Transport in Africa: The African Development Bank’s Intervention and Results for the Last Decade

The goal of this evaluation was to inform future policy, strategic, and operational directions for the Bank’s assistance in the transport sector by

(i) identifying emerging trends in the sector;
(ii) assessing how the Bank has responded to these trends;
(iii) taking stock of the results of the Bank’s assistance; and
(iv) drawing lessons for future work.

The evaluation combines the two objectives of evaluation: (i) accountability—by determining the extent to which the Bank’s activities have contributed to the development of the transport sector in Regional Member Countries (RMCs); and (ii) learning, though the identification of best practices and lessons learned to be carried forward to future projects.

To inform the renewal of the Transport Sector Policy, this evaluation sought to answer four main evaluation questions:

- How relevant are the Bank’s policies and activities in the transport sector to the needs of recipient countries and other clients?
- To what extent has the Bank’s assistance been delivered efficiently?
- To what extent has the Bank contributed to the development of the transport sector in RMCs?
- To what extent are these results sustainable?

The evaluation used a phased approach

1. The first phase consisted of desk reviews, including a literature/policy review and a portfolio review.
2. The second involved the conduct of country and regional case studies as well as special thematic studies, which provide an in-depth assessment of the Bank’s assistance at both the country and regional levels. This second phase evaluation covered 14 countries and 6 regional/development corridors, for a total of 25 projects. Coverage of the various modes of transport corresponded to the content of the Bank’s transport sector portfolio, which is dominated by road projects rather than railway or port/airport projects. Three of the projects examined (two ports and one airport) are Public-private partnerships (PPPs).

3. The third phase of the evaluation involved the preparation of a synthesis/summary report of key findings and analyses from the first and second phases.

AfDB Assistance to the Transport Sector

Transport infrastructure development continues to be the main priority for the African Development Bank’s assistance. Between 2000 and 2011, AfDB commitments to the transport sector increased by more than six-fold, from UA 150 million to approximately UA 1 billion. This level of financial commitment is greater than that for any other sector, representing nearly a quarter of the Bank’s total portfolio.

At the time the evaluation was conducted, there was an AfDB Transport Policy, which had been issued in 1993. The Policy covered all transport subsectors and provided a comprehensive set of principles governing the eligibility of country proposals to receive Bank support. However, the policy had not been used to guide the selection and approval of transport projects. The Bank’s transport policy had also not been updated to reflect new developments and emerging needs in Africa’s transport sector since it was first developed and it was becoming outdated. The OITC (Transport and ICT) Department was in the process of developing a new transport policy and strategy with a related action plan. This new transport policy needed to address the emerging issues for transport sector policy development in Africa, including: regional transport facilitation; development of logistic chains, regulation of the road haulage market; railway competitiveness; and governance in building and managing transport infrastructures and services.

Key findings and recommendations

**Key finding 1:** Bank assistance contributed to mobility and accessibility, but rarely to the expected level.

Achievement of project outputs is the strong point of AfDB assistance. All evaluated projects achieved this first level of expected results, whether through work as planned or at the cost of increased project cost or duration. The Bank’s contribution to developing mobility was verified by ex post economic internal rates of return (EIRR) almost systematically (81 percent) above the opportunity cost of capital. AfDB assistance to improving transport infrastructure freed market forces and individuals from insurmountable transport constraints. Together, these gains represent an invaluable contribution to Africa’s development. However, the short-term outcome indicators stated in project logframes (25 percent) often do not meet initial expectations. Measures of the achievement of short-term outcomes have remained elusive due to excessive emphasis placed on project management as opposed to the achievement of outcomes.
The evaluation also found that regional corridor projects faced several challenges due to a lack of coordination among beneficiary RMCs and there was little evidence that results had been achieved at the outcome level. It found that the results of regional initiatives were proportionate to RMCs’ commitment to the project and to regional integration in general: they were promising for Central and East Africa, but less so for West Africa. However, it was evident that the Bank had successfully applied lessons learned during the implementation of the Bamako-Ouagadougou-Tema Corridor (BOAT) and the Central Corridor project, as demonstrated by the inclusion of Economic and Sector Work (ESW) to guide project implementation and help ensure an appropriate level of coordination.

The capacity limitations of RMCs had not received sufficient analysis or attention at the outset of projects and had often been only partly addressed, particularly for road projects. Despite the fact that institutional weakness in the transport sector exists across the continent, only 36 percent of the 129 transport sector projects implemented between 2001 and 2011 included a capacity-building component.

The Bank-financed public-private-partnership (PPP) projects reviewed were often reactive to contextual and market constraints. The projects faced several external shocks (change in client’s logistical chains, institutional challenges with governments, and financial drawbacks linked to social unrest), but proceeded without major addenda to their initial contracts. The limiting factor of these Bank projects was the lack of a strategic plan to help maximize their contribution to the local economy and to upper-level outcomes, such as regional integration, tourism development, or urban mobility.

**Recommendation:** Adopt a holistic and coherent approach for implementing the other nine recommendations of the evaluation:

- Non-lending activities such as ESW policy dialogue, institutional restructuring, and capacity development should be incorporated into Bank support for transport infrastructure provision.

- Emphasis should be placed on multi-country assistance, which combines infrastructure development, transport facilitation, institutional development, harmonization of the haulage market regulations, and integration of the logistic chain with rail and port operations.

- The Bank should also increase its focus on PPPs via a “bottom-up” approach, which relies on private partners to identify viable business opportunities.

**Key finding 2:** Dysfunctional infrastructure asset protection and maintenance systems limit the sustainability of the results achieved through Bank-assisted projects.

Except for the PPP projects, for which maintenance is assured over 20 to 40 years via a contractual arrangement, the evaluation found sustainability a major concern for the Bank’s transport sector projects, particularly for road projects. It found that only a handful of RMC and PPP projects involving links that were constructed or rehabilitated with Bank support were subject to regular preventive maintenance.

The evaluation also found that PARs provided only brief and optimistic analyses of the effectiveness of the maintenance systems in RMCs and that any discussion of sustainability was often narrow in scope. Any discussion of maintenance was limited to the recurrent cost induced by individual projects and their impact on the maintenance budget of RMCs. It found the Bank’s knowledge base for infrastructure asset protection and maintenance capacity limited at the level of individual countries.
Improvement of road maintenance systems has focused mainly on resource mobilization (setting up road funds) and has not given sufficient consideration to improving the absorption capacity of both the administration and the private sector or to quality control expected from road agencies.

In the few cases where projects involved a small increase in resources for road maintenance, the effects on road condition were limited by poor absorption capacity owing to weak road administration and nascent local construction industries, which have sometimes been crippled by market failure. Projects often did not include non-lending activities that address administrative and construction industry absorption capacity. Lessons learned regarding the importance of such non-lending activities had already been applied by the AfDB in the implementation of new regional projects such as the Central Corridor, which integrated maintenance capacity into the policy dialogue.

Axle load control had been noted as a key issue in most road projects, but generally did not drive the full development of new policies or regulations by RMCs, with the acquisition of suitable weighting equipment. RMCs found it difficult in most cases to overcome the resistance of importers, wholesalers, and haulage truckers. The Bank’s project approach placed insufficient emphasis on policy decisions that have significant social or political consequences. This situation had recently begun to evolve in a more positive direction, through the combined efforts of development partners.

**Recommendation:** Enhance sustainability:

- Infrastructure asset protection and maintenance should be prioritized at all stages of the project cycle and via non-lending activities such as policy dialogue and capacity building. This support should adopt a sector-wide perspective and ensure that public sector reform and weaknesses in public finance management are addressed in a systematic manner.

- The sustainability of the results achieved should be monitored following the completion of an AfDB-supported project. This long-term monitoring should be incorporated into RMCs’ monitoring system at the sector-program level in a manner to ensure that the achievement of results at the outcome level is properly assessed.

**Key finding 3:** Market failures in the transport services and the construction industry are absorbing a substantive share of the economic benefits of Bank assistance.

Market failures and governance issues in transport operations are working against efforts to reduce high transport prices, which is imperative for Africa’s development. Almost everywhere on the continent, experience has demonstrated repeatedly that various forms of market failure, such cartelization and governance issues (customs corruption, roadblocks) are creating market distortions and diverting the benefits of transport sector projects (such as reduced vehicle operating costs (VOC)) away from the intended beneficiaries.

Market failures in the construction industry are similarly hampering transport infrastructure development. The ability of the executing agencies to implement Bank projects within the agreed duration and cost is limited, not only by the increase of the cost of construction products but also by cartelization among the few existing construction firms and misuse of public funds, including corruption. These essential factors have not been addressed by Bank projects nor considered through policy dialogue or country-centered ESW.

**Recommendation:** Secure level playing fields:

- Activities that seek to ensure a level playing field among private sector actors and appropriate regulation throughout the logistic chain should be mainstreamed into all projects in order to allow for price adjustments when operating costs are reduced by the Bank’s interventions.

- The Bank should also ensure that a fair and competitive market exists for the construction industry by providing technical support to small and medium-sized enterprises as well as their intermediary organizations and ensuring access to suitable fundraising, procurement and supervision mechanisms.

**Key finding 4:** Neither policy dialogue nor other non-lending activities were mobilized to the extent needed to contribute significantly to sustainably achieving Bank assistance objectives.
The projects in the transport sector have generally not been used to promote policy dialogue on transport issues. Even though it often represents a sizable share of country-level investment plans, the Bank’s assistance has not been perceived by RMCs as an opportunity or an obligation to engage in dialogue about existing or emerging policy issues. Bank projects could have been leveraged as opportunities to discuss serious issues in the transport sector such as maintenance, value for money of works, institutional weaknesses and accountability.

In general, the Bank’s contribution to transport sector development through non-lending activities has been marginal. The Bank has only engaged in ESW and policy dialogue as part of its most recent regional corridor project. Decentralization has contributed to greater emphasis being placed on non-lending activities in this regard.

There is an apparent skills gap among staff within the Bank with respect to transport sector policy and dialogue as well as institutional development. Hiring consultants has not become a common practice. Experience and skills are concentrated on the roads subsector, largely leaving the other modes of transport and policy dialogue aside.

**Recommendation:** Mainstream policy dialogue:

- The Bank should strengthen its contribution to constructive policy dialogue in RMCs by undertaking targeted and strategic ESW in the transport sector, linking it to SSATP, PIDA, and other initiatives that support transport policy development and planning.

**Key finding 5:** Results-based and evaluation practices implemented to date have not been sufficient to improve the performance of Bank-supported projects.

The Bank has struggled to demonstrate the achievement of short-term outcomes. These difficulties are rooted in shortcomings in the identification and appraisal stages, and then reinforced by project implementation practices. The quality of the logical frameworks among the sample of approved projects has been uneven. These frameworks rarely identify quantitative and time-bound short-term outcome indicators; more often, vague statements about impacts on agriculture, regional integration, and public investments are presented with little credible supporting evidence.

This issue has been recently addressed for project design through initiatives such as the Internal Working Group, through which a culture of consistency is being developed. Core Sector Indicators are being integrated, and the quality of logframes is improving.

Any assessment of the extent to which outcomes have been achieved has typically been postponed to project completion. Monitoring of the results achieved has often been left to the executing agencies, who have also generally been unable to provide sufficient baseline data. Furthermore, assessments of the extent to which results have been achieved at the outcome level have tended to cease after the Bank’s administrative involvement in a project has come to an end. In recently approved projects, collection and monitoring of baseline data are incorporated into the project as part of an independent contract or are integrated into the construction supervision services, with the objective of assisting the executing agency in those areas and to build their capacity.

Bank staff continue to require support in implementing results-based monitoring, particularly with regard to the guiding principles of results-based monitoring (understanding of the chain of effects) and its practice (designing indicators and monitoring and evaluation systems).

**Recommendation:** Improve monitoring and evaluation systems, both inside and outside the Bank:

- The performance of projects should be assessed against objectively verifiable indicators. Particular emphasis should be placed on the achievement short-term outcomes in overall performance ratings.
- The Bank should also improve the quality of short-term outcome indicators at the project level by ensuring that they are relevant, specific, targeted and time-bound and that they support the enhancement of subsector national monitoring systems.

Phase 1: DESK REVIEW
Phase 2: FIELD VISITS
Phase 3: SUMMARY REPORT