
Executive Summary

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Introduction

This report summarizes the key findings, lessons, and recommendations of an evaluation of the African Development Bank Group (AfDB or the Bank)’s country strategies and programs in Uganda during 2011–2021. The evaluation covers the cycles of two Country Strategy Papers (CSPs): CSP 2011–2015, which was extended to 2016, and CSP 2017–2021. Both CSPs had two pillars: infrastructure development, and skills and capacity development. During this period, the Bank approved 37 projects for a total value of 1.5 billion Units of Account (USD 2.09 billion). Approximately 94% of the Bank’s interventions were in the public sector and 6% were in the private sector. The transport sector received the largest share of funding (49.4%), followed by agriculture (14.6%) and water supply and sanitation (WSS) (12.1%). The power sector and the social sector received 9.8% each.

The main purpose of this evaluation is to inform the design of the next CSP (the CSP for 2022–2026). Accordingly, the evaluation has three objectives: (i) to assess the Bank’s contribution to Uganda’s development results; (ii) to identify what worked in the Bank’s programs, what did not, and why; and (iii) to make recommendations for future strategies and programs.

Methodology

The evaluation used a theory-based approach to assess the extent to which the Bank’s interventions under each pillar of its CSPs designed and delivered a relevant response to Uganda’s development challenges. The evaluation applied international standard evaluation criteria for relevance, coherence, effectiveness, sustainability, and efficiency. It used a four-point scale1 to rate performance against these criteria. It used four methods to gather data: (i) desk reviews of key documents; (ii) portfolio reviews; (iii) interviews and focus group discussions; and (iv) case studies of six projects. Due to COVID-19 travel restrictions, most interviews took place on virtual platforms. The evaluation team’s national consultants made site visits to selected infrastructure and agriculture projects.

Main Findings

Relevance

The two pillars of the CSPs—infrastructure development for industrialization and the development of human capital (skills and capacity)—were found to align with Uganda’s Vision 2040 and Uganda’s two national development plans (NDP I and NDP II). The operationalization of Pillar I provided much-needed support for infrastructure development in the sectors mentioned earlier, and the Bank’s portfolio aligned with national plans and priorities and responded to stakeholders’ needs and priorities. However, interviews and documents reveal that Pillar II (the development of human capital) did not fully align with Uganda’s evolving demand for skills training. New priorities on the part of the government meant that under Pillar II, only a few projects were approved during the first CSP cycle (2011–2015/2016) and none were approved during the second CSP cycle (2017–2021). Informants explained that during

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1 The ratings are 1 - Unsatisfactory, 2 - Partly unsatisfactory, 3 - Satisfactory, and 4 - Highly satisfactory.
this period, the government preferred to tap grant financing for its social sector operations, including human resource development, instead of drawing on loans. As for the finance sector, the Bank’s lines of credit were found relevant to Uganda’s needs: they supported beneficiaries’ demand for affordable housing and small and medium enterprises’ need of financing.

The evaluation rates the relevance of the AfDB’s support to Uganda across the two CSPs as **satisfactory**.

### Coherence

The evaluation found most of the Bank’s interventions to be internally coherent: linkages among the Bank’s projects were common and they generated synergy. For example, the Additional Funds to Water Supply and Sanitation Program (WSSP), a project in the WSS sector, benefitted projects in other sectors, such as agriculture. It supplied water for agricultural production by improving irrigation in order to increase agricultural productivity and build resilience to climate change. Similarly, the transport program series (the Road Sector Support Project (RSSP) I to V) was in full synergy with other Bank-financed national and regional transport programs to foster regional integration and economic development. In the energy sector, the Bujagali and Achwa II projects are excellent examples of ways that public and private operations can work together for a common goal.

In the education sector, however, the evaluation found few linkages between the Higher Education, Science and Technology (HEST) Project and the East Africa’s Centers of Excellence initiative. The projects appear to have been implemented in isolation.

Insofar as external coherence is concerned, the Bank used the Local Group of Development Partners platform to coordinate its work with the work of other donors. This avoided duplicating efforts and allowed the Bank to focus on areas where its resources could do the most good.

During the evaluation period, the Bank leveraged important resources from other development partners, such as the European Union, the World Bank, the United Kingdom’s Department for International Development, the Nordic Development Fund, and the Agence Française de Développement.

The evaluation rates the coherence of the Bank’s interventions as **satisfactory** overall.

### Effectiveness

As regards effectiveness, the evaluation found that Pillar I of the CSPs achieved some results in the sectors of energy, transport, WSS, and agriculture. The results were, however, below target. In the energy sector, the Bank contributed to the construction of the 250 MW Bujagali hydropower station, built 620 km of double-circuit transmission lines and associated substations, constructed 385 km of medium-voltage line (1,147 km were expected), built 262 km of low-voltage lines (808 km were expected), and connected 30,000 households to the grid (164,077 households were expected). Although outputs did not meet expectations, the Bank did contribute to such important outcomes as the national electricity access rate increasing from 29% in 2016 to 43% by 2020, exceeding the target of 30%. In rural areas, access increased to 38%. Distribution system and collection losses fell from 18.1% in 2016 to 17.5% in 2020 but are unlikely to meet the 2021 target of 16.3%. Finally, delays in the construction of the 132 kV substation and the 33 kV transmission line financed by other development partners have left the two small hydropower plants—Buseruka and Achwa II—unable to fully evacuate their generation capacity and contribute to the national power supply as expected.

The Bank’s transport sector projects are either ongoing or at the approval stage. So far, they have only completed 62 km out of the 470 km of paved roadway and urban roads expected.
Outcome targets have not been met yet, either: the implementation progress and results report of July 2020 for RSSP IV stated that the project had reduced the average vehicle travel time from 3.5 hours to 3 hours thus far (target: 2 hours). Similarly, vehicle operating costs fell from USD 0.88 to USD 0.70 (aim: USD 0.50). Overall, the AfDB’s transport sector projects are expected to increase the share of national paved roads from 16% in 2012 to 25% by end-2021 and augment the share of the national paved road network that is in fair to good condition to 95%.

In the WSS sector, completed projects have made safe drinking water and sanitation more accessible to households and businesses. For example, the Project Completion Report Evaluation Note (PCREN) of WSSP I validated that this project fully delivered three large gravity flow schemes, 20 solar water systems, 3,125 rainwater harvesting tanks (3,717 were expected), and 11,995 rural water points (13,520 were expected). WSSP I also constructed 116 sanitation facilities (176 were expected) for public use and for schools; the facilities were adapted for gender and disabilities. Under its small towns component, WSSP I exceeded its target by constructing 18 water schemes and rehabilitating another eight, resulting in 6,015 new connections (3,600 were expected). However, outcomes fell short of expectations: the PCREN indicated that WSSP I increased the proportion of the rural population with access to drinking water from 65% to 70% (77% was expected), and in urban areas, the proportion only grew from 67% to 71% (90% was expected). The ongoing projects in this sector are on track and are deemed likely to achieve their expected results.

As for Pillar II, the Bank was found to have produced positive results for CSP 2011–2016, under which it improved and expanded infrastructure in six universities and two hospitals in Kampala. Under CSP 2017–2021, however, the government’s reprioritization of projects meant that the Bank did not meet expectations for developing human capacity, especially for youth and women. No projects in this area were approved and the CSP’s support for vocational education and training did not materialize.

The evaluation rates the overall effectiveness of the Bank’s strategies and operations as **partly unsatisfactory**.

**Sustainability**

Most projects were found to be technically sound. This said, although the Bank’s interventions in the energy sector reversed a power shortage, the power surplus has now grown so large that it threatens the sector’s financial viability: the government is forced to pay for deemed energy usage, which drives up end-user tariffs. In other sectors, it is still necessary to build institutions’ and beneficiaries’ capacity to maintain the new infrastructure (roads, irrigation facilities, agricultural markets, and newly acquired equipment at hospitals and universities). As a result, the sustainability of the project benefits is at risk. In addition, although environmental and social safeguard measures were integrated in projects’ design, adequate monitoring of those measures is necessary during implementation. For these reasons, sustainability is rated as **partly unsatisfactory**.

**Efficiency**

Data shows that completed projects in agriculture and WSS produced positive economic returns, but in all sectors, cost overruns and delays in start-up and implementation were an issue. In addition, during CSP 2017–2021, the cumulative disbursement ratio was in the range of 24%–28%, below the Bank’s corporate target of 50%. The
COVID-19 pandemic hampered implementation further, particularly for infrastructure projects. The efficiency of the Bank’s projects over the evaluation period is therefore rated as partly unsatisfactory.

Cross-Cutting Issues

The Bank’s interventions over the evaluation period focused on inclusivity. In the agriculture sector, the construction of markets under the Markets and Agricultural Trade Improvement Project-2 considered gender-differentiated needs. For example, the markets were designed to be one-stop centers that offer daycare facilities and healthcare services that are adapted to women’s needs. In the WSS sector, the Kawempe Urban Poor Sanitation Improvement Project developed separate public sanitation facilities for men and women and adapted the facilities for people with disabilities. The Bank mainstreamed gender aspects in its other operations as well, for example by supporting the development of a gender policy and awareness-raising activities in its projects in higher education and transport.

Climate change considerations were embedded in most projects. For example, solar panels were used to generate power for agricultural markets, trees were planted to capture the CO$_2$ produced by road projects, and water pumps were powered by solar energy. Most electricity produced in Uganda comes from renewable energy, and the AfDB’s three projects (Bujagali, Buseruka, and Achwa II) are all hydropower facilities. Given current excess capacity, it is unlikely that alternative gas-fired facilities or facilities using other fossil fuels will be deployed in the foreseeable future, except for backup or emergency generation. Thus, the choice of hydropower to generate electricity has reduced carbon emissions in Uganda.

Design and Selectivity

The evaluation confirmed that the Bank adhered to participatory approaches when designing the CSPs. Interviews with stakeholders indicated that the Bank consulted amply when designing operations as well. In all sectors, the Bank involved a wide array of stakeholders to ensure that its projects met Uganda’s priorities. In addition, the CSPs and the Bank’s operations integrated lessons learned from prior interventions. This made the CSPs responsive to the Ugandan context and to beneficiaries’ needs.

Notwithstanding the large share of total value of the portfolio committed to infrastructure and the agriculture sector, the Bank ran operations in nine sectors. This breadth of activity reduces synergy and is unlikely to have the desired development effect in the sectors that received very small financial support. Furthermore, the comparative advantage of the Bank’s involvement in a sector such as communications is not clear. Finally, the lack of significant investment in Pillar 2, due to the government’s preference to fund skills development programs with grants instead of loans, points to a problem with the AfDB’s strategic positioning at the time that the CSPs were designed and argues in favor of more selectivity.

Recommendations

The evaluation makes three recommendations for the next CSP cycle.

**Recommendation 1:** Adapt the CSP priorities to the country context in the areas of skills development and private sector growth. The main focus of the Bank’s second pillar was vocational education and training. However, given the government’s preference not to borrow for human capital development operations, the Bank can consider supporting skills development and youth employment in other ways. The Bank might reorient as follows:

- Continue or expand training as a component of the Bank’s conventional infrastructure operations, leaving more generic skills and vocational training to grant-based development partners.
Focus on supporting private sector development that creates jobs for youth.

**Recommendation 2: Refocus support for the energy sector.** Uganda’s power surplus threatens the financial viability of the energy sector. Going forward, the Bank may consider the following:

- Concentrate investments on two elements: (a) transmission and distribution, to expand the grid; and (b) the generation of off-grid renewable energy.

- Support the development of a masterplan for the power sector to balance supply and demand; expand access to affordable power; and promote the supply of off-grid energy.

- Provide strong support for building capacity in sector coordination, planning, and policy formulation in collaboration with other development partners. Sector policy coordination and coherence become more important when institutions are unbundled and public-private partnerships in the sector are growing.

**Recommendation 3: Make Bank-supported benefits more sustainable.**

- Ensure that operations in all sectors reflect the demand for infrastructure services and contain measures to ensure financial and economic viability as well as institutional capacity and ownership by beneficiaries.

- Develop asset management capabilities, including robust funding mechanisms for operation and maintenance activities, in key sector institutions.

- Engage the government in policy dialogue on relevant sustainability issues.
About this evaluation

Independent Development Evaluation (IDEV) has carried out an evaluation of the Country Strategy and Program of the African Development Bank Group (AfDB or “the Bank”) in Uganda over the period 2011–2021. During this period, the Bank approved 37 projects, for over USD 2 billion of financing, mainly in the sectors of transport, agriculture, power, and water supply and sanitation (WSS). The evaluation also assessed an additional 17 projects that were approved before 2011 but completed during the evaluation period, which had received USD 770 million of financing. The main purpose of the evaluation was to inform the design of the AfDB’s next Country Strategy Paper for Uganda (2022–2026).

The evaluation found that the AfDB’s interventions were generally aligned to the development challenges and priorities of the country. Results in energy, transport, WSS, and agriculture, were however mostly below target. Projects that were completed in agriculture and WSS had positive economic returns, but cost overruns and delays in project completion were an issue in all sectors. The evaluation noted that while the Bank’s interventions had reversed power shortages, the power surplus now threatens the sector’s financial viability because the government has to pay for deemed energy usage, which drives up end-user tariffs. Furthermore, the sustainability of Bank-funded infrastructure was challenged by Uganda’s weaknesses in terms of funds, human capacity and institutional capacity.

The evaluation advised the AfDB to adapt its Country Strategy Paper priorities to the country context in the areas of skills development and private sector growth, to refocus its support for the energy sector, and to make AfDB-supported benefits more sustainable.