What did IDEV evaluate?

In April 2018, the Board of Directors of the AfDB Group directed IDEV to conduct an evaluation of the Bank’s Middle-Income Country Technical Assistance Fund (MIC-TAF or “the Fund”), with a view to examining the extent to which the Fund had achieved its original goals and delivered development results in recipient countries. The evaluation applied the standard OECD/DAC evaluation criteria of relevance, effectiveness, efficiency and sustainability. It also examined issues around the Fund’s governance, as well as other factors that either hindered or promoted its usage. The evaluation covered the work of the Fund from its establishment in 2002 through to 2018, whereby the revision of the Fund’s Operational Guidelines in 2011 was a milestone. In total, close to USD 133 million was allocated to the MIC TAF from the Bank’s net income between 2002 and 2017. During the period under review, the MIC-TAF funded 185 projects in 17 MICs amounting to a total portfolio of over USD 143 million (including reflows from cancellations).

What did IDEV find?

The relevance of the Fund and its operations was judged to be generally satisfactory, with a caveat regarding selectivity and quality at entry of projects. MIC-TAF grants were aligned with the Bank’s strategy for recipient countries, as well as their development needs and governments’ priorities. But the Fund lacked a clear strategic focus, and supported an increasingly wide range of activities across multiple sectors.

Effectiveness was rated satisfactory overall. This was based on the Fund’s ability to achieve one of its main objectives, namely improving the Bank’s portfolio in MICs, albeit with an appreciation of the Fund’s limited capacity to generate development outcomes - only 17 of the 185 projects directly contributed to the generation of new Bank operations.

Efficiency was rated as highly unsatisfactory. The Fund has recorded clear efficiency gains since its inception in 2002. But, its processing and delivery has remained inefficient when compared to similar funds in like organizations. Long delays in responding to, and processing, MIC-TAF requests have had an adverse impact on the timely completion of investment projects and capacity-building initiatives. In several instances, these extended delays adversely affected clients’ interest in, and ownership of, MIC-TAF grants, thus reducing their effectiveness.
Sustainability - The evaluation could not apply a systematic assessment of the sustainability criterion due to the limited number of project completion reports available. Some extrapolations regarding the Fund’s project sustainability were made based on interviews with Bank staff and recipient MICs, but the evaluation did not provide a final rating for sustainability.

Governance - The lack of strategic focus in the evolution of the Fund had the effect of turning it into a financing instrument that supplements the Bank’s administrative budget. There has been an increasing trend towards resorting to the use of the Fund due to the non-existence or inadequacy of other instruments or procedures that allow for greater flexibility in MICs. At the same time, the Fund had no specific institutional positioning in the Bank, and no specific team was assigned to manage it. There was no readiness review process for Fund projects, and project supervision was inadequate.

What did IDEV recommend?

The evaluation concluded that the Fund is an effective tool for the Bank in MICs, and has the potential to contribute to development effectiveness, but its management can be improved. The following recommendations were made to the Bank:

i. Clarify the institutional arrangement of the Fund and establish an effective management.

ii. Enhance the financial sustainability of the Fund and set up a Project Preparation Facility specifically for MICs.

iii. Improve the Fund’s guidelines and establish a stronger quality assurance process for MIC grants.

iv. Increase support to ongoing Bank lending operations and consider Bank execution of selected projects when necessary.

What did Management respond?

Management welcomed IDEV’s assessment of the Middle Income Country Technical Assistance Fund. The MIC-TAF has proven to be a vital funding tool for the Bank in MICs, mainly to help prepare projects and studies, and provide technical assistance. The evaluation is timely in that the findings and recommendations will be used to improve further the management of this tool, in order to maximize its efficiency, utility and impact. Overall, Management agrees with the recommendations put forward.

About IDEV

Independent Development Evaluation (IDEV) at the African Development Bank carries out independent evaluations of Bank operations, policies and strategies, working across projects, sectors, themes, regions, and countries. By conducting independent evaluations and proactively sharing best practice, IDEV ensures that the Bank and its stakeholders learn from experience and plan and deliver development activities to the highest possible standards.