’s principal objective was to help provide foreign exchange resources for the development of small and medium scale enterprises (SMEs) in the industrial and other productive sectors of Eastern and Southern Africa. A total of 17 subprojects were financed under LOC I, of which 12 were local resource-based and export-oriented enterprises located in seven PTA member countries. The value of LOC I was UA 15.0 million (US$ 21.06 million\(^6\)).

THE OBJECTIVES

9.3 The objectives of the PPER were twofold:

- To assess the Bank’s assistance and performance in LOC I;
- To review the development effectiveness of subregional development banks as a conduit for AfDB support to private investment.

THE FINDINGS

Project Delivery

9.4 Overall project performance was satisfactory. However, the ratings for the Borrower and the Bank were both unsatisfactory.

Relevance

9.5 The LOC I was in alignment with the PTA Bank’s “Corporate Plan and Pipeline of Sub-projects 1993-97,” and hence accorded with its strategic priorities.

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\(^6\) Exchange rate at appraisal in 1993, 1 UA = US$ 1.404.
and those of member states. LOC I also resonated with the AfDB policy and strategies on financial intermediation to strengthen regional financial markets.

**Figure 9.1. Performance of LOC I to PTA Bank**

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
<tr>
<td>Efficacy</td>
<td>⭐⭐⭐⭐⭐</td>
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<tr>
<td>Efficiency</td>
<td>⭐⭐⭐⭐⭐</td>
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<tr>
<td>Institutional Impact</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
<tr>
<td>Sustainability</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
<tr>
<td>Overall Performance Rating</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
<tr>
<td>Performance of Borrower</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
<tr>
<td>Performance of the Bank</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
</tbody>
</table>

*Efficacy and Efficiency*

9.6 Overall, the LOC I has succeeded in making resources available to meet the foreign exchange needs of private sector enterprises. However, in the early years of the LOC I, the full achievement of objectives was constrained by poor governance in the PTA Bank, insufficient working capital, low managerial capability, poor project selection, poor management in some of the subprojects, inadequate export market survey and other analysis, and inadequate monitoring on the part of the AfDB.

9.7 There was a time overrun in the LOC I loan processing and utilization and in the LOC I draw-down. Some of the delay could have been avoided had the AfDB carried out a launching mission and adequately supervised the LOC I.

9.8 Nineteen loans amounting to UA 14.98 million were disbursed to 17 subprojects in 7 countries, with Zambia and Tanzania accounting for 57% of the finance. The average loan size was UA 881,213 (larger than the usual size of an SME deal). The three sectors dominating the portfolio were agro-processing, manufacturing, and floriculture (78% of the total amount). 70% of the 17 subprojects were successful or partially successful, while 30% were unsuccessful or failed. Around 2,300 jobs were created and sustained, just under a third of them for women.

*Institutional Development Impact and Sustainability*

9.9 The combination of AfDB resources and conditions, complemented by other resources, has been catalytic in spurring PTA Bank to embark on institutional reform.

9.10 PTA Bank has been mobilizing resources from other sources (IFC, DFIs) and through the sale of bonds; this is a positive indicator for the sustainability of the institution. PTA Bank requires resources for onlending to national development banks, which in turn will finance and nurture new enterprises, particularly indigenous ones.
Performance of the Borrower and the AfDB

9.11 Before 2000, the Borrower performance was poor but improved significantly thereafter. The PTA Bank undertook a diagnostic study of its problems in 1999 followed by significant reform and restructuring in 2000. This has resulted in improved overall performance and to the turnaround of some of the poorly performing projects under LOC I.

9.12 The Bank intervention was timely and assisted in meeting much-needed term credit for ventures expected to provide employment to low-income communities in the project areas. However, risk analysis was not rigorous enough, and many of the horticulture subprojects ended up faring badly. AfDB’s scant presence in the field (no launch mission, only one supervision mission) exacerbated delays, as did the lax follow-up in getting information on the LOC and the subprojects.

CONCLUSIONS

9.13 LOC I served as a catalyst to encourage both internal reforms of the PTA Bank and an increased flow of resources from other donors.

9.14 LOC I substantially achieved the objectives set at appraisal for the provision of term credit to the private sector. Most of the subprojects were mainly local raw material users, thus creating the necessary backward linkages. Forward linkages were also realized through a supply of finished products in the region, which contributed to earning or saving foreign currency.

9.15 Employment creation by the performing subprojects was significant. The major factors that contributed to the poor performance of the subprojects relate to: (i) high fixed interest rates on foreign loans, at a time when rates were declining in the market; (ii) unfavorable weather conditions; (iii) inadequate working capital for the horticulture subprojects; and (iv) lack of entrepreneurial and managerial capacities in the indigenous new enterprises.

9.16 In line with PTA Bank’s mandate, most of the subprojects financed under the first LOC I were medium and large-scale enterprises. The needs of new enterprises with capital requirements below US$ 200,000 were not covered under the LOC I. Subregional banks might not be well-equipped to meet the financial (particularly local currency) and technical assistance needs of SMEs.

MAIN RECOMMENDATIONS

9.17 A number of recommendations were made by the PPER, both for the PTA Bank and the AfDB:

- The PTA Bank should strengthen its adoption of best business practices, in particular the establishment of systems for monitoring and reporting the development outcomes of the LOCs and of subprojects.
• The AfDB needs to assist member states to strengthen tax and regulatory bodies to oversee the performance of the private sector.

• The application of variable interest rates by AfDB and PTA Bank in recent years is encouraging and should continue. Up-to-date systems need to be in place to make timely adjustments to changes in market rates.

• The AfDB needs to consider local currency financing at the subregional level.

**UPDATE**

9.18 OPEV is currently conducting a *Review of Bank Assistance to Subregional Development Banks*, including PTA Bank, which will be released in 2009.
10. Fifth Line of Credit (LOC V) to East African Development Bank (EADB)

The LOC V achieved its main objective of financing private sector, export-oriented and import substitution projects through the provision of foreign currency resources. However, the success of the subprojects was impeded by EADB’s internal challenges relating to governance and portfolio management.

THE REPORT

10.1 The report is a Project Performance Evaluation Report (PPER) completed in 2007. This post-evaluation was carried out through desk review at the Bank as well as country-level assessment in East Africa in 2006. The situation with and without the LOC V was also assessed. The report focuses on the project implementation period from 1996-1999, but also tracks the performance of both the EADB and the subprojects to the present day, to better examine the sustainability of LOC V outcomes.

THE PROJECT

10.2 The LOC V was extended to support the economic recovery of EADB member states by providing foreign exchange resources to finance investments in small and medium scale private enterprises. To this end, LOC V aimed to help improve production efficiency and the quality of the industrial products, thereby increasing exports and employment opportunities. A total of 19 subprojects were financed, 38% of total value was disbursed in Kenya, 40% in Tanzania and 22% in Uganda. The value of LOC V was UA 15.0 million (US$ 21.06 million\(^7\)) from AfDB, and EADB subsequently accessed more credit. Complementary technical assistance, financed by the Nordic Development Fund (NDF), was provided to strengthen EADB’s institutional capacity.

THE OBJECTIVES

10.3 The objectives of the PPER were twofold:

- To assess the performance of LOC V based on the standard criteria of relevance, efficacy, efficiency, institutional development impact, sustainability; and performance of the Borrower and the AfDB;
- To assess the LOC instrument’s effectiveness as AfDB’s wholesale lending channel to support private sector development in the subregion.

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\(^7\) Exchange rate at appraisal in 1993: 1 UA = US$ 1.404.
THE FINDINGS

Project Delivery

10.4 Overall project performance was unsatisfactory. The ratings for the Borrower and the Bank were likewise unsatisfactory.

Figure 10.1. Performance of the Fifth Line of Credit (LOC V) to EADB

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>☀</td>
</tr>
<tr>
<td>Efficacy</td>
<td>☐</td>
</tr>
<tr>
<td>Efficiency</td>
<td>☐</td>
</tr>
<tr>
<td>Institutional Impact</td>
<td>☐</td>
</tr>
<tr>
<td>Sustainability</td>
<td>☐</td>
</tr>
<tr>
<td>Overall Performance Rating</td>
<td>☐</td>
</tr>
<tr>
<td>Performance of Borrower</td>
<td>☐</td>
</tr>
<tr>
<td>Performance of the Bank</td>
<td>☐</td>
</tr>
</tbody>
</table>

Relevance

10.5 The relevance of LOC V was rated as satisfactory, based on AfDB’s lending strategy; the LOC was also consistent with the member states’ policies of promoting development and integration. However, it did not adequately draw on some key lessons from earlier LOCs regarding risk analysis of subprojects, the problems of indigenous subprojects, the paucity of infrastructure, and the lack of adequate monitoring.

10.6 This LOC assumes particular relevance as it was extended at a time when EADB was facing financial difficulties.

Efficacy and Efficiency

10.7 As a result of LOC V, 20 loans amounting to UA 15.34 million were disbursed by EADB to 19 subprojects in the three countries. Of these subprojects, 58% were successful or partially successful, 5% were unsuccessful, and 37% failed. Debt recovery from the subprojects was mixed, with full recovery from 52%, representing about 59% of the LOC.
10.8 There was a time overrun in the LOC loan processing and utilization; and in the LOC draw-down. There were also time and cost overruns in most of the subprojects.

10.9 As a result of LOC V, around 1,856 jobs were created and sustained, about 25% of them for women. Four of the subprojects had a positive regional impact, 12 earned foreign exchange, and 5 engaged in import-substituting manufacturing.

Figure 10.2 EADB LOC V: Subproject Distribution by Member Country and Sector

Institutional Development Impact and Sustainability

10.10 AfDB did not attach assistance to LOC V for institutional strengthening. However, the combination of AfDB resources and conditions, complemented by other resources, including NDF’s institutional support assistance, contributed toward EADB’s 1995 reorganization and so this element was rated as satisfactory.

10.11 The sustainability of institutional impact remained a challenge post LOC V; the EADB required a further fundamental restructuring in 2003. The full benefits of the latest reforms are yet to be realized, and there remain concerns about raising sufficient resources from donors and member states to fulfill its mandate.
Performance of the Borrower and the AfDB

10.12 The Borrower performance was limited. The delay in loan effectiveness, poor subproject selection, and inadequate supervision and monitoring of LOC V, led to the unsatisfactory rating. However, the 2003 restructuring should improve performance.

10.13 The AfDB also contributed to time overruns due to delayed disbursements and inadequate supervision. Lessons from LOC III and IV were not considered fully in LOC V design. During 5 years of implementation, the AfDB undertook only two supervision missions.

CONCLUSIONS

10.14 LOC V was extended to EADB during a period of structural adjustment, when project financing was badly needed in the region.

10.15 EADB’s earlier poor governance, the weak selection and design of the subprojects, the inadequate enabling environment for private sector development, the lack of adequate equity and working capital, the significant number of non-performing subprojects, have all compromised the achievement of LOC V objectives and outcomes.

10.16 The performing subprojects were medium and large-scale enterprises, which have provided direct and indirect employment as well as foreign exchange earnings. The failed projects were all new enterprises, needing not only term loans but also much broader assistance encompassing working capital, entrepreneurship, infrastructure, and marketing.

MAIN RECOMMENDATIONS

10.17 The PPER highlights the importance of institutionalizing sound business practices and good governance within a Development Finance Institution, in particular the establishment of systems to monitor and report on the development outcomes of the LOC and on the subprojects. The report made the following concrete recommendations:

- The application of variable interest rates by AfDB and EADB in recent years is encouraging and should continue with up-to-date systems in place to make timely adjustments in line with changes in market rates.

- The AfDB needs to consider local currency financing at subregional level, to raise local currency resources for onlending to SMEs.

- In the light of LOC V’s poor performance and given that the Bank has financed two further LOCs for EADB (VI and VII), consideration of any new intervention should be subject to the preparation of PCRs on all operations.
• Monitoring systems need to be put in place to report on the development outcomes of subprojects.

**UPDATE**

10.18 OPEV is currently conducting a *Review of Bank Assistance to Subregional Development Banks*, including EADB, which will be released in 2009.
11. Mozambique Electricity II Project

The project has contributed to the socioeconomic development of the rural southern areas of Mozambique by connecting 4,600 new customers, 4 factories, and 11 tourist resorts to the electricity grid. However, the project suffered significant implementation delays.

THE REPORT

11.1 The report is a Project Performance Evaluation Report (PPER) from 2007. This post evaluation was carried out through a desk review at the Bank, as well as two assessments in Mozambique, in May–June and July 2006. The report focuses on the project implemented in Mozambique from 1997-2003.

THE PROJECT

11.2 The overall goal of the project was to provide a reliable and affordable supply of electricity to support the resettlement of displaced people after the war. The project was expected to meet the energy requirements for industrial and domestic applications and gradually reverse the degradation of the environment. An ADF loan of UA 14.75 million (US$ 21.27 million8) was spent on this project, with the overall project cost totaling UA 17.31 million (the balance was invested by Electricidade de Mozambique (EdM)).

THE OBJECTIVE

11.3 The PPER’s objective was to review the performance of the Mozambique Electricity II Project in terms of the Bank criteria of relevance, efficacy, efficiency, institutional impact, sustainability, overall performance assessment, and Borrower and Bank performance.

THE FINDINGS

Project Delivery

11.4 Overall project performance was satisfactory. The ratings for the Borrower and the Bank were likewise satisfactory.

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**Relevance**

11.5 The project was consistent with Mozambique’s PRSP (PARPA), 2001-2005 and national plans and with the Bank’s CSP (2002-2004) and policies. Quality at entry was not rigorous in some areas, in that it failed to fully assess institutional capacity, the debt burden of the electricity company, and some environmental concerns.

**Efficacy and Efficiency**

11.6 The project experienced a significant overall delay of 38 months, due to a natural disaster, delays in fulfillment of loan conditions for loan effectiveness (due to inexperience and lack of capacity within the Executing Agency), delays in customs clearance, as well as in the contract and disbursement approval processes in Mozambique.

11.7 The project benefits were broad-ranging and included wealth generation (increased land value), improved social services (schools and a prison), increased foreign investment, industrial development (sugar factories), improved social interaction (street lighting and an extension of mobile phone network), contribution to poverty reduction (electrification for communities close to the line), sustainable energy use (reduction of large-scale firewood consumption), small business development, increased tourism, and improvements in the reliability of the water supply.

11.8 The economic rate of return was highly satisfactory but the financial rate of return was well below the onlending rate: the project was aimed at mainly rural poor communities, where full long-term cost recovery would be impossible.
Sustainability

11.9 Overall sustainability is assured in view of the commitment of the government and EdM to improve and increase the electricity coverage in the country.

11.10 The financial sustainability of the project is challenged by EdM’s high debt burden and low financial rate of returns relative the market prices.

Performance of the Borrower and the Bank

11.11 The Borrower (the Government of Mozambique) performed poorly, with project implementation hampered by their delays. The Executing Agency, EdM, performed better and fulfilled all loan conditions, albeit with some delays.

11.12 The Bank performance was mixed: the project has contributed to EdM’s high debt burden, and the Bank should have been more proactive in dealing with this issue during project preparation. There was a lack of monitorable performance indicators and the environmental action plan limited the monitoring function to verification of project inputs and outputs.

CONCLUSIONS

11.13 Delays at start-up can be minimized if the Bank ensures appropriate and timely training on procedures for staff in the Executing Agency, undertakes an adequate capacity assessment, and sets a realistic timeframe.

11.14 Financial sustainability of the electricity project; a project for rural residents who can not afford the full commercial tariff, can be improved if certain principles are adhered to, including:

- Services should be provided on a full cost-recovery basis;
- The Borrower needs to develop an appropriate financial package to compensate the public utility company for the social services that it provides in areas where full cost recovery is not possible.

11.15 The rural electrification project has significant secondary spin-offs and opportunities which should be investigated and promoted as part of the project appraisal. These include promoting public-private partnerships to extend the line as well as the impact on rural settlement patterns and land use.

11.16 Negative environmental consequences can be minimized if environmental screening is adequately integrated into the appraisal process and monitoring policy and guidance.

Through the ERSPs, the Cape Verde authorities have successfully implemented reforms aimed at sustainable growth and poverty reduction. The ERSPs have contributed to the country’s growth rate of 6.3%, poverty alleviation, and graduation to MIC status in 2008.

THE REPORT

12.1 The report is a Project Performance Evaluation Report (PPER) from 2007. This post evaluation was carried out through desk review at the Bank as well as assessments in Cape Verde in June 2007. The report focuses on the three economic reform support programs (ERSPs) implemented in Cape Verde between 1997 and 2005.

THE PROGRAMS

12.2 The common overall objective of all three programs was to ensure sustainable growth and poverty reduction. Their specific goals were to consolidate the macro-economic framework, enhance governance, reduce poverty, and help remove the structural constraints to growth and private sector development.

12.3 Economic Reform Support Program I (ERSP I) (1997-2000) benefited from an ADF loan of UA 3.0 million disbursed in two tranches, while ERSP II (2002-2004) and III (2004-2005) had loans of UA 2.5 million each, disbursed in a single tranche. The total Bank contribution for all three programs was therefore UA 8.0 million (US$ 10.9 million). The AfDB contribution was 7.1% of the total development partner contribution to these initiatives (UA 112.98 million or US$ 153.69 million).

THE OBJECTIVE

12.4 The objective of the PPER was to review the performance of the programs in terms of the Bank criteria of relevance, efficacy, efficiency, institutional impact, sustainability, overall performance assessment, and Borrower and Bank performance.

THE FINDINGS

Program Delivery

12.5 Overall program performance was satisfactory. The ratings for the Borrower and the Bank were likewise satisfactory.

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9 Exchange rates of loan negotiation / approval timing used for combined dollar total.
Figure 12.1. Cape Verde: Performance of ERSP I, II, and III

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Rating</th>
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<tbody>
<tr>
<td>Relevance</td>
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<tr>
<td>Efficacy</td>
<td>★★</td>
</tr>
<tr>
<td>Efficiency</td>
<td>★★</td>
</tr>
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<td>Institutional Impact</td>
<td>★★</td>
</tr>
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<td>Sustainability</td>
<td>★★</td>
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<tr>
<td>Overall Performance Rating</td>
<td>★☆☆☆</td>
</tr>
<tr>
<td>Performance of Borrower</td>
<td>★☆☆☆</td>
</tr>
<tr>
<td>Performance of the Bank</td>
<td>★☆☆☆</td>
</tr>
</tbody>
</table>

Relevance

12.6 The ERSPs were consistent with Cape Verde’s development programs, especially the PRGSPs (Poverty Reduction and Growth Strategy Papers 2002, 2004).

12.7 The ERSPs were in keeping with the main thrust of the Bank’s Country Strategy Papers for the period, and they were the result of coordination with the government and other donors (1996-1998, 1999-2001, and 2002-2004).

Efficacy and Efficiency

12.8 The annual growth rate of real GDP 1996-2005 was 6.3% higher than the projected 4-5%, inflation was contained, and budget reforms were successfully implemented. Most privatization operations were carried out. The tourist sector registered buoyant growth and Foreign Direct Investment rose.

12.9 However, budget and current deficits remained higher than forecast, and insufficient growth in the agriculture and fisheries sectors underscored the need to further develop the production base of this small and insular country.

12.10 The ERSPs were timely and full disbursed, and their social and economic benefits exceeded their social costs. The reforms were carried out within a reasonable timeframe and with minimal social costs.

Institutional Development and Sustainability

12.11 Although there remain issues related to the capacity and efficacy of the government, the ERSPs had a satisfactory impact on institutional development. Sustainability is possible provided that the economic base of the country is diversified, enabling conditions for the development of the private sector and FDI are created, and infrastructure is developed.
Performance of the Borrower and the Bank

12.12 The Government was fully involved in the preparation and implementation of the ERSPs, and made the necessary institutional arrangements for their implementation and carried them out successfully.

12.13 The Bank could have improved program design with economic and sectoral studies, and the use of a larger appraisal team with the appropriate skills mix.

CONCLUSIONS

12.14 Government commitment to the programs proved to be a major factor in their success. Furthermore, good governance has played a key role in the country’s development success to date.

12.15 Economic growth remains fragile, and it is critical to pursue the reforms further, in the right sequence, especially those designed to consolidate public finance, to promote competitiveness, to develop the economy’s productive base, and to build institutional capacity.

MAIN RECOMMENDATIONS

12.16 Three main recommendations were made in the PPER for the Bank’s future engagement in Cape Verde:

- The Bank should prepare a new CSP, given Cape Verde’s graduation from the LIC to the MIC group, taking into account the country’s insularity and vulnerability.

- The Bank should ensure that during program preparation, a systematic approach is taken to sequence Bank-backed measures in the medium and long term.

- The Bank’s contribution could be enhanced through sector-specific and economic studies for Cape Verde.

UPDATE

12.17 AfDB has committed two tranches of budget support since 2005 through the Poverty Reduction Strategy Budgetary Support Program (PARP I), in November 2006 and December 2008 respectively. Ongoing government commitment to reform and good governance is continuing to advance Cape Verde’s economic development.

The funds committed over the period have been effective, since they have contributed to a gradual transformation of the country’s economy. Major sectoral reforms have been achieved, impediments to investment and privatization have been reduced, and the overall competitiveness of the economy has been raised.

THE REPORT

13.1 The report is a Project Performance Evaluation Report (PPER) from 2007. This post evaluation was carried out through a desk review at the Bank, using documentation from AfDB headquarters, the World Bank, EU and IMF representative offices. Assessments were carried out in Tunisia in July 2006. The report focuses on the first two Competitiveness Support Programs in Tunisia, PAC I (1999-2001) and PAC II (2002-2003).

THE PROGRAMS

13.2 The goal of the successive programs was to lay the basis of a competitive economy (industrial free trade with the EU) and to enable sustainable growth of the Tunisian economy. The specific objective was to render capital allocation more effective and to encourage private sector development. These programs were cofinanced by the AfDB, the IBRD (World Bank) and the EU, with a combined total value of US$ 856.97 million\(^\text{10}\) (AfDB contributing 38% of the total).

THE OBJECTIVE

13.3 The objective of the PPER was to review the performance of the programs in terms of the Bank criteria of relevance, efficacy, efficiency, institutional impact, sustainability, overall performance assessment, and Borrower and Bank performance.

THE FINDINGS

Program Delivery

13.4 Overall program performance was satisfactory. The performance of the Borrower and the Bank were also satisfactory.

Relevance

13.5 The programs were in conformity with Tunisia’s 9\(^\text{th}\) and 10\(^\text{th}\) Development Plans as well as with the Bank’s Country Strategy Paper.

\(^{10}\) Exchange rates at the time of the appraisals in November 1998 and June 2001 used for US dollar total.
Efficacy and Efficiency

13.6 The Tunisian authorities’ prudent management of the reforms has resulted in improved macroeconomic performance relating to sustained economic growth, declining inflation, a stable real exchange rate, sound fiscal position, well-managed monetary aggregates, and a healthy balance of payments position.

13.7 This performance reflected an improved business climate, the pursuit of State withdrawal from the real sector, the consolidation of the banking sector, and improved functioning of the rest of the financial sector.

Figure 13.1. Performance of the Tunisia Competitiveness Support Programs, PAC I & II

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Rating</th>
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<tr>
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<td>Efficacy</td>
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<td>Efficiency</td>
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<td>Performance of Borrower</td>
<td>★★★</td>
</tr>
<tr>
<td>Performance of the Bank</td>
<td>★★★</td>
</tr>
</tbody>
</table>

13.8 The reforms were well managed by the Ministry of Development and International Cooperation (MDCI) and the different agencies concerned with the reforms, in conjunction with the private sector and civil society.

13.9 The initial objectives of the programs were adopted and achieved on schedule, apart from a few delays that did not affect the continued implementation of the reforms.

Performance of the Borrower and the Bank

13.10 The Borrower has maintained a stable macroeconomic framework and implemented sector reforms. However, the Borrower failed to provide program monitoring and completion reports to the Bank.

13.11 The Bank appraisal and loan set-up were carried out jointly with the cofinanciers, as were supervision missions. In monitoring the measures, the Bank was able to take delays in its stride where they did not compromise reform. However, it disbursed its second tranche late.
Impact and Sustainability

13.12 MDCI has implemented reform programs since 1987, and has strengthened its analytical capacities, as well as its institutional capacity.

13.13 The PACs were sufficiently sensitive in addressing issues of social equity in the context of economic growth.

13.14 Sustainability is likely, given the Government’s determination to consolidate reforms. At the macroeconomic level, the increased diversification of the productive system has had the effect of stabilizing the macroeconomic framework, despite exogenous shocks. At the sectoral level, the reforms bode well for sustainability, particularly the liquidation of enterprises in debt and the consolidation of the regulatory and legal framework.

CONCLUSIONS

13.15 Major sector reforms have been achieved, impediments to investment and privatization have been eliminated, and the overall competitiveness of the Tunisian economy has been raised.

13.16 The success of the reforms is attributable to six main factors: (i) a clear, long-term vision for the economy; (ii) the government’s commitment to undertake reforms; (iii) effective ownership of reform; (iv) abundant qualified human resources; (v) effective coordination of the aid from three cofinanciers; and (vi) a stable macroeconomic environment.

13.17 One clear lesson to be learnt is that the targeting and scheduling of reforms is very important, particularly over a long period. Furthermore, consultation with beneficiaries should be a process of continuous reinforcement of reform.

MAIN RECOMMENDATIONS

13.18 The evaluation provided a set of generic recommendations to the Bank related to: deepening dialogue with the government; scaling-up the provision of technical expertise as the reforms become more complex; and strengthening the expertise of the Bank assistance throughout the program cycle (including for preparatory studies) to lend value-added to the Bank’s support.

13.19 For future operations, five concrete recommendations were made:

- Define the conditions that are feasible in the timeframe and eliminate all measures with direct commercial content;
- Avoid aligning the disbursement of floating tranches against specific sector targets;
- Strengthen and increase the size of Bank teams conducting the missions;
- Conduct economic and sector studies to target and clarify reforms;
• Maintain the Bank’s competitiveness while remaining responsive, so that the Bank is viewed as more than simply a provider of funds.

UPDATE

13.20 A third PAC program was implemented in 2005-2007, and was rated as highly satisfactory, achieving virtually all its development objectives. PAC III marked an era of heightened competitiveness: industrial free trade with the EU was introduced in January 2008.

There were significant impacts on macroeconomic stability and improvement in access to basic services. Achievements in the area of rural water supply have been remarkable.

THE REPORT

14.1 The report is a Project Performance Evaluation Report (PPER) from 2007. This post evaluation was carried out through desk review at the Bank as well as assessments in Benin during October 2006. The report focuses on the two programs implemented in Benin from 2002 to 2005. The Budgetary Reform Support Program (BRSP) ran from 2001-2003. The Poverty Reduction Strategy Support Program (PRSSP) ran in two phases: 2004-2005 and 2006-2007. This report focuses only on the BRSP and the first phase of the PRSSP.

THE PROGRAMS

14.2 The overall objectives of the two programs were to establish a stable macroeconomic framework, capable of generating strong and sustainable growth, of which the poor would be the primary beneficiaries. The programs aimed to reduce the proportion of poor people by at least 3% annually from 2004, achieve a 7% GDP growth rate by 2005 and an investment rate of over 20% of the GDP, maintain inflation below 3%, and maintain budgetary revenues at 17% of GDP for the duration of the programs. BRSP received an ADF loan of UA 14.0 million (US$ 17.7 million\(^{11}\)), which represented 39% of the total multi-donor budget. PRSSP I had an ADF budget of UA 23.3 million (US$ 32.1 million\(^{12}\)), 16.7% of the total disbursed multi-donor budget.

THE OBJECTIVE

14.3 To review the performance of the programs in terms of the Bank criteria of relevance, efficacy, efficiency, institutional impact, sustainability, overall performance assessment, and Borrower and Bank performance.

THE FINDINGS

Program Delivery

14.4 Overall program performance was satisfactory. The ratings for the Borrower and the Bank were likewise satisfactory.

---

\(^{11}\) Exchange Rate at project approval in May 2001: 1 UA = US$ 1.266.

Relevance

14.5 The programs were relevant as they were set within the context of the PRSP (2003-2005) and the Government’s longer-term development plan ALAFIA Scenario (2000-2025). Furthermore, they also accorded with the major pillars of the Country Strategy Paper.

Efficacy and Efficiency

14.6 The programs did not suffer any significant slippage of implementation.

14.7 However, the reforms undertaken do highlight institutional weaknesses and delays in implementing structural measures.

14.8 Nonetheless, significant progress has been made, particularly in (i) budget management, with the extension of program budgets to all the ministries, and (ii) the improvement of basic infrastructure.

Sustainability

14.9 The authorities of Benin embarked on a third budget support program in June 2006, having made significant strides during the earlier phase 2002-2005. Achievements include:

- The stability of the macroeconomic framework achieved since the SAP was maintained;
- An integrated public financial management system with a computerized expenditure chain;
- Improvements to the public procurement system, rendering them more transparent.
Performance of the Borrower and the Bank

14.10 Regarding the Borrower’s performance (rated as satisfactory), the coordination of the programs was entrusted to the Permanent Secretariat in the National Commission for Development and Poverty Reduction (CNDLP), under the authority of the Ministry of Development, Finance and Economy. The Secretariat has long experience of monitoring adjustment programs and the arrangement has worked well.

14.11 The Bank’s performance was also rated as satisfactory. Alongside the budget support, the Bank financed institutional support that contributed to building the capacities of the Permanent Secretariat, the Public Procurement Regulatory Commission, and the Budget Support Technical Team. It assumed leadership in (i) the improvement of the fiduciary framework, (ii) the fight against corruption and money laundering, and (iii) the strengthening of the program coordination and monitoring. However, a stronger presence of the Bank in the host country would have assisted with program monitoring. Furthermore, the Bank underestimated some risks relating to the political weight of civil society organizations.

CONCLUSIONS

14.12 Benin has made progress in the implementation of reforms, notably in the following areas: (i) entrenching the programmatic approach in public financial management; (ii) computerization of the expenditure circuit; (iii) a more transparent procurement system; and (iv) improvements in the control system.

14.13 However, not all the expected results were achieved, largely due to exogenous factors; agricultural outputs (cotton) which remain dependent on the vagaries of the weather and fluctuations in tensions affecting trade ties with Nigeria. The achievements of macroeconomic stabilization and economic recovery remain fragile and there is a need for consolidation and continuance of reform.

14.14 The budgetary support of these programs was overambitious, in terms of the number of measures (50 for BRSP and 149 for PRSSP I) and administrative domains (all Ministries). It is essential to avoid overloading budgetary support with unrealistic objectives during the early phase.

MAIN RECOMMENDATIONS

14.15 The principal recommendations for the Bank are to:

- Reduce as much as possible the proliferation of disbursement conditions to avoid slippages in the implementation of programs;
- Strengthen political analysis to deepen understanding of issues such as the political weight and role of civil society organizations in Benin; and
• Be more realistic in assessing the implementation capacities of the Ministry of Finance and the sector ministries.

**UPDATE**

14.16 Following the second phase of the PRSSP (2006-2007), Benin received further budget support in 2009 from the Bank.
## Annex: Summary of Key Data for the Case Studies

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<tr>
<th>Type of Review</th>
<th>Country/Region</th>
<th>Title</th>
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<th>Date of Report Distribution</th>
<th>AfDB Loan Size (Actual)</th>
<th>Total Cost</th>
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