
Executive Summary
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Executive Summary

Introduction

This report summarizes the findings, lessons and recommendations of the independent evaluation of the African Development Bank’s (AfDB or, the Bank) Country Strategy and Program in the Republic of Malawi during 2005–2016. The main objective of the evaluation is to inform the next Country Strategy Paper (CSP) and to contribute to both accountability and learning in the Bank as well as in countries where the Bank’s program is similar to that of Malawi. The evaluation exercise focused on both strategic and individual interventions in all sectors (Social, Transport, Water and Sanitation or WATSAN, Agriculture, Multisector – Financial Governance, and Private Sector Development) where the Bank was active during the review period.

Evaluation Findings

Relevance

Relevance was evaluated by assessing the extent to which the Bank’s country strategies and operations were aligned to Malawi’s development needs, strategies and priorities as well as the needs of ultimate beneficiaries. The relevance of Bank strategy and assistance to Malawi was Satisfactory.

Bank strategies are aligned with the priorities of the Government of Malawi (GoM) and continued to adapt to changes in national development plans as they evolved over time. The Bank’s interventions at sector level are directly related to one or more of the Government’s strategic areas of focus.

However, it should be noted that the CSP did not clearly detail specific beneficiaries even though the project documents contain references to beneficiaries, and the Bank’s projects are aligned with their needs.

Effectiveness

Effectiveness was evaluated by assessing the extent to which the Bank’s interventions in Malawi achieved their expected development results (outputs and outcomes) against targets set in project approval documents. Additionally, effectiveness was evaluated also by ascertaining the extent to which the Bank interventions benefited targeted beneficiaries. This performance dimension was Satisfactory.

Project Completion Reports (PCR) that were available for the portfolio under review reflect a satisfactory level of performance in terms of achievement in both outputs and outcomes. However, it should be noted that the PCRs took into consideration a post-Midterm Review (MTR) definition of expected results, which according to the majority of PCRs, had considerably reduced expected output and outcome targets.

Figure 1: AfDB commitments by sector in Malawi (2006–2016)

Source: AfDB data
In the agriculture sector, on the two projects that were closed during the review period, expected effects were clearly stated and monitored, and achievement levels were clearly stated. In the transport sector, two projects which were evaluated in-depth had delivered expected outcomes and physical outputs were well achieved in the sector.

In the transport sector, project progress reports and two PCRs were scrutinized. All Bank supported interventions for provision (or rehabilitation/upgrading) of road transport infrastructure delivered expected outputs (in some cases at additional time and cost; and in some cases at lower than estimated cost). Overall, the physical outputs of the interventions were well achieved in the sector.

For the WATSAN sector, the sector targets were set out in general terms in the CSPs and responded to Malawi Gov’t Development Strategy (MGDS) targets. All sector interventions specify expected results (outputs, outcomes and impacts) in response to higher-level strategies. Monitoring indicators are defined and logical linkage formulated, although the translation of outputs into higher level outcomes and impacts was not as clearly outlined.

**Sustainability**

Sustainability was evaluated by assessing the extent to which the benefits accrued and gained from Bank interventions continued to exist or were likely to continue to exist after project completion. This performance dimension was **Unsatisfactory**.

None of the completed projects under review had reached a post-closure period of 5 years, which made assessment of actual sustainability challenging. The evidence collected from the field shows that some benefits gained from past interventions (in particular the soft components such as training and community-led management) were already at risk of not being sustained in the immediate years after completion. Benefits from past interventions, most notably infrastructure, have continued to exist (for longer than 5 years), but longer-term sustainability (i.e. for the expected project life) could not be ascertained.

Better sustainability practices were found in the agriculture and transport sector, compared to the social sector. At the same time, sustainability was not guaranteed in any of these three sectors. In the agriculture sector, e.g. the Smallholder Crop Production and Marketing Project (SCPMP) was rated unsatisfactory on three parameters: i) financial sustainability; ii) ownership and sustainability of partnerships; and iii) environmental and social sustainability. Only institutional sustainability and strengthening of capacities was rated satisfactory, with a score of three. In contrast, the Climate Adaptation for Rural Livelihoods and Agriculture (CARLA) project was rated satisfactory on all similar parameters, with a highly satisfactory rating of 4 for environmental and social sustainability. In the social sector, the evaluation concludes that the Local Economic Development (LED), Competitiveness, and Job Creation may not be sustainable under the present aid architecture (i.e. unless considerable investment continues to flow to those strategies over a long period).

**Crosscutting issues**

Crosscutting issues were strongly considered at the strategic level by the Bank and were evaluated by assessing the extent to which the Bank’s objectives on inclusiveness across gender, regions, and environmental sustainability been mainstreamed into Bank interventions. This performance dimension was **Satisfactory**.

In both the Malawi CSP and the Southern Africa Regional Integration Strategy Paper (RISP), gender issues were addressed (including disparities in access to services, decision-making structures, economic opportunities, cultural biases, budgetary allocation and monitoring of gender actions).¹
The Bank carried out a country Gender Profile in 2005, which highlighted the main constraints to women empowerment. Therefore, project documents, mainly appraisal reports, have a section dedicated to gender issues, which are expected to be directly addressed by the project. Bank projects in Malawi during the period under review had a gender informed design, which specifically incorporated gender related elements.

For the social sector (education and health), it is noted that specific targets for gender are included for every intervention. In particular, for the education sector, the analysis shows that women tend to be less represented in the secondary cycle with negative consequences on employment. As for the transport sector, although Bank strategies do not identify transport sector-specific gender issues, there is little doubt that the transport projects would support women, men, children and the elderly equally via improved social and economic mobility and improved access to markets and health centers.

Investments in the WATSAN sector usually generate great inherent impacts on women and girls at multiple levels – access to adequate quantities of potable water within a reasonable distance, water carrying (which is predominantly a task of women and girls), sanitation and hygiene with direct impacts on family health, irrigation for agriculture (an activity with high female participation).

There is evidence that women participated in the agriculture sector projects. For instance, the SCPMP completion report notes that the project was designed to promote gender mainstreaming and specifically targeted female-headed households to improve their livelihoods through membership in Farmers’ Organizations.

The Bank programs are expected to cover all regions, but there is limited rollout to the remote and poorest districts either by the GoM or other donors. All interventions cover more than one district and are implemented in rural areas. However, inclusive coverage of regions where poverty is most prevalent were the most problematic (as is quantification of Bank sector support contribution to poverty alleviation). Unless the poorest and most vulnerable are explicitly targeted, they are unlikely to benefit from the Bank support for big infrastructure (road corridors) or health and education projects.

In accordance with the 1996 Environmental Management Act, all sector projects in Malawi should undertake an Environmental Impact Assessment. Therefore, the Bank has made efforts to mainstream environmental safeguards into project preparation and implementation. Although in most cases good engineering practices should minimize adverse environmental and social impacts, there is only limited capacity in applying sound environmental and social mitigation measures.

At the CSP level, environmental and social issues in Malawi are concerned with describing the current situation rather than formulating explicit strategies to address these issues. However, it is clearly stated that environmental protection and mitigation of adverse social impacts are a component of Bank support. The RISP goes further, noting that the Bank will take leadership in promoting climate friendly infrastructure and reduced carbon emissions, making specific reference to Malawi’s (and some other southern African countries) problems regarding the effects of increasing climatic variability on infrastructure, food security and development.

Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Managements Plans (ESMPs) are produced for all sector interventions, although a lack of reporting on the implementation of ESMPs is noted. These ESIAs and ESMPs are prepared in compliance with national legislation and AfDB environmental and social policies (which, in turn, are fully compliant with international best practices). All AfDB projects are categorized at an early stage in preparation and this categorization defines the expected nature of environmental (and social)
Climate change is mentioned in such studies, but no proactive resilience measures are noted in the projects scrutinized; also there are no targets for carbon footprint reduction.

**Efficiency**

Efficiency was evaluated by assessing the extent to which the resources and inputs provided were converted to results at a rate that reflects the assumptions at appraisal. Timeliness in implementation was an integral part of this assessment. This performance dimension was **Unsatisfactory**.

The Bank has generally been responsive and flexible in ensuring satisfactory project performance by allowing a reallocation of resources across the Public Finance Management (PFM) of the project’s main components, and using unused resources to fund follow-up activities within the ‘multisector.’ Completed agriculture projects (SCPMP, CARLA) had PCR results that gave a resource use efficiency rating of three, which is satisfactory.

However, the Bank’s interventions are associated with delays, largely due to noncompliance with the Bank’s operational standards (although slow Bank response to Government requests for ‘no objection’ has also been noted). Added to this are the country capacity constraints, causing implementation delays.

For non-budget support projects, disbursement delays were caused mainly by the administrative procedures of GoM - this is a general problem for almost all Bank operations in Malawi. The non-Bank managers find the Bank’s finance-related processes cumbersome. Finally, it may be noted that the disbursements predicted for private sector development through commercial banks did not materialize.

Efforts were made by the Bank to use national systems, without much success. For a country at Malawi’s level of development, difficulties in the use of national systems are predictable. Project Implementation Units (PIU) are very common and the Bank’s systems were used such that there were no considerable delays in first disbursements, which took place largely as planned.

**Knowledge and Policy Advice**

This performance dimension was evaluated by assessing the extent to which the Bank was engaged in and influenced Policy Dialogue (PD) through provision of relevant advices which were then incorporated into policy decisions. The appropriateness and adequacy of the analytical work in support of its interventions, positioning and policy advice were assessed. Knowledge and policy advice dimension was **Satisfactory**.

The Bank engaged regularly in dialogue with the government. However, such dialogues had no clear predefined objectives or targets. It was also mostly collective in nature and executed through various donor groups. Interviews with donors stressed the fact that the PD undertaken by the Bank was very useful and was always done in a spirit of collaboration, cooperation and support. Examples in General Budget Support (GBS), health, education, transport and agriculture were noted, with many expressing a desire for the Bank to take a leadership role, given its ‘preferred relationship’ with the GoM, which considers the AfDB as ‘its Bank.’

The Bank was consulted during the preparation of all Government MGDSs and the Government took on board some of the advices given by the Bank. The GoM’s decision to change its policy on farm subsidies and a subsequent move to a more private sector model was largely the result of the Bank’s PD with the Ministries responsible for agriculture, trade, irrigation and related sectors. Other examples include health policy on maternal care and content of MGDSs. The Bank also fully participated in the Common Approach to Budget
Support (CABS) process and structure. However, it did not significantly influence policy change. There is no major example to show that CABS was influential in getting any difficult reforms off the ground.

**Partnership, Harmonization and Leverage**

Partnership, Harmonization and Leverage were assessed by evaluating the extent to which the Bank’s interventions and processes were harmonized with those of other donors to avoid duplication, and the extent to which the Bank’s interventions and resources were influencing other stakeholders to become involved in the sectors that were the focus of country strategies. This performance dimension was **Satisfactory**.

The Bank and other donors have long followed a coordinated approach to their development assistance in Malawi. In key sectors, sector-wide approaches have allowed government and donors to work towards shared strategic objectives. While donors have continued to follow their own programming cycle, this aid architecture has been conducive to a relatively high level of shared (rather than joint) strategic planning. In most sectors, donors broadly share the same analysis and objectives about key reforms.

The Bank has been an active participant in several donor platforms such as the Donor Committee on Agriculture and Food Security (DCAFS) for agriculture, and the Public Financial and Economic Management Reform Program (PFEMRP) for PFM. While some *de facto* form of division of labor among donors has been in place, donor ambitions to move towards joint undertaking, managed jointly, have only been met partly. There are limited examples of co-funded projects, such as the Shire Valley Irrigation Project (SVIP), which is implemented together with the World Bank (WB), and the National Water Development Project (NWDP) in the WATSAN sector, which is co-financed by AusAid.

In the transport sector, the Joint Infrastructure Unit (JIU) was discontinued in 2012 after only two years of operations. The JIU was a local initiative by AfDB in Malawi for closer cooperation between AfDB and WB for joint management of the infrastructure support portfolios (WATSAN and transport) of the two Banks.

Budget support has limited shared undertaking with the multitude of projects in some sectors, like PFM - where many donors intervene, and has continued to weigh heavily on the government as donors stick rigidly to their own procedures and there is no common reporting format. Even in the case of CABS, the Bank and other donors occasionally came up with their own specific requirements.

**Managing for Results**

This performance dimension evaluated the extent to which the Bank was successful in focusing on results in its management of day-to-day operations, and the extent of its support to national systems that focus on results. Managing for results was **Unsatisfactory**.

The Bank’s strategy and project documents contain results that are well stated in near-Results Based Management (RBM) terms or expected effects, but there are no intermediate results, a chain of execution or implementation in the key documentation. Bank monitoring focused on outputs rather than outcomes.

Analysis of transport and WATSAN sectors shows that CSPs and individual projects have a Logical Framework Matrix which specifies results indicators at activity, output, outcome and impact levels, but not a detailed project path analysis or Theory of Change logic including assumptions and risks.

In the agriculture sector, the Bank has often successfully implemented management systems that focus on process-based results and facilitate learning from experiences. The designs of both
the SCPMP and CARLA projects include a Result-Based Logical Framework, which demonstrates the linkage between inputs, outputs, outcomes and impacts, and risk mitigation measures and key assumptions.

In terms of GBS and PFM, recent changes to the Program Based Operation (PBO) guidelines are designed to improve the extent to which these types of interventions are results-based. PBOs had causal chains that were poorly defined and confused different levels of results (outputs and outcomes) with the corresponding indicators.

The experiences from the transport and WATSAN sectors show that the Bank has broadly supported development of national capacities and management systems, but that focus has been largely on process and program/project implementation rather than outcomes, or overall capability to design and implement regulatory/policy frameworks.

Knowledge Management

Knowledge Management was evaluated by assessing the extent to which the Bank learned from its experience. This was done by examining whether the factors affecting performance and results of the Bank interventions were identified and informed its actions and strategies. Moreover, the issue of incorporating lessons from experience to inform future strategies and programs is also looked at. This performance dimension was Satisfactory.

The Bank has mechanisms in place to picture and record positive and negative factors affecting project performance. Lessons from experience are usually recorded in CSPs, MTRs, PARs, PCRs and BTORs. However, there is no knowledge management system in place that makes storing, sorting, searching and retrieving such lessons possible and accessible via data mining or thematic searches. The utilization of the lessons included in the documents mentioned above is dependent on the availability of such documents or lessons. Notwithstanding, the Task Managers appear to have strong knowledge and experience of available knowledge in their respective fields. Cross-sectoral and generic lessons (pertinent to Bank-wide processes such as procurement and quality-at-entry), are repeated in consecutive reports though the underlying issues persist.

Lessons Learned

The following lessons are identified from the Bank’s program in Malawi:

1. **Clear definition of beneficiaries.** When the intervention beneficiaries are described in overly generic terms, they tend to be seen as a numerical target to be reached, and therefore the supervision and management of the projects tend to become input- and process focused, rather than outcome focused. Beneficiaries need to be as astutely described as possible so that the effects of the targeted ‘benefits’ can be monitored. Specific baselines are to be established upfront and constantly updated with valid information.

2. **Results-based monitoring system.** There is no benefit accrued by the Bank in generating results chains that are only partially managed. If outcomes are the core objectives of investments, then monitoring and supervision of processes...
and indicators must be undertaken at all levels, including outcomes. With commitment to RBM, it is necessary to have a monitoring system that generates decisions focused on outcomes, and a solid analysis of results chains before project approval.

3. **Facilitative conditions for policy dialogue.** The Bank is well regarded in terms of its non-lending activities and produced results. The policy and program dialogue that has taken place over the years has also been well appreciated as a driver of change. Given that the GoM requires a considerable amount of support in order to accelerate its development, an important lesson is that the Bank has been able to influence and advantage policy when it has put in place the conditions that facilitated and supported dialogue. Increasing the quality and strategic nature of the dialogue will likely improve the level of influence. These conditions include developing a knowledge trust, promoting evidence-based decision making, developing the capability of institutions and agencies to design change strategies and monitor progress.

4. **Timely decisions on design change.** Major changes in project design, if required, should be introduced by taking into account not only achievable outputs but also continued project viability and relevance; this should not be postponed to the MTR if identified early during implementation.

5. **Fiduciary safeguards and budget support.** In a highly aid-dependent country, periodic withdrawal of budget support constitutes an external shock that aggravates macroeconomic instability and can cause unintended damage to growth and to poverty alleviation efforts. It is essential to strike a balance between promoting country ownership and using additional fiduciary safeguards that can prevent the sudden withdrawal of budget support.

**Recommendations**

Based on the foregoing findings and lessons learned, the evaluation proposes the following recommendations:

1. **Enhance capacity of the Bank’s officers and managers in Results-based Logical Framework and the use of Results-based Management tools,** including theory-based design, results-based contracting, outcome-focused supervision and management of interventions. Each intervention should have clear identification of its target beneficiary characteristics and design the subsequent content and required management systems. This includes a baseline for monitoring, the focus of the M&E system, reference points for the RBM system, indicators for outcome measurement, contexts for project implementation, basis for the Theory of Change analysis, and basis for assumptions and risks.

2. **Enhance the proficiency of the Bank staff to effectively operate in the business ecosystems in which key sector actors operate, and design interventions that are holistic enough to stimulate the private sector’s investment and actions.** This is essential since most GoM development strategies rely on the operation of its private sector. As most of the business ecosystems are international in scope, the Bank actions in Malawi need to be international to some extent as well, with country programs developing ‘regional at least’ markets in a number of countries.

3. **Since the Bank and Development Partners (DP) are pressing for effective and efficient PFM systems,** the Bank should establish a clear timeline within which all required performance standards are met and proven. The GoM has been implementing PFM reforms for over 20 years, and therefore the Bank should identify what it should do.
if the systems cease to function during a specific period. The Bank could consider generating contingency supports to overcome critical weaknesses without compromising transparency and mutual accountability and achieve development effectiveness.

4. The Bank should redesign its Knowledge Management (KM) practices to address the need for access to information and develop explicit and implicit knowledge in its Operations Divisions to improve decision making capabilities of the Bank and its clients. The Bank should build effective learning organizations by making learning routine as well as stimulating cultural change and innovation. It is therefore important that the Bank invest in modern KM technologies, develop its capacity and capability for data mining and use KM as an integral part of any implementation strategy.

5. The Bank should ensure sustainability of its interventions by taking concerted actions throughout the project cycle to ensure that impediments to sustainability are addressed and managed. From design through implementation, critical assumptions should be analyzed, and steps taken to mitigate risks. In situations where sustainability cannot be reasonably ensured, it is advisable not to approve such interventions in the future and ongoing interventions should be adjusted so that sustainability can be assured.

6. The Bank should take adequate measures to ensure that its interventions and strategies provide equality and equity between genders and that the interventions provide the means to manage, track and report on these objectives. Gender as a crosscutting issue should be included in project designs and mainstreamed into implementation. Beyond simply including women as a fraction of the participants in activities, they should be part of the management, and their needs – as being different from that of men – fully acknowledged. Project designs need to be clearly structured so that results are defined in terms of outcomes that bear on women and girls.
Endnotes

1. The same issues are included in the Bank’s results framework.
2. No targets have been set for reduced or avoided emissions or reduction in carbon footprint (at project or program levels) except in general terms (e.g. by reference to MDG 7: CO$_2$ emissions).
3. It should be noted that some social mitigation measures (e.g. compensation for land, houses, crops) might be frustrated due to late disbursement of funds for Government (payment of such costs is responsibility of Government and a component of GoM commitment to the project).
4. In the area of PFM, the Bank and WB went as far as conducting a joint appraisal mission in 2013 to define their respective contribution to strengthening PFM institutions. This example, however, remains isolated.
5. The Evaluation considers only documented evidence as being “identified”
6. Interpreted as being documented to show that there has been an influence.
7. Public Administration Reform
8. Monitoring and Evaluation
About this Evaluation

This report summarizes the findings, lessons and recommendations of the independent evaluation of the African Development Bank’s Country Strategy and Program in the Republic of Malawi during 2005–2016. The evaluation is mainly intended to inform the next Country Strategy Paper and to contribute to both accountability and learning in the Bank as well as in countries where the Bank’s program is similar to that of Malawi. The evaluation exercise focused on both strategic and individual interventions in all sectors (Social, Transport, Water and Sanitation, Agriculture, Multisector – Financial Governance, and Private Sector Development) where the Bank was active during the period under review. In addition, the evaluation looked at the achievement of development results by answering evaluation questions based on four of the five evaluation criteria of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD–DAC), those of relevance, effectiveness, efficiency, sustainability and impact, with impact not a required criterion for this evaluation. The methodology focuses on results achieved and demonstrated, a Theory of Change approach to intervention design and management, and a sector-by-sector analysis followed by a roll-up of sector level findings to the program level, evidence-based research, contribution analysis and iterative feedback with key stakeholders.