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Gabon:

Evaluation of the AfDB Country Strategy and Program (2011-2020)

Executive Summary



AFRICAN DEVELOPMENT BANK GROUP

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Executive Summary

Introduction

This report presents the main findings, lessons and recommendations of the Evaluation of African Development Bank (AfDB) Strategies and Programs in Gabon for the 2011-2020 period. The evaluation covers the Bank's two Country Strategy Papers for the period (CSPs 2011-2015 and 2016-2020). Their implementation covers an overall portfolio of UA 1,093.65 million, comprising 22 national projects of about UA 1,004.9 million (including 12 Technical Assistance projects), 8 multinational projects (UA 88.7 million) and 4 other projects approved before 2011, but implemented during the period under review. The interventions cover 7 operational sectors: i) Governance; ii) Agriculture; iii) Water and Sanitation; iv) Transport; v) Environment; vi) Social; and vii) Communication. The evaluation aims to analyze the performance of Bank interventions in Gabon and their contribution to the country's development outcomes as well as draw lessons from its experience to improve the design and implementation of future strategies and programs in the country.

Methodology

The evaluation is based on the theory of change that underpins the Bank's assistance strategies. Based on specific evaluation issues, it analyses the relevance, effectiveness, efficiency and sustainability of Bank interventions using a pyramid approach at project, sector and country strategy levels. The evaluation also covers the Bank's program management performance. Data for the analyses was collected through a comprehensive desk review of projects and strategies, interviews with key stakeholders involved in designing and implementing Bank strategies and programs in Gabon, and site visits to road, port and agricultural projects. The approach followed is based

on an in-depth analysis of three main sectors that form the backbone of the core pillars on which the assistance strategies were founded, through the review of completed projects in the following sectors: (i) Governance and Inclusion, (ii) Agriculture and the Environment, and (iii) Infrastructure. Sector briefs and portfolio analysis were consolidated into a technical document used for preparing this Summary Report.

The evaluation faced two main constraints: apart from the weak national statistical system and hence the unavailability of required data, the evaluation was undertaken during the 2019 Coronavirus (COVID-19) pandemic, which forced the team to conduct mostly virtual interviews with the assistance of local consultants for site visits.

Key Findings

Relevance

The relevance of the Bank's strategies and programs over the period under review was deemed satisfactory. The Bank's CSPs for the evaluation period were broadly aligned with national policies and strategies, including the Strategic Plan for an Emerging Gabon (PSGE) and the Economic Recovery Plan (PRE). The operations responded to the country's priority challenges and needs, including macroeconomic instability, weak governance structures, unfavorable business climate and heavy dependence on the oil sector. The Bank's focus on key sectors such as governance, infrastructure and agriculture responded to the country's urgent economic diversification needs.

Concerning governance, the Economic and Financial Reform Support Program (PAREF) together with the various capacity-building operations supported most of the strategic

objectives under PSGE Thrust 1, aimed at reinforcing the country's competitiveness, including one of the four sub-areas on strengthening governance, especially by strengthening the legal framework for public-private partnerships (PPPs), promoting public and private investments, budget reform, etc. It also backed the second strategic thrust of the PSGE, which aims to diversify sources of growth. The program also underpins the second strategic thrust of the ESMP, aimed at diversifying the sources of growth.

The Bank's interventions in the infrastructure sector, especially Road Program Phase I (PR-I) and the Infrastructure Sector Support Project in Gabon (PASIG-I), correspond to national challenges and priorities, particularly the development of the private sector and productive zones, as well as regional integration, all of which are in line with the PSGE. The implementation of Road Program Phase 1 (PR-1) addresses the objectives of gradually establishing a transformational national road network and opening up areas with a high agricultural and forestry production potential. As a continuation of PR-1, PASIG-I targets the objective of modernizing the road network and diversifying the economy. The project is in line with the National Infrastructure Development Plan and the Libreville Urban Development and Planning Master Plan 2010-2035. However, pending an official request from the Gabonese Government, a procedure for the cancellation of the project would be initiated. Lastly, the GSEZ (Gabon Special Economic Zone) Port Project is helping to solve the current infrastructure and logistics problems assailing Owendo Port.

Bank assistance in the agricultural sector is also in line with the diversification needs expressed in the PSGE. The GRAINE² Program Support Project Phase 1 (PAPG-1) focuses on the rehabilitation of road infrastructure to open up rural areas with high agricultural production and provide services to farmer cooperatives. Support for the provision of services to farmers corresponds to the needs recognized by all sector stakeholders.

Operations in all sectors covered by the Bank in Gabon are consistent with the Bank's overall

priorities and sector strategies and plug directly into four of the High 5s. They also contribute to regional integration and are in line with the priorities of the two Regional Integration Strategy Papers (RISP) for Central Africa, the first pillar of which addresses the need to strengthen regional infrastructure.

However, analysis of the Bank's portfolio over the period under review indicates a lack of selectivity and depth in the initial diagnoses. Beyond the three key sectors, there is a certain dispersion of AfDB-financed operations in Gabon over the 2011-2020 period in the drinking water and sanitation, as well as information and communication technology (ICT) sectors. Furthermore, CSP 2016-2020 lays too much emphasis on agro-industry in the absence of an in-depth diagnosis, to the detriment of existing agricultural production systems, local dynamics and the logic underpinning rural family activity systems.

Effectiveness

The effectiveness of the Bank's support to Gabon during the period under review was deemed satisfactory overall. The weak implementation of the indicative lending program under CSP 2011-2015 gave way to a revitalized cooperation between 2016 and 2020. Expected outputs were delivered in most sectors of intervention (except energy), even though they did not systematically achieve the expected outcomes and impacts.

The Bank was unable to intervene in the energy sector during the CSP 2011-2015 period due to the low delivery on the indicative lending program over the period. Of the 12 projects identified in the indicative lending program, only 4 TAs operations materialized. This situation particularly affected the energy sector where the two projects planned were abandoned. In contrast, most of the actions planned in other sectors were replicated (at least partially) in projects approved under the second CSP.

The Bank's support in the governance sector, in collaboration with World Bank (WB) and

International Monetary Fund (IMF), has helped to restore macroeconomic stability and strengthen public financial management. AfDB financial support contributed to a significant expansion of the fiscal space, particularly in 2017 when the two PAREF disbursements totaling MUA 400 accounted for 55% of the total budgetary support allocated to the country by the various technical and financial partners (TFPs). At the end of the implementation of the PAREF program in 2019, 16 of the 19 planned measures had been implemented, two were ongoing, and one had been partially implemented. These different measures helped to reduce recurrent expenditure in 2019 to below 21% of non-oil gross domestic product (GDP) as set out in the PAREF. This trend, combined with a moderate increase in non-oil revenue (which nevertheless remained below the expected 20% of GDP target in 2019), helped to consolidate the country's fiscal position with a cash-based budget balance that became positive again at 1.5% of GDP in 2019. Public debt also started declining from 64.2% of GDP in 2016 to 60.9% in 2018, before rebounding in 2020. Through PAREF, the Bank supported the clearing of arrears owed to the private sector. A five-year clearance plan (2018-2022) is underway for companies that have joined the Libreville Club.

However, work must continue to improve the business climate and boost economic competitiveness and diversification. The Bank supported the strengthening of the regulatory framework for PPPs through PAREF, with the adoption in 2018 of three fundamental implementing texts of the PPP Decree. Despite the outcomes achieved, the PPP management framework has neither been completed nor fully operational. Gabon does not have a national strategy or an exhaustive list of PPP³ projects, meaning that there is a lack of articulation with other public investments. The Bank's support has not sufficiently led to the emergence of structures to support investment and economic activities. Therefore, except for the improvement recorded in 2015 (144th/189 countries), Gabon's Doing Business ranking deteriorated over the 2013-2020 period.

The Bank's support to infrastructure helped to strengthen both road and port infrastructure. Under PR-1, the Bank supported the upgrading of 245.6 km of roads on three trunks. These improvements helped to reduce vehicle operating costs by up to 35% (PR-1 PCR, 2014). Transporters and road users have confirmed a reduction in travel time by half and an increase in trade. Following the commissioning of the rehabilitated sections of PR-1 in 2013, the road traffic volume increased by 30% and 13% on the Fougamou-Mouila and Ndendé-Lébamba sections, respectively. Thanks to the ancillary infrastructure built (schools, dispensaries, boreholes, etc.), the project also improved the attractiveness of the rural areas impacted and contributed to public access to basic services (education, health, etc.). Regarding the GSEZ Port, all quay extension (380 m) and dredging works as well as storage facilities have been completed. Although the terminal is operational, the project's long-term outcomes could be affected since the dredging has not yet reached the terminal's required depth of 14 meters to accommodate larger vessels. Therefore, COVID-19 and its negative impact on the OLAM⁴ Group's turnover present a risk for the achievement of the targeted outcomes.

In the agricultural sector, the Fisheries and Aquaculture Sector Support Projects (PSPA) and the Project to establish Société d'Investissement pour l'Agriculture Tropicale (Tropical Agriculture Investment Corporation - SIAT) achieved most of their outputs. However, these outputs have not translated into significant impacts. In the case of PSPA, the expected increase in the production and marketing of fisheries and aquaculture products did not materialize - in fact, domestic production declined by 37.5% between 2007 and 2014. As for SIAT-Gabon, although oil palm and rubber plantations as well as the related processing plants (crushing, refinery, soap factory), storage and fisheries support infrastructures have been established, SIAT Gabon no longer produces palm oil, has reduced its rubber sector activities and divested its livestock activity. SIAT has not obtained the expected results from its business in the various intervention zones. The outcomes in terms

of job creation (especially for Gabonese citizens) and foreign exchange generation are limited, if not non-existent.

Moreover, the implementation of the main agricultural program (PAPG-1) has only just begun. Thus, the project's support to agricultural cooperatives has not yet started. However, progress has been made through OLAM financing to increase the area under rubber and oil palm cultivation, to strengthen institutions and generate knowledge, thanks to several studies conducted. The Bank supported the establishment of the Gabon Agricultural Development Agency (ADAG) and the National Agency for Agricultural and Rural Consultancy (ANCAR). However, ANCAR is not yet operational and ADAG still has relatively limited resources. Similarly, the farmers' cooperatives still need significant consolidation before they can become autonomous. Overall, the rural areas are not yet fully developed and the agricultural sector's contribution to economic diversification remains limited.

In sum, diversification remains a work in progress. The Gabonese economy continues to be heavily dependent on oil and vulnerable to external shocks. Non-oil GDP growth has been limited to between 2.5% and 3.5% since 2015. The rate of private investment as a percentage of GDP was far below the 32.6% expected for 2018 (27.8% in 2018, 28% in 2019 and expected to reach 28.4% in 2020⁵ according to recent data from the International Monetary Fund). However, the agricultural sector's share of GDP increased slightly from 3.7% in 2014 to 5.5% in 2019 (World Bank, 2020), marginally above the PAREF target of 4.7%, and the volume of food imports continues to rise.

Efficiency

Overall, the efficiency of AfDB interventions in Gabon during the 2011-2020 period is deemed unsatisfactory, mainly due to project implementation delays attributable to late start-up and the low capacity of project implementation units, among others. However,

the evaluation concluded that the cost-benefit ratio for infrastructure projects in the country was satisfactory.

Despite a lower-than-expected discounted economic rate of return (ERR) at project completion, the road project is still economically viable. For the GSEZ Port Project (port concession), the debt cost recovery issue must be of particular concern in the coming years. The COVID-19 crisis could compromise the initial revenue forecasts in the short and medium term, and the private operator could find it difficult to meet its debt repayment deadlines.

Except for program-based support operations (PBOs), the overall compliance of projects with timeframes was considered unsatisfactory in all sectors. Delays were observed both at project start-up and during implementation. Average delays at start-up were around 10 months from approval to first disbursement, above the 6-month target. The delays experienced were due to several factors, the most recurrent of which were poor knowledge of Bank procedures, particularly in terms of procurement and financial management, delays in start-up and initial disbursements, inadequate institutional anchoring as well as lack of coordination and/or involvement of the various national authorities operating in the sectors of intervention. However, the situation improved during the period under review, with delays decreasing from an average of 14.48 months under CSP 2011-2015 to 6.31 months for the CSP 2016-2020 cycle.

Sustainability

The sustainability of Bank interventions in Gabon during the evaluation period was unsatisfactory. Regarding governance, successive PBOs helped the country to regain its budget surplus, establish a stable macroeconomic framework and strengthen its resilience to pandemic-related shocks. However, Gabon's public finances are still vulnerable, with high dependence on oil revenue (30% of total revenue), a public debt in 2020 at the very limit of

sustainability (74.7% of GDP) and debt interest at 2.5% of GDP or 17% of public revenue according to the IMF. Moreover, the sustainability of measures adopted was limited by the inadequacy of or delay in implementing institutional support.

Concerning infrastructure, even if the technical quality of the facilities is satisfactory, the lack of ownership and weaknesses in road maintenance pose a real threat to sustainability in the short/medium term. Due to the low allocations granted to the RMF (Road Maintenance Fund), the maintenance program for the priority road network is not being carried out in favor of non-programmed and non-priority works (resurfacing of less priority sections, paving of secondary roads, etc.). Consequently, the percentage of the road network in excellent or good condition has been falling since 2015, from 16% and 20% to 6% and 7% in 2020 respectively, while 80% of the road network is in poor condition. Moreover, the axle load control system for heavy vehicles is inadequate.

In the agricultural sector, the economic and financial viability of agricultural activities is limited by Gabon's high production costs, particularly those related to labor, fertilizer and small agricultural equipment. Furthermore, agricultural projects are characterized by a lack of financial empowerment and non-sustainability of outcomes. Local banks are not accessible to small-scale farmers.

At the environmental level, the two CSPs for the period under review include brief analyses of the environment and climate change. The environmental aspect was also covered in the portfolio through two projects, PACEBCo⁶ and PAGDRF⁷. At project level, the Bank applies its requirement on identification of negative environmental impacts on all sectors of intervention. However, despite the preparation of Environmental and Social Management Plans (ESMPs) and their public dissemination during the implementation phase, monitoring and reporting are almost always lacking. Site visits conducted as part of the evaluation process revealed a low

level of ESMP implementation. This is due to the absence of environmental specialists in the project management units, among others.

Crosscutting Issues

Besides the environmental aspects discussed above, the evaluation also analysed gender and social inclusion issues. The Bank mainstreams gender in all its interventions but lacks a clear global approach to its priorities in the fight against gender inequality in Gabon. Therefore, this dimension is not sufficiently addressed at the project level. The Bank's strategies in Gabon address the challenges of inclusion, while also showcasing its ambition to tackle them directly. However, despite initiatives in the agriculture and infrastructure sectors, these ambitions have not yet materialized at the operational level.

The Bank's Performance: Coordination, Policy Dialogue and Managing for Results

Gabon does not have a standard framework for coordinating TFPs, despite the establishment in April 2010 of a joint strategic orientation and consultation committee on external aid coordination split into several thematic groups. The framework was hardly functional given the limited availability of financial assistance from TFPs under the first CSP. Coordination with TFPs was boosted over the second CSP period (2016-2020), particularly in the governance sector (especially with the IMF and the World Bank) during the preparation of budget support. However, measures selected sometimes overlap (e.g. AfDB and World Bank e-tax). Despite good initial coordination, the delay of the Gabonese Economic Diversification Support Project (PADEG) affected the continuity of operations and limited synergies with other programs.

Through its CSPs, the Bank identified a list of relevant analytical work, most of which are logically in line with the diversification of the Gabonese economy. However, the analytical work conducted by the Bank has contributed

more towards identifying new financing and less towards strategic or policy dialogue. For example, in the infrastructure sector, the Bank regularly conducts dialogue missions with Gabon to identify new projects or areas of intervention in line with the country's and AfDB priorities. However, the important issue of road maintenance is not the subject of an explicit and specific dialogue. In the governance sector, dialogue with the country intensified with the preparation of PAREF. Moreover, although dialogue between donors on the governance component (IMF, WB, AfDB, France) became more fluid during the second CSP period, policy dialogue remains essentially bilateral.

The AfDB made provision for a monitoring mechanism under the two CSPs, marked by mid-term reviews and the preparation of completion reports. The two CSPs under review were subject to mid-term reviews and completion reports, particularly for the first CSP. Monitoring and evaluation mechanisms were set up at the project level, but they were generally not well developed. Similarly, self-evaluation assessments of project outcomes (IPR, PCR) seem to be too optimistic, and the lessons drawn from monitoring/evaluation work are not widely disseminated to stakeholders.

Recommendations

In light of the above findings, the evaluation proposes the following recommendations:

1. **Deepen the analysis of the context and the specific challenges facing Gabon, especially those related to the country's economic diversification and private sector development** by establishing a conducive environment for promoting small- and medium-sized enterprises (SMEs).
2. **Strengthen the selectivity of Bank interventions** around key sectors with high potential for economic recovery and diversification.
3. **Strengthen the implementation of the Bank's country program for Gabon.** It is recommended to:
 - Further structure policy dialogue mechanisms in the long term and within a clear context involving policy makers and strategic advisors;
 - Ensure ownership of reform measures through appropriate conditionalities for commitment and monitoring, particularly with regard to sector plans for economic recovery;
 - Reach agreement with the Gabonese authorities on a formal commitment before starting project preparation, especially for investment projects requiring substantial resources for identification and preparation.
4. **Support the promotion of PPPs** particularly by modernizing Gabonese legislation and strengthening building national institutional capacity in PPP management and monitoring.
5. **Strengthen the sustainability of Bank interventions.** The following measures are proposed:
 - Incorporate in the project design document the institutional and financial management and maintenance arrangements to be put in place, including a clear description of the responsibilities and obligations of each stakeholder;
 - Support the establishment of an effective monitoring and evaluation system for implementation, especially for the transport sector: axle load control and improved governance of the Road Maintenance Fund;
 - Ensure monitoring and reporting on ESMP implementation throughout the project management cycle. ■



About this evaluation

This report summarizes the findings of an independent evaluation of the African Development Bank Group's (AfDB) Country Strategy and Program in Gabon for the period 2011 - 2020. Under this strategy, an overall portfolio of UA 1,093.65 million, comprising 30 projects in 7 sectors, was implemented. The objective of this evaluation was twofold: (i) to analyze the performance of the Bank's interventions in Gabon and their contribution to the country's development results; and (ii) to draw lessons from the Bank's experience to improve the design and implementation of subsequent strategies and programs in Gabon.

The evaluation concluded that the Bank's interventions in Gabon are overall relevant and effective, addressing the challenges and priority needs of the country and its population, while being well aligned with the Bank's priorities and Gabon's national policies and strategies. The expected outputs were delivered in most of the intervention sectors, in particular governance and infrastructure (except energy). However, the expected outcomes and impacts were not systematically achieved and the evaluation finds that efforts are still needed to correct the delays in project start-up and implementation, to ensure a selective focus on high-impact sectors and the sustainability of interventions, and to maintain ongoing dialogue with all stakeholders at the country level.

To fill these gaps, the evaluation recommends that the Bank deepen its analysis of Gabon's context and specific challenges, particularly the constraints to diversification of the Gabonese economy and the conditions for private sector development. It recommends that the AfDB strengthen the selectivity and sustainability of its interventions, as well as the implementation of its program in the country. Finally, the AfDB should also support the promotion of PPPs, through the modernization of the Gabonese legislation and the strengthening of national institutional capacities in the management and monitoring of PPPs.



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