Executive Summary
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Background

This summary report presents the findings, conclusions and recommendations of the Bank’s Country Strategy and Program Evaluation (CSPE) in the Kingdom of Eswatini over the period 2009-2018. The purpose of this evaluation is to inform the design of the next Country Strategy Paper (CSP), and it has two main objectives:

- assessing the African Development Bank’s (AfDB or the Bank) assistance to the country through an analysis of the development results of its key interventions; and

- learning from successes and challenges to provide lessons and recommendations.

Two CSPs have framed the Bank’s assistance to Eswatini over the evaluation period. The first, CSP 2009-2013, focused on infrastructure, notably agriculture and irrigation (pillar I); and on the health sector (pillar II). This was revised during the Midterm Review (MTR), and the CSP’s pillar I was refocused on the Bank’s interventions in support of the reform process, in order to strengthen the foundations for strong, sustainable and shared growth by improving Public Finance Management (PFM). Its pillar II focused on developing skills needed for the modernization of the agriculture sector.

The second, CSP 2014-2018, aimed at turning the economy around through broad based, sustainable and high rates of inclusive economic growth. The strategy is based on two pillars: (i) supporting infrastructure development for sustainable and inclusive growth; and (ii) strengthening governance and institutional capacity.

A global Theory of Change summarizing the logic of AfDB support in Eswatini has been constructed based on the CSP and the project documents (Annex 1, figure A1.5). The evaluation collected data through document reviews, key informant interviews, focus group discussions, and project site visits. The details of the methodological approach are presented in Annex 1.

The Bank’s portfolio covers 16 projects for a total of Units of Account (UA) 179.4 million, approved between 2009 and 2018 in seven sectors: (i) agriculture; (ii) water supply and sanitation; (iii) transport (roads); (iv) finance; (v) power/energy; (vi) environment; and (vii) multi-sector. Overall, the water and sanitation sector takes the largest share (31.6%) in terms of volume, followed by the transport and agriculture sectors.

Key Evaluation Findings and Conclusions

The relevance of AfDB activities in Eswatini is rated as satisfactory. Interventions are relevant to the needs, development challenges and priorities of the country. In addition, they are well aligned to country policies. The sectors of intervention correspond to those in the Poverty Reduction Strategy Action Plan (PRSAP) and to priority sectors of the related Economic Recovery Strategy.

Bank interventions address some of the key needs of target groups in the country. Around 70% of the population, including the most vulnerable, depend on agricultural activities for their livelihoods. Similarly, provision of basic services such as electricity, water or sanitation are high priorities for the poorest groups. The Manzini-Mbadlane Highway Project (MR3) highway, the
backbone of the country, will benefit all sectors of the population. The Line of Credit (LOC) responds to Small and Medium-sized Enterprises’ (SMEs) capital needs. Moreover, the Bank’s portfolio in Eswatini is well aligned with corporate priorities of the Bank such as the Ten-Year Strategy (2013-2022) and High 5s.

However, relevance-related drawbacks include heavy reliance on the Farmer Company (FC) model in agriculture, on highways rather than feeder roads in transport, and on using Swaziland Development Finance Corporation’s (FINCORP) existing practices to reach SMEs. Moreover, interventions tend to be developed in isolation of one another.

In terms of selectivity, spreading resources over seven different sectors has diluted the effectiveness and impact of the Bank’s support by limiting the number of actions in each sector and weakening synergies across interventions. Reinforcing this tendency, capacity building has been rather piecemeal. Analytical work has been oriented towards individual projects, further weakening any crosscutting approach. The limited scope and relative isolation of some activities also appear likely to affect their impact and sustainability.

The effectiveness of the first CSP cycle (2009-2013) is assessed unsatisfactory. The actual Bank portfolio in this cycle was only characterized by Technical Assistance (TA) and analytical work. In other words, no single investment project was implemented, with some operations even dropped. Thus, the program did not fully achieve its expected objective. The effectiveness of the second program cycle (2014-2018) is not rated by the evaluation, as all of the major investment projects are still being implemented and their outputs and outcomes are not realized. However, projects are being implemented and have partially delivered, or appear to be likely to deliver, most expected outputs.

Bank interventions are expected to benefit the intended target group members. In the agricultural sector, for instance, significant income increases (US$ 800/year) can be expected for beneficiaries once irrigation facilities are fully implemented - however, expected crop diversification would likely be limited. Water and sanitation facilities are already becoming a reality and are expected to have positive health and environmental impacts. In the transport sector, it is likely that the MR3 highway will meet its expected outputs and outcomes.

Nonetheless, in the governance sector, additional building blocks that are to be provided by other Development Partners (DPs) are needed for full integration of modern budgeting tools and data collection, and for the Medium-Term Expenditure Framework (MTEF) to become fully functional. In addition, the LOC was not yet disbursed at the time of the evaluation mission (May 2018) which delayed returns to support for SMEs.

Sustainability is assessed as unsatisfactory. The ongoing infrastructure-related operations are considered technically and institutionally sound, however, major areas of concerns are noted. AfDB support was focused on building infrastructure – some 82% of the AfDB budgetary allocation was for infrastructure development. But this tends not to deal with softer aspects of development, i.e. operation and maintenance, institutional strengthening, marketing, sector policy etc., which are key to sustainability. There is a need to better address infrastructure maintenance through improved financing mechanisms, definition of responsibilities, rules and regulations. The environmental impact of Bank support is also mixed. The main sector with a potentially positive effect on the environment is the energy sector because of the emphasis it is putting on renewable energy, but agricultural water management is a concern in the agriculture sector. Promoting sugarcane production is not the best way of using water resources to create
added value; and the Lower Usuthu Smallholder Irrigation Project II (LUSIP II) project contributes to depleting Eswatini’s scarce water resources.

In crosscutting issues, the Bank’s interventions exhibit a positive gender mainstreaming in operations in terms of gender indicators. However, Bank actions do not address the root causes of gender inequity such as access to factors of production (e.g. land, finance), intra-familial decision patterns or recognition of women’s rights by the judicial system.

The efficiency of AfDB action in Eswatini is rated unsatisfactory. The interventions suffer from implementation delays. For instance, the TA to PFM has been extended by two years while the MR3 is still well behind the initial schedule. In addition, the (LOC) took over a year to be disbursed. The assessment of the duration of completed interventions, which were mostly TAs, shows that the actual duration of the intervention is longer than the originally planned duration (see Figure 4). Deficiencies in project design and quality at entry led to delays, particularly in the first year of a project. All projects have experienced at least some form of delay linked to procurement.

The policy dialogue between the AfDB and Eswatini authorities is limited. There are nascent Sector Working Groups (SWG), all operating in different ways and not meeting regularly. Despite inadequate policy dialogue, the Bank delivers a significant degree of analytical works related to feasibility studies in support of its activities. However, these analytical works are largely focused on technical issues related to infrastructure project development. Knowledge in support of informed policymaking or innovative planning is scarce.

The level of coordination between AFDB activities and those of other donors is insufficient. Beyond the AfDB, the Aid Coordination and Management Service (ACMS) admits that DP cooperation is “a little ad hoc.” UNDP also indicates that donor efforts are highly fragmented, as donors tend to work independently. Despite this lack of partnerships and harmonization, the Bank's interventions and resources are leveraging additional resources and bringing in players in support of development actions.

Regarding managing for results, the AfDB’s monitoring and evaluation (M&E) of its performance in terms of the achievement of outcomes and impacts is insufficient. It focuses on technical and administrative aspects of implementation and output realization, and much less on outcomes and impact. It also adopts a basic approach to performance monitoring with very limited analysis of the qualitative dimensions of project performance. Despite regular supervision missions, the level of critical analysis is poor and there is a tendency to be overly optimistic in Back to Office Reports (BTOR) and Implementation Progress and Results Reports (IPR).

Projects have all developed a logical framework with a sound project logic and clear indicators invariably associated to a baseline and target values determined at early stages of project implementation. However, indicators are mainly quantitative and lack a qualitative dimension.

Recommendations

The evaluation proposes the following five recommendations:

i. Enhance selectivity and portfolio design

A greater portfolio focus and selectivity would allow the Bank to contribute to more effective and sustainable results in Eswatini. Achieving a larger focus and selectivity could take the form of moving out of sectors where other donors are active or terminating support to sectors where the number of actions, and their financial volumes, is limited and unlikely to have great
impact. A minimum volume of activity should be guaranteed for each sector in order to address sector level issues more holistically. This would entail developing more synergies among projects, analytical work, capacity building actions, and focused policy dialogue.

At the same time, the scope of Bank supported activities should be widened well beyond infrastructure building by adopting a more comprehensive and systemic approach to improve socioeconomic conditions. In the agriculture sector, for example, this could involve employing a value chain approach to agricultural transformation. In the transport sector, road projects could be used as an opportunity to develop economic activities along corridors with associated measures to attract private investment.

**ii. Improve quality at entry**

Capacity building and institutional strengthening needs should be assessed before investments are undertaken. In particular, institutional capacity to meet AfDB procurement and reporting procedures should be evaluated during project identification, and, if required, adequate capacity building (or TA) provided before the start of a project.

Greater care should be given to appraising land acquisition issues in preparing infrastructure projects to avoid project delays as well as extra costs linked to redesign. Ideally, land should be acquired before the project is approved or at least a declaration of intent signed by all parties in order to secure access to land.

The guarantees for private sector operations should be analyzed in more detail and better ensured before project launch.

Maturity of co-funded interventions should be ensured across all donors before project approval. This should prevent delays such as those due to BADEA¹ and EIB² in the LUSIP II project.

In addition, the relevance of introducing fiscal policy conditionality in relation to future PFM support should be assessed, given that the government may not be addressing the country’s fiscal and budgetary crisis with sufficient determination.

**iii. Strengthen the focus on managing for development results**

More efforts should be made to monitor and evaluate outputs, outcomes and impacts, and assist project coordination through a sustained dialogue with other stakeholders. This entails defining indicators, which better define the quality of results to be obtained. For example, understanding who the users of water and sanitation infrastructure are, or how FC dividends are shared and used within a household, are key to understanding impacts of water and sanitation and agriculture interventions.

AfDB should also dedicate more time to donor coordination, to supporting SWG activities and to developing direct exchanges with other DPs. Working in more of a partnership mode can improve overall aid effectiveness and reduce aid transaction costs for a small government. CSPs could outline a more holistic analytical strategy around key development issues linked to key indicators.
iv. **Safeguard development benefits**

Operation and maintenance systems should be examined carefully and improved for all infrastructure interventions. Bank infrastructure operation should incorporate policy and institutional reform components that are aimed at ensuring sustainable asset management and operations. Such systems involve introducing water use measurement, water fees and a corresponding fee collection system for managing irrigation perimeters, introducing tolling systems or adapted budget lines for transport infrastructure, and establishing rules, responsibilities and financial contributions for users of water and sanitation infrastructure. Lastly, conditioning final disbursements to their existence, if feasible, should also be considered.

The Bank should likewise dialogue closely with other partners who are involved in infrastructure management and maintenance issues.

v. **Enhance policy dialogue and knowledge management**

The Bank should improve its policy dialogue and knowledge management in the country assistance framework, and thereby enhance its influence on the reform agenda and its catalytic potential. The Bank must assume greater responsibility and visibility in some specific areas of policy dialogue, for example, in agriculture, water and sanitation, energy sector, and Public-Private Partnerships (PPPs). In addition, it should expand its policy dialogue on crosscutting issues such as inclusive growth and gender mainstreaming. This can also be supported by ensuring the influence and visibility of the analytical works in informing the Bank’s operational designs and policy dialogue with the government and DPs.
About this Evaluation

This report presents a summary of the findings of an independent evaluation of the African Development Bank’s Country Strategy and Program (CSP) in Eswatini for 2009-2018. The evaluation covered a Bank portfolio of 16 projects representing a total of UA 119 in seven sectors. The objectives of this evaluation were (i) to assess the AfDB’s assistance to Eswatini through an analysis of the development results of its key interventions; ii) to learn from successes and challenges to provide lessons and recommendations; and iii) to inform the design of the next CSP for Eswatini.

The evaluation combined quantitative and qualitative research methods. A four-point rating scale was used to examine the level of relevance, effectiveness, efficiency and sustainability of the Bank’s support to Eswatini. A theory-of-change approach was used to investigate not only which results were achieved, but also how and why the results were achieved or not.

Overall, the evaluation found that the AfDB’s interventions in Eswatini were relevant to the country’s needs, development challenges and priorities, and well-aligned with the Bank’s corporate priorities, as well as with Eswatini’s country policies. The evaluation found some shortcomings, including overreliance on the farmer company model in agriculture; a focus on highways rather than feeder roads in transport; and on using Swaziland Development Finance Corporation’s existing practices to reach Small and Medium Enterprises. Bank’s interventions were often developed in silos and their spread across seven sectors rendered their delivery ineffective. These shortcomings can be addressed by enhancing selectivity and portfolio design; improving quality at entry; managing for development results; safeguarding development benefits; and boosting policy dialogue and knowledge management to improve project design, implementation and dissemination of results.