IDEV conducts different types of evaluations to achieve its strategic objectives.
Executive Summary

This document is a summary of the main findings of the evaluation of the African Development Bank’s strategy in Togo during the 2004-2013 period. The evaluation was initiated and carried out by the Bank’s Independent Development Evaluation (IDEV) Department.

Regarding methodology, the evaluation focused on 18 evaluation issues. A specific approach was adopted under this study to analyse fragility, its inclusion in Bank strategies as well as the Bank’s contribution to changing fragility factors.

Bank Strategies during the 2004-2013 Period

The Bank’s overall objective is to achieve economic growth. This strategy is mainly based on two pillars, namely economic infrastructure and economic governance.

The Bank’s Portfolio in Togo

The Bank’s portfolio in Togo over the 2004-2013 period represents UA 195 million. This portfolio, which comprises 28 projects, is a clear reflection of the implementation of the Bank’s strategy in Togo. The Bank focuses mainly on economic infrastructure (66% of the portfolio) and multi-sector projects (26% of the portfolio) with budget and institutional support operations, and more recently, projects financed by the Fragile States Facility (FSF). The Bank also operates in the energy, water and sanitation, and financial sectors, and finances various emergency operations.

Findings: Achieving Development Outcomes

Relevance

The relevance of the Bank’s strategies in Togo has been deemed satisfactory. They are perfectly consistent with Togo’s needs and priorities and the Bank’s overall strategies. A good practice is that since the conduct of the Country Strategy Paper (CSP) mid-term review in 2014, aspects related to inclusion are now being effectively considered in line with the evolution of the Bank’s guidelines which prioritize inclusive and green growth (2013-2022 Ten-Year Strategy). Hitherto, issues of gender (although identified) and youth employment were not taken into account and most operations were concentrated in the capital, Lome. The Bank has implemented its Fragile States Strategy in Togo to address the manifold fragility factors identified. However, no integrated approach has been adopted to address these factors.

Effectiveness

The effectiveness of the Bank’s operations in Togo in terms of infrastructure development and economic governance support is satisfactory.
Concerning road infrastructure, the achievement of outputs is satisfactory. The Bank has opted for multinational projects with a high integration potential, the most important of which, in terms of cost, are ongoing (North-South Lome-Ouagadougou Corridor and the Lome-Cotonou Road Rehabilitation Project).

Concerning the only road project that has been completed, namely the Project to Rehabilitate and Modernize the Port Roundabout-Avepozo Road Section, 10.3 kilometres of roads have been rehabilitated and socio-economic infrastructure constructed. This project has helped to increase the annual average traffic volume by 5% and improve traffic flow by reducing the time taken to cover the distance between the Port and the Benin border from 1 hour 30 minutes to 17 minutes. The combined effects of project activities have helped to increase investment in real estate (hotels, businesses, shops, industries, etc.) as well as rents by at least 57.7%. Concerning the temporary jobs to be created during construction works, 69% of the targets set have been met. Though related facilities have been constructed to meet the needs expressed by the population, their outcome is moderate.

As regards the construction of the Lome Container Terminal, given the progress made so far and the quality of outputs, the project’s objectives can be fully achieved.

Effectiveness in the achievement of outputs is limited at this juncture, particularly regarding improvement of the Port’s operational effectiveness, cost reduction and job creation. The container terminal’s throughput capacity will be increased from 30 twenty-foot equivalent units (TEUs) per hour to 120 TEUs per hour. Its present capacity is about 40 TEUs.

The project’s performance in terms of job creation was inadequate as only 75% of the expected jobs were created during the construction phase and about 70% during the operation phase. Conversely, the objective of increasing the port’s capacity is largely being achieved (since its commissioning, the throughput capacity of the Lome Container Terminal is about 333,000 TEUs per annum, while the Togo Terminal has a throughput capacity of 315,000 TEUs per annum, bringing the total capacity to about 650,000 in a full year). This performance is expected to reach 2.5 million TEUs in 2017. The current performance will, in principle, make it possible for the Port Authority to generate EUR 1.7 million.

Concerning the energy sector, the electrical grid projects linking Nigeria, Benin, Togo and Ghana seek to reduce poverty in the ECOWAS region (from 50% to 25%) by increasing the number of people with access to electricity (from 20% to 60%). The planned facilities have been successfully completed (construction of a 71.2-kilometre transmission line and installation of equipment) and the impact of infrastructure on the countries concerned has been enhanced, particularly in the economic and social domains (cost of electricity maintained between 8 and 10 USD cents per kWh, increased electricity access for the population with a 117% increase in electric power consumption between 2007 and 2013). The electric power transmission line helps to reduce the dependence of Togo and Benin on power imports from Côte d’Ivoire and Ghana the efficiency of which is limited (losses of 30% to 35%).

Concerning the water and sanitation sector, the level of achievement of project outputs with respect to the Integrated Water Management System (SIIEAU) is moderately satisfactory. Most of the deliverables under the four SIIEAU project components have generated genuine outputs corresponding to the forecasts, although some deliverables are still not fully operational. Against this backdrop, it was not possible to measure the expected project outcomes.

The performance of economic governance operations is satisfactory. The Bank’s assistance
has helped to build the country’s institutional capacity in the steering of reforms and in specific aspects such as budget management, debt management, procurement, domestic resource mobilization etc.

By building the capacity of State entities, the Bank has helped to boost the drive to resume cooperation and, in the same vein, budget support programmes have made it possible to create conditions conducive to the resumption of cooperation. Thus, the legal and regulatory framework for public finance management has been strengthened with visible outcomes: budget preparation is now more inclusive and Finance Acts are now passed on time and extra-budgetary expenditure has been eliminated. Similarly, the operationalization of control bodies and the public procurement process has made procurement more transparent, although more efforts are needed in this domain.

In addition, the implementation of structural reforms in revenue services, resulting in the establishment of the Togolese Revenue Authority (OTR) in 2012, has helped to progressively mobilize more domestic revenue. The tax ratio thus rose from 15.7% in 2010 to 19.5% in 2013 (against a Community target of 17%). The estimate for 2014 stood at 20.4%.

Reforms have also helped to improve the business climate in Togo. The country has gained 15 positions in the World Bank “Doing Business” ranking, rising to 149th (out of 189 countries). Togo is also ranked as the third most active country in the world in terms of reforms. However, these improvements have not yet led to an increase in foreign direct investments (FDIs), implying that more efforts need to be made in this domain.

The Bank’s emergency assistance operations are not satisfactory, although there was some improvement in the latest operations. There are difficulties at various levels: project design and right-sizing in keeping with needs, timing, information channels and coordination.

The assessment of Bank operations by beneficiaries is positive. They affirm that institutional support projects were instrumental in the functioning and structuring of institutions. The visibility of the Bank’s contribution to the infrastructure sector is more limited and obviously not well identified.

The combined effects of the Bank’s interventions had an impact on a number of fragility factors, notably support for the resumption of relations with partners, growth, economic governance and the credibility of the State. However, the Bank addressed extreme poverty in a very indirect manner and inequality and environmental issues were tackled marginally.

Sustainability

The sustainability of the outcomes of Bank operations in Togo is deemed moderately unsatisfactory. Regarding infrastructure, Bank projects are well designed and are based on relevant technical options. However, the sustainability of infrastructure is not guaranteed for various reasons (lack of maintenance and overload regarding road projects, erosion at the Lome Port, and lack of ownership of the SIIEAU project). The sustainability of the energy sector project outputs is contingent on Nigeria’s capacity to ensure constant energy supply which, according to the project performance evaluation report, seems uncertain. However, the ongoing energy sector reform may minimize this risk.

The issue of sustainability regarding governance projects rather concerns the continuation of the reforms initiated, the retention of trained staff and the maintenance of investments in computer hardware, which is currently ensured by private
service-providers. In addition, the implementation of Government reforms slowed down at end-2013, which could jeopardize the sustainability of project outputs.

The entities supported by the Bank under Fragile-States-Facility (FSF) projects are not prioritized in the national budget, thus compromising their financing at the end of Bank intervention.

**Policy Formulation Knowledge and Counselling**

The Bank successfully conducted policy dialogue in Togo, which produced tangible results. It actively lobbied other development partners for the resumption of cooperation with Togo and the attainment of the completion point of the HIPC Initiative. It also successfully engaged in dialogue on sensitive issues such as the establishment of the Togolese Revenue Authority (OTR).

Dialogue between the Bank and civil society organizations and the private sector has improved in recent years. However, these organizations deplore the absence of direct support and lack of visibility of the Bank’s achievements in Togo.

Concerning analytical works, achievements were also made in the country on several key issues particularly: (i) the feasibility study on the reform of the customs and tax administration; (ii) the feasibility study on the establishment of a teachers savings and loan cooperative; (iii) the Transport Sector Strategy; (iv) the Youth Employment Strategy; (v) social business; and (vi) the organizational and institutional audit of the education and infrastructure sectors.

The analytical work carried out helped to confirm the Bank as a trusted partner, and enhance its credibility and image.

Concerning environmental issues, the gradual shift towards a more cross-cutting approach to environment issues has not been mainstreamed into the Bank’s strategies in Togo. The environmental objectives of the national strategies designed and implemented with Bank support are explicit, but there is a need to improve governance in this domain.

**Findings: Performance-Based Management**

**Efficiency**

Efficiency is deemed moderately satisfactory. It varied depending on the type of project or criteria used: (i) proper adherence to schedule regarding budget support operations; (ii) very satisfactory internal rates of return for the two infrastructure projects but with major time overruns; and (iii) inefficiency regarding FSF operations.

Implementation delays remain a problem. Weak national capacity and delays in approving procurement documents, difficulties in releasing national counterpart contributions, and delays in issuing the Bank’s no objection opinions seem to be the main causes of project implementation delays.

Although the establishment of the Bank’s Country Office has not eliminated all the causes of delay, it has significantly contributed to improving the situation. The Bank’s key portfolio performance indicators in Togo are better than the average of countries eligible for ADF resources.

**Country Strategy Paper (CSP) Quality and Selectivity**

Overall, quality at entry of the Bank’s strategies and operations is satisfactory. However, efforts still need to be made to better mainstream the context of
fragility into the design of some projects. The Bank was selective in Togo, concentrating more than 92% of net commitments in the transport infrastructure and economic governance sectors.

**Development-Results-Based Management**

Bank operations in Togo were marked by a growing consideration of results-based management at the strategic and operational levels. Successive CSPs and the majority of projects include a logical framework expressing the expected outcomes in a relatively structured manner, apart from FSF projects. In addition, Bank supervision mechanisms functioned well in Togo, helping to ensure effective strategy and programme implementation.

**Implementation of the Paris Declaration and the Principles for Engagement in Fragile States**

The use of national public finance management and procurement systems by the Bank remains limited due to their fiduciary risks, despite the support provided by the Bank to improve them.

The harmonization and coordination of operations is a challenge in Togo. The national institutional framework established in 2010 is not yet fully operational. In this context, dialogue between partners is held on an informal and bilateral basis. Nevertheless, the opening of a Bank Country Office in Togo has helped to address this challenge.

**Complementarity and Synergies**

All economic governance operations, institutional and human capacity building programmes and the budget support programme are closely articulated. This is not the case in the infrastructure sector which lacks an integrated approach. FSF projects and analytical works helped to meet specific requirements.

**Leverage Effect**

Institutional capacity building support projects encouraged the EU to provide technical assistance to the Ministry of the Economy and Finance through the IMF. Similarly, the financing of the OTR by the AfDB encouraged the involvement of the IMF, which was very reticent about this reform. The EU and French Cooperation agencies are also involved.

**Findings: Country Performance**

The country’s performance is considered moderately unsatisfactory. The country was proactive, demonstrating its capacity to implement key reforms within a difficult context in order to stabilize its economic governance (e.g. the establishment of the OTR). However, performance with respect to aid coordination, project management and the sustainability of results, was moderate.

**Conclusions and Recommendations**

**Conclusions**

The evaluation identified some major challenges concerning the Bank’s future strategy in Togo.

The main weakness identified regarding relevance was the absence of operations focussing directly on extreme poverty and few operations targeting inequalities, gender and environmental issues. During the conduct of the evaluation, the changes in the Bank’s guidelines, prioritizing inclusive and
green growth had only been partly considered. Though regional disparities were properly identified in dialogue notes and strategies, they have not been mainstreamed into the strategies of the Bank, most of whose operations are concentrated in the capital, Lome.

Though the overall effectiveness of the Bank’s operations is satisfactory, emergency assistance operations were fraught with difficulties at various levels: design and sizing with respect to needs, timing, information channels and coordination. Excessive delays affected the quality of outputs and the achievement of objectives.

The sustainability of operations is a cause for concern at several levels. Generally, the sustainability of infrastructure is not guaranteed. The issue of sustainability regarding governance rather concerns the continuation of the reforms initiated, the retention of trained staff and the maintenance of computer hardware investments.

The policy dialogue momentum, which enabled international re-engagement in Togo, has been dying down lately, crystallizing, for example, into discussions on the credibility of the 2013 budget. This trend is reflected in the absence of a programme with the IMF and difficulties in mobilizing budget support and initiating dialogue on reforms.

Lastly, implementation delays are a setback. The poor quality at entry of some operations, delays in the issuance of the Bank’s no-objection opinion, weak capacity of public administrative entities and delays in the approval of procurement documents at the National Directorate of Public Procurement Control cause project implementation delays.

**Recommendations**

*Make a significant shift in the next inclusive and green growth strategy by seizing opportunities*

Redirecting infrastructure investments to the creation of agricultural value chains may help to enhance economic diversification potential, while contributing to reducing inequalities by operating in a high growth sector which employs 79% of the poor in Togo. Similarly, the sustainable tapping of natural resources may become the guideline for future strategies by prioritizing green infrastructure. The potential to develop mineral resources can be supported by targeted private sector operations as well as by specifically redirecting investments into infrastructure. The Bank should carry out a series of analytical works to better select investment options with high growth potential and impact on poverty and inequalities. Lastly, given the ineffectiveness of its emergency assistance operations, the Bank should review the use of this method of action.

*Improve the use and monitoring of analytical works*

The evaluation demonstrated the potential offered by analytical works for building and sharing knowledge, strengthening policy dialogue and enhancing the Bank’s image. Analytical works should be considered as a tool in its own right, alongside other methods of intervention used by the Bank. Concretely, this implies that they should: (1) be better mainstreamed into intervention strategies, while maintaining some flexibility; (2) be validated based on the systematic analysis of opportunities; (3) have adequate resources for their implementation; and (4) be monitored and evaluated.

More specifically, the following study topics could, for example, be explored during strategy design, as stated in the first recommendation: exclusion and insecurity dynamics in rural areas, environmental issues in agricultural and food security policies,
integrated economic development niches in the agricultural sector, terms and conditions for transport sector development (in the sub-region).

Reviving policy dialogue by focussing on a few key subjects

The Bank plays a prominent role in policy dialogue by virtue of its “trusted partner” status. Thus, it should take the initiative to revive the reform process and improve the coordination of activities between the authorities and development partners. This dialogue could specifically focus on the following points:

- the continuation of public finance management reforms with special emphasis on debt sustainability;
- the sustainability of investments at the strategic and sector levels;
- the effective implementation and functioning of coordination mechanisms; and
- the mobilization of resources for the implementation of more inclusive policies.

Make sustainability a strategic issue

Besides policy dialogue, sustainability should be carefully analysed to provide sustainable solutions within the framework of the Bank’s programme. The options to be explored are as follows:

- Concerning road maintenance, the Bank could provide technical and financial support for the identification of innovative sources of financing in order to reduce SAFER’s fiscal deficit, while continuing to provide support for the reform of the DNCMP to make the procurement system more efficient and reduce delays. The Bank could provide direct support to build the capacity of public works and civil engineering enterprises. As the leader of transport sector partners, it could encourage the authorities to ensure the strict control of overloading.

- Concerning economic and financial governance, the Bank could encourage the Administration to define a clear and attractive career plan for the staff of the Ministry of Economy and Finance, particularly the computer specialists responsible for the maintenance and development of the Integrated Public Finance Management System which is the most integrated system in the WAEMU zone.

Specific analytical works on sustainability should help to strengthen dialogue and to promote operations. The topics concern, for example, road maintenance, the sustainability of capacity building activities, and environmental risks related to Port activities.

Strengthen results orientation and the assessment of strategies

The report has highlighted the difficulty of assessing the contribution of operations to strategic objectives. This is a key aspect in transforming the CSP into a more operational tool. This involves defining short- and long-term strategy and project objectives. One of the methods could be to systematically use the various theories of change developed by sector to define a common framework for strategy formulation, implementation and ex-post evaluation.
About this Evaluation

This evaluation examines the AfDB’s assistance to Togo over the 2004-2013 period. The AfDB’s project portfolio in Togo represented 195 million Units of Account (UA) during the evaluation period. Conducted with the dual objective of measuring development results of AfDB interventions in Togo and drawing vital lessons to improve future strategy and operations, this evaluation concludes that AfDB interventions are generally aligned to Togo’s needs and priorities. However, the lack of maintenance threatens sustainability of projects.

Togo is one of the Bank’s member countries in a situation of fragility. This evaluation concludes that the future Bank interventions have affected a great number of factors that contribute to fragility such as support to the process of resuming relations with partners, support for economic governance and the government’s credibility. However, the Bank’s interventions have affected extreme poverty only very indirectly, and inequality and the environment have only been marginally affected.

Central among the recommendations from this report to improve future Bank’s interventions in Togo is the call for a strong emphasis on inclusive growth and green growth.