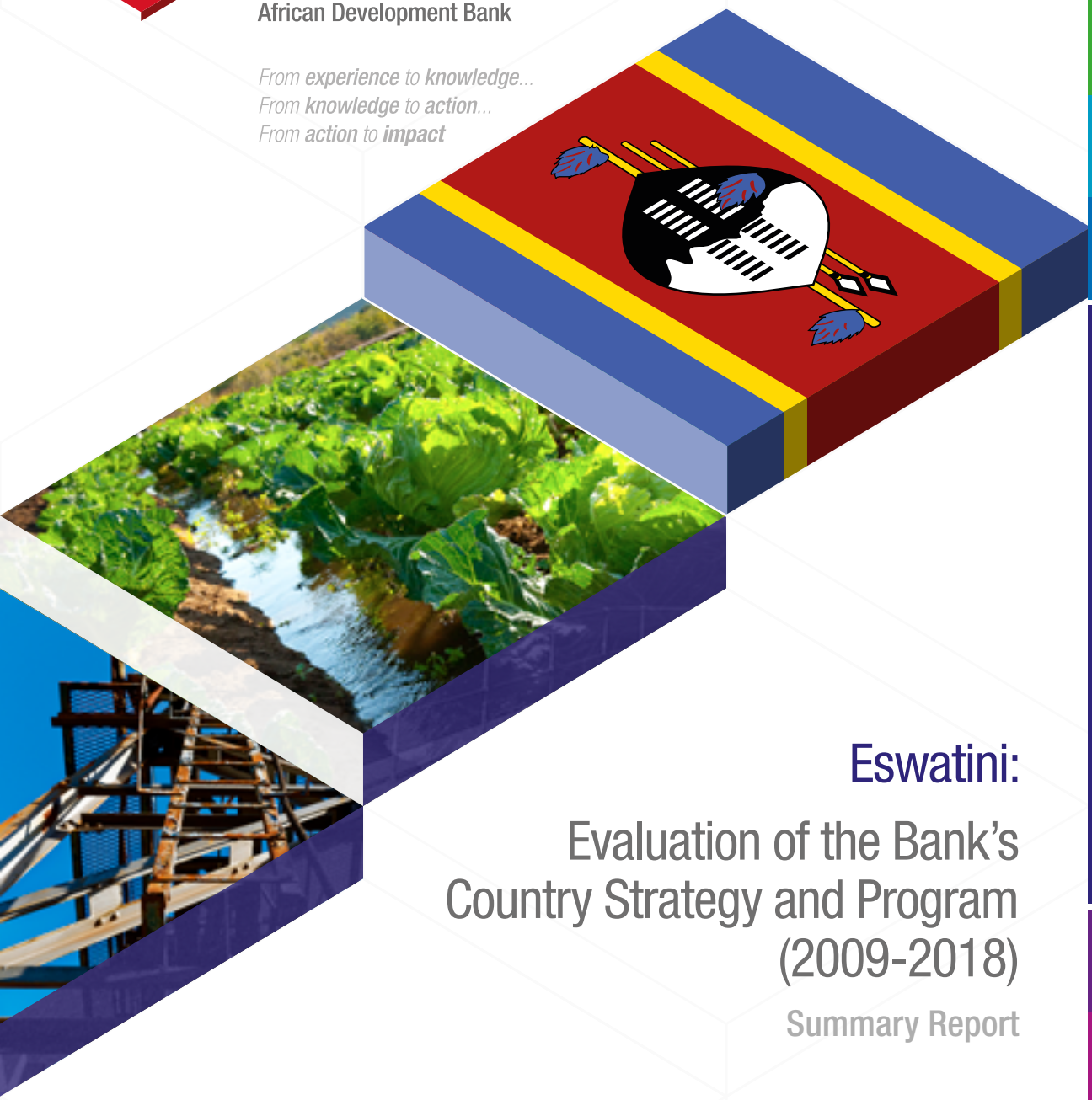
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An IDEV **Country Strategy Evaluation**

Eswatini:

Evaluation of the Bank's Country Strategy and Program (2009-2018)

Summary Report

AFRICAN DEVELOPMENT BANK GROUP

April 2019

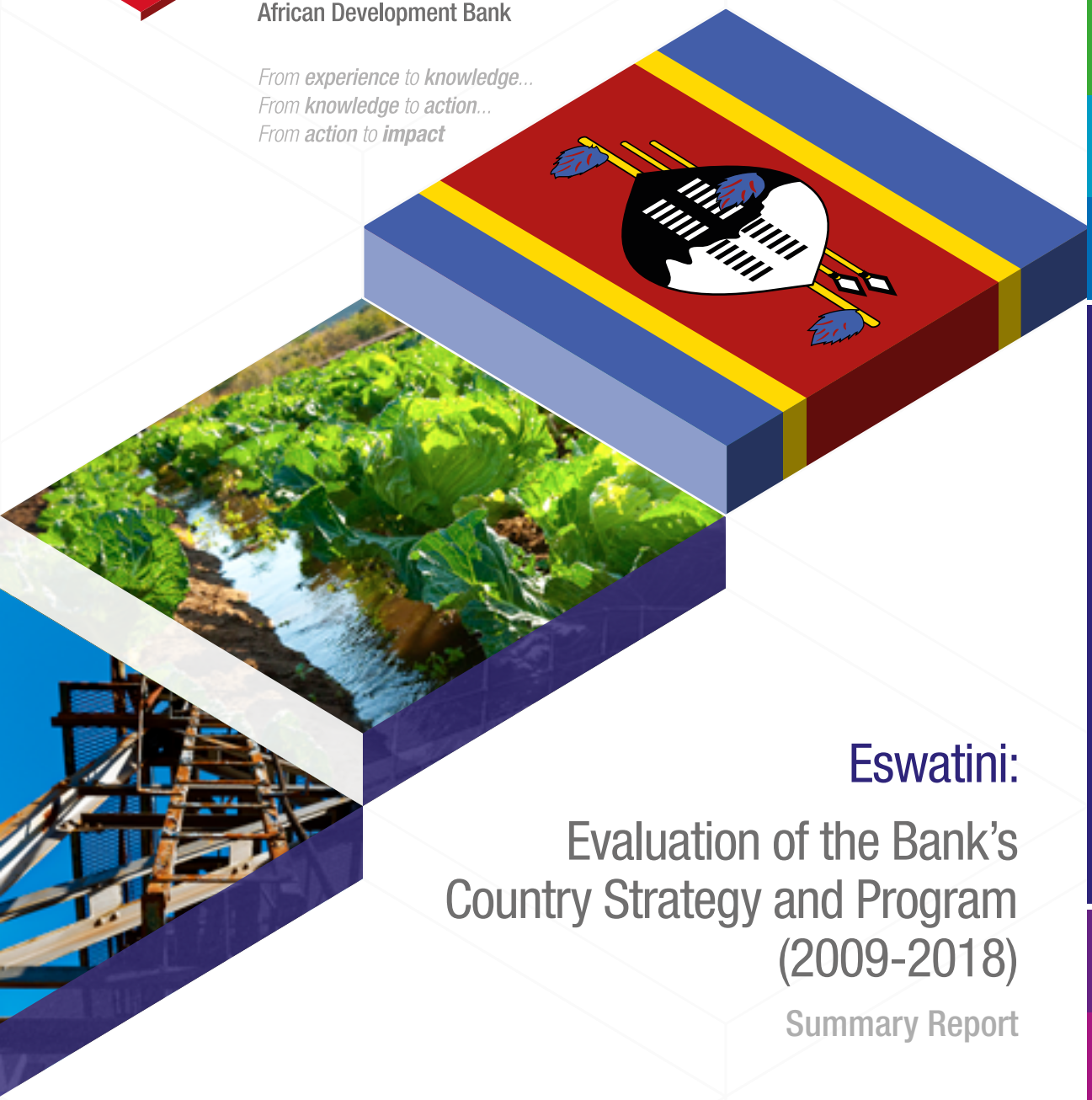
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AFRICAN DEVELOPMENT BANK GROUP

April 2019

ACKNOWLEDGEMENTS	
Task manager	**Girma Earo Kumbi** (Principal Evaluation Officer)
Consultants	Aide à la Décision Economique (ADE) s.a. Belgium, Team Leader: **Hubert Cathala**
External peer reviewer	**Steven R. Tabor**
Internal peer reviewers	**Clement Banse** (Principal Evaluation Officer) **Samson Kohovi Houetohossou** (Evaluation Officer)
Knowledge management officer	**Magdaline Nkando** (Knowledge Management Consultant) and **Marc Ghislain Bappa Se** (Junior Consultant, Knowledge Management, Communication and Capacity Development)
Other assistance/contributions provided by	**Anasthasie B. Gomez Sokoba** (Team Assistant); **Emillia Agwajinma** (Team Assistant)
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Division manager	**Madhusoodhanan Mampuzhasseril** (Officer-in-Charge)
Evaluator-General	**Karen Rot-Munstermann** (Acting)

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An IDEV Country Strategy Evaluation, April 2019

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Independent Development Evaluation (IDEV)

African Development Bank Group
AfDB Headquarters
Avenue Joseph Anoma, 01 BP 1387, Abidjan 01, Côte d'Ivoire
Phone: +225 20 26 28 41
E-mail: idevhelpdesk@afdb.org
idev.afdb.org

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Abbreviations and Acronyms

ACMS	Aid Coordination and Management Service
AfDB	African Development Bank
BTOR	Back-to-Office Report
CPPR	Country Portfolio Performance Review
CSP	Country Strategy Paper
CSPE	Country Strategy and Program Evaluation
DP	Development Partner
EDS	Economic Diversification Study
ERA	Eswatini Revenue Authority
ESWADE	Eswatini's Water and Agriculture Development Enterprise
ESWSSDP	Ezulwini Sustainable Water and Sanitation Service Delivery Project
EU	European Union
FC	Farmer Company
FINCORP	Swaziland Development Finance Corporation
HIES	Household Income and Expenditure Survey
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPR	Implementation Progress and Results Report
KDDP	Komati Downstream Development Project
LOC	Line of Credit
LUSIP	Lower Usuthu Smallholder Irrigation Project
LUSIP II	Lower Usuthu Smallholder Irrigation Project - Phase II
M&E	Monitoring & Evaluation
MIC	Middle Income Country
MoF	Ministry of Finance
MR3	Manzini-Mbadlane Highway Project
MTEF	Medium-Term Expenditure Framework
MTR	Mid-Term Review
NTMP	National Transport Master Plan
PFM	Public Finance Management
PPPs	Public-Private Partnerships
PRSAP	Poverty Reduction Strategy and Action Plan
RGoE	Royal Government of Eswatini
SACU	Southern African Customs Union
SADC	Southern African Development Community
SCB II	Statistical Capacity Building Program - Phase II
SMEs	Small and Medium-sized Enterprises
SWADE	Swaziland Water and Agricultural Development Enterprise
SWG	Sector Working Group
TA	Technical Assistance
UA	Unit of Account (of AfDB)
WB	World Bank



Executive Summary

Background

This summary report presents the findings, conclusions and recommendations of the Bank's Country Strategy and Program Evaluation (CSPE) in the Kingdom of Eswatini over the period 2009-2018. The purpose of this evaluation is to inform the design of the next Country Strategy Paper (CSP), and it has two main objectives:

- assessing the African Development Bank's (AfDB or the Bank) assistance to the country through an analysis of the development results of its key interventions; and
- learning from successes and challenges to provide lessons and recommendations.

Two CSPs have framed the Bank's assistance to Eswatini over the evaluation period. The first, CSP 2009-2013, focused on infrastructure, notably agriculture and irrigation (pillar I); and on the health sector (pillar II). This was revised during the Midterm Review (MTR), and the CSP's pillar I was refocused on the Bank's interventions in support of the reform process, in order to strengthen the foundations for strong, sustainable and shared growth by improving Public Finance Management (PFM). Its pillar II focused on developing skills needed for the modernization of the agriculture sector.

The second, CSP 2014-2018, aimed at turning the economy around through broad based, sustainable and high rates of inclusive economic growth. The strategy is based on two pillars: (i) supporting infrastructure development for sustainable and inclusive growth; and (ii) strengthening governance and institutional capacity.

A global Theory of Change summarizing the logic of AfDB support in Eswatini has been constructed based on the CSP and the project documents (Annex 1, figure A1.5). The evaluation collected data through document reviews, key informant interviews, focus group discussions, and project site visits. The details of the methodological approach are presented in Annex 1.

The Bank's portfolio covers 16 projects for a total of Units of Account (UA) 179.4 million, approved between 2009 and 2018 in seven sectors: (i) agriculture; (ii) water supply and sanitation; (iii) transport (roads); (iv) finance; (v) power/energy; (vi) environment; and (vii) multi-sector. Overall, the water and sanitation sector takes the largest share (31.6%) in terms of volume, followed by the transport and agriculture sectors.

Key Evaluation Findings and Conclusions

The relevance of AfDB activities in Eswatini is rated as **satisfactory.** Interventions are relevant to the needs, development challenges and priorities of the country. In addition, they are well aligned to country policies. The sectors of intervention correspond to those in the Poverty Reduction Strategy Action Plan (PRSAP) and to priority sectors of the related Economic Recovery Strategy.

Bank interventions address some of the key needs of target groups in the country. Around 70% of the population, including the most vulnerable, depend on agricultural activities for their livelihoods. Similarly, provision of basic services such as electricity, water or sanitation are high priorities for the poorest groups. The Manzini-Mbadlane Highway Project (MR3) highway, the

backbone of the country, will benefit all sectors of the population. The Line of Credit (LOC) responds to Small and Medium-sized Enterprises' (SMEs) capital needs. Moreover, the Bank's portfolio in Eswatini is well aligned with corporate priorities of the Bank such as the Ten-Year Strategy (2013-2022) and High 5s.

However, relevance-related drawbacks include heavy reliance on the Farmer Company (FC) model in agriculture, on highways rather than feeder roads in transport, and on using Swaziland Development Finance Corporation's (FINCORP) existing practices to reach SMEs. Moreover, interventions tend to be developed in isolation of one another.

In terms of **selectivity**, spreading resources over seven different sectors has diluted the effectiveness and impact of the Bank's support by limiting the number of actions in each sector and weakening synergies across interventions. Reinforcing this tendency, capacity building has been rather piecemeal. Analytical work has been oriented towards individual projects, further weakening any crosscutting approach. The limited scope and relative isolation of some activities also appear likely to affect their impact and sustainability.

The effectiveness of the first CSP cycle (2009-2013) is assessed **unsatisfactory**. The actual Bank portfolio in this cycle was only characterized by Technical Assistance (TA) and analytical work. In other words, no single investment project was implemented, with some operations even dropped. Thus, the program did not fully achieve its expected objective. **The effectiveness of the second program cycle** (2014-2018) is **not rated** by the evaluation, as all of the major investment projects are still being implemented and their outputs and outcomes are not realized. However, projects are being implemented and have partially delivered, or appear to be likely to deliver, most expected outputs.

Bank interventions are expected to benefit the intended target group members. In the agricultural sector, for instance, significant income increases (US$ 800/year) can be expected for beneficiaries once irrigation facilities are fully implemented - however, expected crop diversification would likely be limited. Water and sanitation facilities are already becoming a reality and are expected to have positive health and environmental impacts. In the transport sector, it is likely that the MR3 highway will meet its expected outputs and outcomes.

Nonetheless, in the governance sector, additional building blocks that are to be provided by other Development Partners (DPs) are needed for full integration of modern budgeting tools and data collection, and for the Medium-Term Expenditure Framework (MTEF) to become fully functional. In addition, the LOC was not yet disbursed at the time of the evaluation mission (May 2018) which delayed returns to support for SMEs.

Sustainability is assessed as **unsatisfactory.** The ongoing infrastructure-related operations are considered technically and institutionally sound, however, major areas of concerns are noted. AfDB support was focused on building infrastructure – some 82% of the AfDB budgetary allocation was for infrastructure development. But this tends not to deal with softer aspects of development, i.e. operation and maintenance, institutional strengthening, marketing, sector policy etc., which are key to sustainability. There is a need to better address infrastructure maintenance through improved financing mechanisms, definition of responsibilities, rules and regulations. The environmental impact of Bank support is also mixed. The main sector with a potentially positive effect on the environment is the energy sector because of the emphasis it is putting on renewable energy, but agricultural water management is a concern in the agriculture sector. Promoting sugarcane production is not the best way of using water resources to create

added value; and the Lower Usuthu Smallholder Irrigation Project II (LUSIP II) project contributes to depleting Eswatini's scarce water resources.

In **crosscutting issues**, the Bank's interventions exhibit a positive gender mainstreaming in operations in terms of gender indicators. However, Bank actions do not address the root causes of gender inequity such as access to factors of production (e.g. land, finance), intra-familial decision patterns or recognition of women's rights by the judicial system.

The **efficiency** of AfDB action in Eswatini is rated **unsatisfactory**. The interventions suffer from implementation delays. For instance, the TA to PFM has been extended by two years while the MR3 is still well behind the initial schedule. In addition, the (LOC) took over a year to be disbursed. The assessment of the duration of completed interventions, which were mostly TAs, shows that the actual duration of the intervention is longer than the originally planned duration (see Figure 4). Deficiencies in project design and quality at entry led to delays, particularly in the first year of a project. All projects have experienced at least some form of delay linked to procurement.

The **policy dialogue** between the AfDB and Eswatini authorities is limited. There are nascent Sector Working Groups (SWG), all operating in different ways and not meeting regularly. Despite inadequate policy dialogue, the Bank delivers a significant degree of analytical works related to feasibility studies in support of its activities. However, these analytical works are largely focused on technical issues related to infrastructure project development. Knowledge in support of informed policymaking or innovative planning is scarce.

The level of **coordination** between AfDB activities and those of other donors is insufficient. Beyond the AfDB, the Aid Coordination and Management Service (ACMS) admits that DP cooperation is "a little *ad hoc*." UNDP also indicates that donor efforts are highly fragmented, as donors tend to work independently. Despite this lack of partnerships and harmonization, the Bank's interventions and resources are leveraging additional resources and bringing in players in support of development actions.

Regarding **managing for results**, the AfDB's monitoring and evaluation (M&E) of its performance in terms of the achievement of outcomes and impacts is insufficient. It focuses on technical and administrative aspects of implementation and output realization, and much less on outcomes and impact. It also adopts a basic approach to performance monitoring with very limited analysis of the qualitative dimensions of project performance. Despite regular supervision missions, the level of critical analysis is poor and there is a tendency to be overly optimistic in Back to Office Reports (BTOR) and Implementation Progress and Results Reports (IPR).

Projects have all developed a logical framework with a sound project logic and clear indicators invariably associated to a baseline and target values determined at early stages of project implementation. However, indicators are mainly quantitative and lack a qualitative dimension.

Recommendations

The evaluation proposes the following five recommendations:

i. Enhance selectivity and portfolio design

A greater portfolio focus and selectivity would allow the Bank to contribute to more effective and sustainable results in Eswatini. Achieving a larger focus and selectivity could take the form of moving out of sectors where other donors are active or terminating support to sectors where the number of actions, and their financial volumes, is limited and unlikely to have great

impact. A minimum volume of activity should be guaranteed for each sector in order to address sector level issues more holistically. This would entail developing more synergies among projects, analytical work, capacity building actions, and focused policy dialogue.

At the same time, the scope of Bank supported activities should be widened well beyond infrastructure building by adopting a more comprehensive and systemic approach to improve socioeconomic conditions. In the agriculture sector, for example, this could involve employing a value chain approach to agricultural transformation. In the transport sector, road projects could be used as an opportunity to develop economic activities along corridors with associated measures to attract private investment.

ii. Improve quality at entry

Capacity building and institutional strengthening needs should be assessed before investments are undertaken. In particular, institutional capacity to meet AfDB procurement and reporting procedures should be evaluated during project identification, and, if required, adequate capacity building (or TA) provided before the start of a project.

Greater care should be given to appraising land acquisition issues in preparing infrastructure projects to avoid project delays as well as extra costs linked to redesign. Ideally, land should be acquired before the project is approved or at least a declaration of intent signed by all parties in order to secure access to land.

The guarantees for private sector operations should be analyzed in more detail and better ensured before project launch.

Maturity of co-funded interventions should be ensured across all donors before project approval. This should prevent delays such as those due to BADEA[1] and EIB[2] in the LUSIP II project.

In addition, the relevance of introducing fiscal policy conditionality in relation to future PFM support should be assessed, given that the government may not be addressing the country's fiscal and budgetary crisis with sufficient determination.

iii. Strengthen the focus on managing for development results

More efforts should be made to monitor and evaluate outputs, outcomes and impacts, and assist project coordination through a sustained dialogue with other stakeholders. This entails defining indicators, which better define the quality of results to be obtained. For example, understanding who the users of water and sanitation infrastructure are, or how FC dividends are shared and used within a household, are key to understanding impacts of water and sanitation and agriculture interventions.

AfDB should also dedicate more time to donor coordination, to supporting SWG activities and to developing direct exchanges with other DPs. Working in more of a partnership mode can improve overall aid effectiveness and reduce aid transaction costs for a small government. CSPs could outline a more holistic analytical strategy around key development issues linked to key indicators.

iv. Safeguard development benefits

Operation and maintenance systems should be examined carefully and improved for all infrastructure interventions. Bank infrastructure operation should incorporate policy and institutional reform components that are aimed at ensuring sustainable asset management and operations. Such systems involve introducing water use measurement, water fees and a corresponding fee collection system for managing irrigation perimeters, introducing tolling systems or adapted budget lines for transport infrastructure, and establishing rules, responsibilities and financial contributions for users of water and sanitation infrastructure. Lastly, conditioning final disbursements to their existence, if feasible, should also be considered.

The Bank should likewise dialogue closely with other partners who are involved in infrastructure management and maintenance issues.

v. Enhance policy dialogue and knowledge management

The Bank should improve its policy dialogue and knowledge management in the country assistance framework, and thereby enhance its influence on the reform agenda and its catalytic potential. The Bank must assume greater responsibility and visibility in some specific areas of policy dialogue, for example, in agriculture, water and sanitation, energy sector, and Public-Private Partnerships (PPPs). In addition, it should expand its policy dialogue on crosscutting issues such as inclusive growth and gender mainstreaming. This can also be supported by ensuring the influence and visibility of the analytical works in informing the Bank's operational designs and policy dialogue with the government and DPs.

Management Response

Management welcomes the Independent Development Evaluation (IDEV) report on the evaluation of the Bank operations in the Kingdom of Eswatini (formerly Swaziland) over the period 2009-18 and its contribution to the Kingdom's development. The period under review covers the Bank's assistance through two Country Strategy Papers (CSPs) cycles: 2009-13 and 2014-18. The evaluation, thus, provides a timely assessment on the relevance and congruence of the objectives set in the CSPs in supporting the country's developments efforts during the period. It also articulates invaluable lessons and findings from the performance of the two CSPs that will be useful in informing the design, implementation and management of the Bank's new CSP (2019-23) for Eswatini. In general, Management agrees with the findings of this report and notes the progressive improvements and flexibility in implementing Bank programs in Eswatini, a Middle Income Country (MIC).

Relevance

Management welcomes IDEV's satisfactory assessment of the relevance of the Bank's two CSPs for Eswatini from 2009-18. The CSPs are consistent with the Bank's corporate priorities, particularly the Bank's Ten Year Strategy (2013-22) and the High 5s. The report notes that the CSPs are well aligned with the national development priorities.

IDEV notes the shifting of support away from the health sector following the 2010/11 fiscal crisis, in the face of a high HIV/AIDS prevalence in the country. The shift, recommended during the Mid-Term Review (MTR) of the Bank's CSP 2009-13, and in line with the Bank's comparative advantage and flexibility principle, proved relevant given the urgent need to arrest macroeconomic instability and restore confidence, while other donors channelled significant support to the health sector. Flexibility was required in responding to the evolving country needs and maintenance of policy dialogue after the fiscal crisis. This notwithstanding, a number of the projects originally envisioned during this cycle were approved under the CSP 2014-18. Management is concerned with the evaluation's findings regarding the effectiveness of selectivity in program design, in particular with regard to of spreading resources over seven different sectors, which tends to dilute effectiveness. While Management notes IDEV's concern regarding selectivity where resources are spread over seven sectors, it is worth noting that the seven sectors covered two CSP cycles with a total portfolio of UA 179.4 million. In depth analysis indicate that during CSP 2009-13, the implemented activities were largely in three sectors - agriculture, transport and multisector (mainly economic governance and capacity building) valued at UA 2.3 million or accounting for 1.3% of the Bank's Portfolio over 2009-18. These operations, which comprise TA, analytical work and feasibility studies formed a strong foundation for dialogue with authorities and for the development of future lending program particularly during CSP 2014-18. On the other hand, the CSP 2014-18 was largely in four sectors in support of infrastructure - agriculture, transport, water supply and sanitation, and energy valued at UA 157.4 million or 88% of the Bank's portfolio during the evaluation period. The approved projects were large operations with substantial allocations (with the exception of supporting TA/feasibility studies) premised on ensuring they are transformative and exert a high development impact. The financial sector operation added during 2016 MTR was designed to address some of the weaknesses identified in the private sector such as the under developed domestic entrepreneurship and the need to grow the private sector. In its support to Government priority areas,

Management's view, is that in Eswatini, the Bank has endeavoured to remain selective, relevant, flexible and aligned to the Bank's areas of strategic focus. As at end April 2019, the Bank is in four sectors (agriculture, water and sanitation, transport and private sector/finance) with infrastructure accounting for 90% of the portfolio.

Management also wishes to note that prior to the CSP 2014-18, Eswatini had not borrowed from Bank over a long period and, thus, the Bank's own experience in country was limited. Hence, the analytical work, TA and feasibility studies undertaken during the CSP 2009-13 provided the much needed country knowledge key for the preparation and design of future lending operations, underpinned by strict selectivity criteria. To improve on development outcomes, future operations designs will further entrench synergies across sectors, enhance effectiveness and improve sustainability.

On the overall, the relevance of the Bank's interventions is evidenced by its support, which addressed the needs of key target groups in the country especially agriculture, which supports 70% of the country's population and the provision of basic infrastructure – water, electricity to the poor groups.

Effectiveness

CSP 2009-13. The evaluation rated this section as unsatisfactory based on the findings that the Bank's portfolio during the CSP 2009-13 was largely characterized by TA and analytical work with no single investment project while some operations dropped. Nonetheless, it is worth noting that the TA and analytical work provided a strong foundation and platform for dialogue with the authorities on requisite reforms to strengthen the institutions and architecture of economic governance for instance the establishment of the Eswatini Revenue Authority (ERA) in 2011 with the Bank support. The Bank's knowledge work, such as the Fiscal Adjustment Roadmap (FAR) and Economic Diversification Study (EDS), provided a better understanding of constraints in policy and program implementation. The TA and analytical work also helped set the stage for investments downstream through sector feasibilities and other studies. Regarding the program not fully achieving its expected objectives due to the dropping of some operations, Management notes that this adjustment was necessitated by the urgent need to address a rapidly deteriorating macroeconomic environment and thus leverage the Bank's comparative advantage and flexibility. In preparing the 2014-18 CSP for Eswatini, the Bank endeavored to come up with a solid and Indicative Operations Programme based on rigorous dialogue and engagement with all key stakeholders, albeit maintaining the flexibility element to respond to emerging situations. Consequently, the level of Bank engagement in Eswatini has significantly increased, with the Bank's portfolio increasing from a total commitment of UA 17.3 million at the beginning of the CSP 2014-18 to UA 170.3 million by December 2018.

CSP 2014-18. Management noted IDEV's observation that most interventions in Eswatini were still under implementation by the time of the Evaluation, hence, were not rated. However, Management welcomes IDEV's remark that projects under implementation have partially delivered or appear on course to deliver most of the expected outputs. Management, therefore, believes that the CSP 2014-18 is an improvement over the previous strategy in terms of producing a coherent and integrated set of interventions.

Agriculture and Environment. Management welcomes the observation regarding the benefits of the Bank's interventions in the agriculture sector under Lower Usuthu Smallholder Irrigation Project Phase II (LUSIP II). Management also concurs with IDEV that LUSIP II is on course to deliver most of the expected outputs and outcomes in agriculture. However, Management takes note of the concern over the adequacy of crop diversification and food production to cater for the local market in view of the strong export orientation nature of the LUSIP model. Thus, Management wishes to recall that, although nascent, implementation of LUSIP encourages crop

diversification and that food production for the local market is not compromised. The Bank's Executive Directors, following their visit to Eswatini in January 2019, were greatly impressed by LUSIP I project and noted that the business model adopted by Eswatini's Water and Agriculture Development Enterprise (ESWADE) in rolling out this project through farmer companies could be shared with other countries as a best practice. Additional efforts, however, will be made to ensure adherence to adequate crop diversification and local market food production in light of IDEV's concern.

Water and Sanitation. Management is encouraged by IDEV's finding that the delivery of water and sanitation project is on course to achieve its main results. Management also noted the concerns by IDEV regarding the quality of the sanitation facilities, lack of community ownership of the operation and maintenance of the community facilities and preference by families to have own toilets. To address this, Management will ensure that Project Implementation Unit and contractors attend to any poor workmanship and any attendant sanitary aspects and rectify them. Management also would like to highlight that significant progress has been made towards local full community ownership of the communal sanitation facilities as witnessed by the Executive Directors during their recent visit to the country, in January 2019.

Governance. The Bank's track record, as observed by IDEV on Eswatini, demonstrates that its governance related interventions in Eswatini immensely contributed to implementation of public finance management (PFM) reforms that have enabled the application of Medium Term Expenditure Framework (MTEF), supporting macroeconomic policy and legal framework for PFM, and establishment of ERA, as well as, capacity building. Management noted the need for additional building blocks to further strengthen PFM, boosting and expanding PFM infrastructure, and improving expenditure management and control. The Bank will continue to collaborate with other development partners (DPs) to realize this endeavor.

Finance. Management concurs with the Evaluators that the LoC to FinCorp suffered delays and did not disburse due to protracted processes of clearing the sovereign guarantee through Parliament, which delayed benefits to the SME sector. This is attributed to a lengthy ratification process, which involves Cabinet and Parliament. Despite assurances from the Government during the project appraisal in 2016, that the sovereign guarantee will be provided in time, Parliament's approval of the guarantee was provided only in July 2018 while the guarantee and loan agreements were signed in August 2018.

Energy. Management welcomes the satisfactory rating of the TA for the energy sector and took note of concerns regarding data quality issues. Adequate measures will be taken in the future to address these issues.

Operational Background and Lessons Learnt. Management wishes to highlight that all projects in Eswatini are managed from RDGS in South Africa. The day-to-day implementation of sector operations is done through Executing Agencies either at line Ministry level (e.g. Roads Department) or a state owned entity in charge of the sector (e.g. Eswatini Water Services Corporation). All operations are supervised at least twice a year by the Bank. The country's proximity has improved the Bank's level of engagement and dialogue. The response time to operational issues has been reduced and project level assistance has been improved with regular dialogue and workshops on fiduciary issues and supporting feasibility studies.

Implementation of Bank funded projects in Eswatini has generated considerable knowledge, experiences and lessons. These lessons and experiences, including on project design, procurement, environment and social aspects as well as cross cutting issues, are being continuously documented and progressively incorporated into new project design, implementation and management in order to enhance efficiency and effectiveness. These lessons will be useful during the development of the new CSP (2019-23).

Efficiency

Management acknowledges IDEV's assessment, which indicates that the portfolio encountered significant delays, particularly during the implementation of the CSP 2009-13. Management would, however, like to highlight that project designs for Eswatini have generally been sound as evidenced by quality of outputs and outcomes where implementation has progressed to completion. The evaluation data on the Bank's portfolio also show that these delays vary by sector. For instance, TA for PFM took twice longer than the original period initially approved while the LUSIP Study required a little more than 50% of the initial planned implementation time. Management is aware of these challenges as articulated in the MTR of the CSP2014-18 and measures instituted to ensure operations responsiveness include regular engagement of institutions key to project implementation to ensure timely resolution and unblocking of project challenges.

The Bank also increased frequency and quality of supervision, in terms of skills mix and supervising all projects twice a year. In addition, the Bank continued to work closely with Government to ensure that Executing Agencies become more conversant with Bank processes and procedures as part of their learning process. The establishment of the Eswatini Public Procurement Regulatory Authority (ESPPRA), an independent body, is expected to ease procurement challenges.

As regards to the PFM TA, Management notes that the project design anticipated some implementation challenges in line with experience elsewhere in the operationalization of the Middle-Income Country Technical Assistance Fund (MIC TAF) grants. Locating the Project Implementation Unit (PIU) at the Ministry of Finance enabled an effective skills transfer and, therefore, a greater scope for continuity of implementation of PFM reforms. However, as the Project Completion Report (PCR) notes, the project was delayed due to challenges related to inadequate deployment of PIU staff, project coordination and beneficiary understanding of the Bank's procurement processes, as this was the first grant targeting PFM reforms. Despite the delays, the small grant had great development impact and is a building block for future support to Eswatini in the area of Governance and PFM.

In order to improve the efficiency indicators going forward RDGS will scale up its collaboration and strengthen dialogue with Government to find solutions to delays experienced in the past and improve quality at entry of new operations. A better assessment of the borrower's preparedness and implementation readiness will be confirmed as a pre-condition for the Board approving projects financed with loans to avoid ratification delays. In addition, specific capacity development programs for key Government entities involved in processing guarantees will also be designed while guarantees for private sector operations will be analyzed in more detail and better ensured before project launch. The Bank will also assess capacity building and institutional strengthening needs before investments are undertaken. In particular, institutional capacity to meet the Bank's procurement and reporting procedures will be evaluated during project identification and if required, adequate capacity or TA, will be provided prior to the start of the project. This will apply to future country strategies.

Management notes that the 2018 Country Portfolio Performance Review (CPPR) found a marginal improvement in the performance of the portfolio from the last CPPR undertaken in 2016. The 2018 overall performance of the portfolio was rated satisfactory, with a rating of 3.0 (for rated projects) on a scale of 1 to 4 against the rating 2.5 in 2016 on the same scale. The portfolio has a disbursement ratio of 32 % as at end of December 2018, which is a significant improvement from the ratio of 3.3% at the last 2016 CPPR. A notable characteristic of the CSP 2014-18 portfolio is that it is young with an average age of 3.4 years.

Sustainability

Management takes note of the evaluation's unsatisfactory assessment of this section. However, management is pleased with the finding that operations related to infrastructure in Eswatini are technically and institutionally sound as well as adapted to the specific context. Furthermore, Management welcomes the observation that the Bank, by entrusting the implementing entities (line ministries and parastatals) with project implementing responsibilities, is contributing to building local institutional capacity and enhancement of operational performance of local development actors, which will continue supporting project activities after completion. Management further takes note of the need to cover policy and institutional aspects of development in infrastructure projects, which are key for sustainability. In addition, while nearly all infrastructure projects have an institutional strengthening and capacity building component, this will be deepened to ensure that such support is sustainable. Bank supported operations in the water sector address both hardware (infrastructure development) and soft (institutional capacity development). While Bank loans are used to fund infrastructure, grants (Africa Water Facility and MIC TAF) and Government counterpart contributions are used to fund institutional capacity building and soft activities to ensure long-term sustainable service provision. The Bank also has, during the 2014-18 CSP, deployed various instruments meant to strengthen Eswatini's ability to sustain the outcomes accruing from project outputs. These include incorporating TA and institutional capacity building components in projects in transport, agriculture and, water and sanitation. The Bank is also currently developing a proposal for TA (MIC) to support development of PPP framework in Eswatini which will open private financing and capacity development in both the public and private sectors.

On agriculture, Management noted concerns over Eswatini's Water and Agriculture Development Enterprise (ESWADE's) extended involvement in the projects, which raise questions regarding sustainability of the Farmer Company model. Management notes that the issue of project sustainability post ESWADE's exit requires further interrogation and discussion with the Government for an ultimate solution for sustainability. The Bank may explore financing analytical work to provide sustainable and viable options.

Regarding the potential excessive pressure on water resources due to extensive sugarcane farming once the project becomes operational, LUSIP projects do not contribute to depletion of water resources. On the contrary, the project conserves water by providing modern irrigation systems, overnight storage and crop diversification. The project is also linked with strong environmental management for sustainability, which includes development of potable water schemes and support to public health facilities. Moreover, sustainable usage of water under LUSIP II was planned for under LUSIP I project. Bulk storage facility (Lubovane Dam) with a capacity of storing water to enable year-round agricultural production, was constructed under LUSIP I, commanding an area of 11,500ha which includes LUSIP II. On water demand, Management agrees that more capacity need to be installed to boost conservation while some charges of water fees can be levied.

Cross-cutting issues

Management is encouraged by the evaluation's findings that gender equality indicators associated with Bank projects are positive. Nonetheless, Management takes note of the observation that Bank's interventions do not address the root causes of gender inequality such as access to land and finance, among others. However, Management wishes to highlight that gender inequality in Eswatini is exacerbated by strong patriarchal traditions and norms, which contribute to women's vulnerabilities. Management also acknowledges that an analysis of the structural causes of gender inequality is a key element that informs gender mainstreaming in Bank's interventions. Some interventions to address gender biases are already being implemented. The Ezulwini Sustainable Water Supply and Sanitation Project for

instance, focuses on employment and internships for women as technicians and engineers, establishing opportunities for women to work in non-traditional sectors. The need for improving Bank portfolio's sex-disaggregated data and gender statistics to aid in evidence-based policy or decision making in gender related areas is well noted. Moving forward, project designs will integrate analyses of causes of inequalities and identify possible interventions (to the extent possible) within the scope of projects. Gender equality in Eswatini will continue to underpin the Bank's interventions.

Management noted the low rating of Bank programs on inclusiveness. For the LUSIP project, low inclusiveness is attributed to the Farmer Company model and limited crop diversification. It is worth noting that whilst sugarcane remains the anchor crop for smallholder farmers in under LUSIP, a strong diversification program has been set up to ensure continued resilience of the farmer companies, spreading of risk, reduced environmental impacts whilst lifting the community/business incomes. Pilot projects on alternative banana farming earmarked for both the local and external market were witnessed by the Bank's Executive Directors during their visit to Eswatini in January 2019 to their satisfaction.

Knowledge and policy advice

Management welcomes IDEV's assessment that the Bank delivered a number of analytical works in support of its activities, including feasibility studies. Management further notes evaluator's findings regarding insufficient public policy dialogue in contrast with discussions around project implementation issues.

On knowledge work, analytical studies supported by the Bank was limited in relation to what had been planned mostly due to lack of financial resources and predictability, for instance the study on improving the performance of State Owned Enterprises (SOEs). This notwithstanding, the Bank still delivered important knowledge products that informed country dialogue and this included the Economic Diversification Study (EDS), which provided very useful proposals for the country's economic development and a number of feasibility studies.

Managing for results

Management is concerned by IDEV's findings that the Bank's monitoring and evaluation (M&E) performance, in terms of achievements of outcomes and impacts is not adequate. Management noted the overall rating on managing for results dimension, assessed as not adequate. Management also welcomes the evaluation findings, which called for detailed M&E systems at project appraisal stage. As articulated in the CSP MTR, Management revised the results based framework and put in place measures to improve outcomes and impact reporting of the CSP. The expectation is that with the close proximity of the Bank to Eswatini and greater staffing of projects, there will be more responsiveness. In addition, the country's exposure to and experience with Bank projects is also enhanced, which will contribute toward improving the efficiency and effectiveness of Bank projects in Eswatini.

Donor coordinaton

Management acknowledges the evaluation report's findings of insufficient coordination between the Bank's activities and other donors particularly on joint planning and M&E as well as the absence of functional Sector Working Groups (SWGS). Although donor coordination appears not robust enough, Management wishes to highlight that coordination among DPs exists in providing support on PFM in Eswatini where the European Union (EU) is financing a PFM Reform project in joint management with the IMF and the World Bank. In this context, the Bank continues to support Government's fiscal consolidation efforts, and has provided a short-term expert to support the Ministry of Finance develop a consolidated fiscal plan and associated macroeconomic framework. In addition, the Bank

is preparing an institutional support project to complement this support through the roll out of the Integrated Financial Management Information System (IFMIS) as well key reforms in PFM and Procurement. PFM TA facilitated the coordination of donor support around PFM in the form of a high-level PFM Technical Committee that was formed, comprising relevant ministries and departments. This PFM Committee is the precursor to the current PFM Steering Committee. PFM is among the more coordinated DP forums. The project also initiated the preparation of MTEF budgets in ministries with requisite training and skills transfer.

Management welcomes IDEV's acknowledgement of the Bank's active participation in joint Government Development Partners Forums in Eswatini and notes that the Bank will seek to lead and promote a more coordinated donor approach for optimum impact. Management welcomes the observation that the Bank's interventions and resources are leveraging additional resources and bringing in partners in support of development actions in some actors.

In an effort to enhance coordination, since 2016, the Bank, through RDGS, has been participating in the annual Development Partner Coordination Forum organized by the Ministry of Economic Planning and Development. The Bank joined the PFM Working Group and has since participated in the PFM Steering Committee meetings, held every two months, since August 2018. The committee oversaw the rollout of IFMIS project. There is continuous communication and coordination between the Bank, the IMF and other PFM partners such as the EU and the World Bank in the context of the PFM Steering Committee. Although the Bank does not have a country presence in Eswatini, the close proximity of RDGS to the country has increased the frequency of its engagement with DPs.

Way forward

Management has found this independent evaluation a useful exercise, which will provide invaluable lessons in the design and implementation of the Bank's new CSP (2019-2023) for Eswatini. Recommendations and respective actions are set out in the Management Action plan below.

Management action record	
Recommendations	**Management's response**
Recommendation 1: Enhance selectivity and portfolio	
A greater portfolio focus and selectivity would allow the Bank to contribute to more effective and sustainable results in Eswatini. Achieving a larger focus and selectivity could take the form of moving out of sectors where other donors are active or terminating support to sectors where the number of actions, and their financial volumes, are limited and unlikely to have great impact. A minimum volume of activity should be guaranteed for each sector in order to address sector level issues more holistically. This would entail developing more synergies among projects, analytical work, capacity building actions, and focused policy dialogue. *At the same time, the scope of Bank-supported activities should be widened well beyond infrastructure building by adopting a more comprehensive and systemic approach to improve socioeconomic conditions. In the agriculture sector, for example, this could involve employing a value chain approach to agricultural transformation. In the transport sector, road projects could be used as an opportunity to develop economic activities along corridors with associated measures to attract private investment.*	**AGREED.** In the design of the new CSP, the Bank will maintain a program design anchored on few, streamlined, and large transformative interventions. The Bank will reinforce application of selectivity principles in the choice of sub-pillars during the CSP preparation, while allowing flexibility to respond to emerging situations. The Bank will remain in sectors where it has comparative advantage for optimum impact. **Actions:** ▮ In the new CSP for Eswatini, the Bank will increase the scope of its supported activities beyond infrastructure provision in order to improve socio economic conditions around targeted areas of interventions **[RDGS, Q4 2019].** ▮ The Bank will reinforce selectivity of pillars and sub-pillars during development of the new CSP for Eswatini by focussing its lending and assistance program on a few, streamlined and large transformative interventions where it has comparative advantage while at the same time allowing for flexibility to respond to the country's emerging needs **[RDGS, Q4 2019].**
Recommendation 2: Improve quality at entry	
Capacity building and institutional strengthening needs should be assessed before investments are undertaken. In particular, institutional capacity to meet AfDB procurement and reporting procedures should be evaluated during project identification, and, if required, adequate capacity building (or TA) provided before the start of a project. *Greater care should be given to appraising land acquisition issues in preparing infrastructure projects to avoid project delays as well as extra costs linked to redesign. Ideally, land should be acquired before the project is approved or at least a declaration of intent signed by all parties in order to secure access to land.* *The guarantees for private sector operations should be analyzed in more detail and better ensured before project launch.* *Maturity of co-funded interventions should be ensured across all donors before project approval. This should prevent delays such as those due to BADEA and EIB in the LUSIP II project.* *In addition, the relevance of introducing fiscal policy conditionality in relation to future PFM support should be assessed given that the government may not be addressing the country's fiscal and budgetary crisis with sufficient determination.*	**AGREED.** In all new Bank interventions in Eswatini, RDGS will put more focus on quality-at-entry to ensure smooth implementation of Bank's operations by ensuring that implementing entities are adequately capacitated in all aspects of Bank processes, including but not limited to procurement, financial management, reporting procedures before project take off. Recent efforts at improving quality at entry have focused at ensuring implementation readiness after Board approval of projects. For infrastructure projects, this includes ensuring the start of procurement activities before Board approval through the use of the advanced procurement method. Issue of access to land and environmental impact assessment studies will be reinforced. **Actions:** ▮ The Bank, through procurement and fiduciary experts, will conduct annual fiduciary clinics effective 2019 to ensure PIUs are conversant with Bank rules and policies in the areas of procurement and financial management **[RDGS in collaboration with SNFI, Q4 2019].** ▮ On access to land, Bank projects will adequately include procedures and processes for acquiring land and the framework for compensating affected people in the project design, well before the project commences. Dialogue and discussion on land access issues will be inculcated early in project design with relevant parties including Swazi Nation Land, in order to secure access to land. **[RDGS, Q2 2020]**.

Management action record	
Recommendations	**Management's response**
	▮ Given the lengthy process of securing sovereign guarantee through Parliament, as experienced in previous operations, the Bank will set realistic project timelines and conditions for any future operation requiring such guarantee. The Bank will also assess Government's borrowing capacity as a pre-condition for the Board approving projects financed with loans to avoid ratification delays. The Bank will also conduct needs assessment to design specific capacity development programs for key government officials involved in processing of guarantees as well as strengthen dialogue with Government to find solutions to delays experienced in the past. **[RDGS, Q3 2021]**. ▮ The Bank will promote deeper dialogue, including through enhanced participation in Sector Working Groups (SWGs), particularly in sectors in which the Bank has a strong presence such as transport and water and sanitation sectors. This will be done with a view to effectively assess the maturity of all co-funded interventions with other development partners before project approval in order to avoid delays. **[RDGS, Q3 2020]** ▮ For a number of years, the Bank has been in dialogue with the Government with regard to a Policy Based Operation (PBO), which could be a good instrument to target fiscal policy improvements, once Eswatini is eligible for PBO. The Bank will assess the possibility of introducing this fiscal conditionality subject to Eswatini meeting the minimum requirements under the eligibility criteria of the Bank Policy on PBOs **[RDGS, in collaboration with ECGF, Q3 2022]**.
Recommendation 3: Strengthen the focus on managing for development results	
More efforts should be made to monitor and evaluate outputs, outcomes and impacts, and assist project coordination through a sustained dialogue with other stakeholders. This entails defining indicators, which better define the quality of results to be obtained. For example, understanding who are the users of water and sanitation infrastructure are, or how FC dividends are shared and used within a household, are key to understanding impacts of water and sanitation and agriculture interventions. *The Bank should also dedicate more time to donor coordination, to supporting SWG activities and to developing direct exchanges with other DP. Working in more of a partnership mode can improve overall aid effectiveness and reduce aid transaction costs for a small government. CSPs could outline a more holistic analytical strategy around key development issues linked to key indicators.*	**AGREED.** RDGS has elevated issues related M&E in its dialogue with the Eswatini authorities in its design and implementation of CSPs and operations. Going forward, RDGS will develop an improved M&E framework in the new CSP, which will include indicators that define the quality of results better. The Bank will also further strengthen the mainstreaming of crosscutting issues in all its operations during the design of the new CSP and these will be monitored at implementation and results reporting. **Actions:** ▮ RDGS will integrate an improved M&E framework in the new CSP to be approved in 2019 **[RDGS leading other departments, Q4 2019]**. ▮ On donor coordination, see the 4th action above in response to recommendation 2.
Recommendation 4: Safeguard development benefits	
Operation and maintenance systems should be examined carefully and improved for all infrastructure interventions. Bank infrastructure operations should incorporate policy and institutional reform components that are aimed at ensuring sustainable asset management and operations. Lastly, conditioning final disbursements to their existence, if feasible, should also be considered. Such systems involve introducing water use measurement, water fees and a corresponding fee collection system for managing irrigation perimeters, introducing tolling systems or adapted budget lines for transport infrastructure, and establishing rules, responsibilities and financial contributions for users of water and sanitation infrastructure.	**AGREED.** In order to entrench long-term sustainability of Bank's interventions, the Bank, through RDGS, will reinforce its support to local institutions to galvanise and enhance their capacity and operational performance during project implementation. Fostering strong ownership by local development actors, particularly in the agriculture and water and sanitation projects will be a key area of emphasis as it will, in the, long run, favour sustainability. Ownership will be entrenched throughout the entire program lifecycle from project identification, through implementation and closure. RDGS will also draw lessons from the recently approved Bank transport operation, the Road Investment and Maintenance Management Programme (RIMMP), that will specifically articulate economically and financially determined prioritised capital and maintenance investments as well as a maintenance strategy aimed at avoiding wastage of the asset in the short, medium and long term.

Management action record	
Recommendations	**Management's response**
The Bank should likewise dialogue closely with other partners who are involved in infrastructure management and maintenance issues.	**Actions:** ▮ The Bank will work with the Government to ensure that adequate measures are integrated at project design to ensure sustainability. A thorough review of sustainability will be systematically undertaken during supervision, and especially before the final disbursement is effected. **[RDGS, Q3 2021]**. ▮ On dialogue with other donors, see the 4th action above in response to recommendation 2.
Recommendation 5: Enhance policy dialogue and knowledge management	
The Bank should improve its policy dialogue and knowledge management in the country assistance framework, and thereby enhance its influence on the reform agenda and its catalytic potential. The Bank must assume greater responsibility and visibility in some specific areas of policy dialogue (for example, in agriculture, water and sanitation, energy sector, Private/Public Partnerships - PPP). In addition, it should expand its policy dialogue on crosscutting agendas such as inclusive growth and gender mainstreaming. This can also be supported by ensuring the influence and visibility of the analytical works in informing Bank's operational design and policy dialogue with the government and DPs	**AGREED.** The new CSP will enhance provision of timely and relevant advisory services to the Government through analytical work and sustained dialogue as well as sharing lessons learned from implementation of the Banks' program. The Bank also stands ready to support Eswatini's quest to strengthen the investment climate, improve the ease of doing business support the development of an enabling private sector environment. **Actions:** As part of the new CSP, the Bank will: ▮ Undertake studies on: (i) Identifying Opportunities for Growth in Eswatini meant to explore key opportunities for stimulating inclusive and sustainable growth in Eswatini [RDGS in collaboration with ECCE Q4 2020]; and (ii) Improving the performance of SOEs **[RDGS in collaboration with ECCE Q4 2021]**. ▮ Provide public-private partnerships (PPPs) strengthening support through: (i) technical assistance to strengthen the regulatory and institutional framework; (ii) capacity building to build the requisite capacity within Government; and (iii) transaction advisory services to support implementation of selected pilot projects **[RDGS, 2021]**. ▮ Organize, on 21-22 May 2019, a Business Opportunity Seminar (BOS) and a Civil Society Organisations (CSO) Open Day to further deepen an understanding of the Bank's financial products and services in Eswatini. During the BOS and other initiatives, the Africa Investment Forum (AIF) will be promoted to the country **[RDGS, Q2 2019]**. ▮ Dialogue with authorities on ways the Bank could assists in its reform agenda to improve the investment climate in the context of the new CSP 2019-23 [**RDGS, Q4, 2019]**. ▮ Undertake a Gender Profile for Eswatini to better inform the new CSP **[RDGS, Q4, 2019]**.



Introduction

This a summary of report presents key findings and recommendations of the evaluation of the African Development Bank Group's country strategies and programs in Eswatini. The complete account of findings is available in a technical report (which is in turn based on five separate sector reports) that has been used as background for this document.

This introductory section briefly presents the evaluation purpose, scope, methodological approach and its limitations. Section two briefly summarizes the country context while section three highlights the Bank's strategies and portfolio in Eswatini. In section four, the report presents the findings of the evaluation and underlying evidence on the Bank's contribution to developments results and section five outlines the management of the Bank's interventions in Eswatini. The borrower performance is assessed in section six and, finally, the report makes conclusions and recommendations going forward.

Evaluation Purpose and Scope

The purpose of the Country Strategy and Program Evaluation (CSPE) of Eswatini is to inform the design of the next Country Strategy Paper (CSP). In this context, the objective of the CSPE is two-fold: (i) assessing AfDB assistance to the country through an analysis of development results from key interventions and the reasons underlying such results; and (ii) learning from challenges and successes in order to provide lessons and recommendations.

The evaluation's reference period is from 2009 to 2018, which covers two strategy cycles: 2009-2013 and 2014-2018. In addition to investment projects, the evaluation assessed the Bank's analytical work, advisory services, dialogue, capacity development, and aid coordination.

Evaluation Approach and Methodology

The evaluation constructed a Theory of Change based on Bank's interventions in Eswatini. It used a broad range of data collection tools including document reviews, semi-structured interviews, focus group discussions, and project field visits. In order to provide a summary assessment for the various evaluation questions and underlying evaluation criteria, a four-level scale rating system – ranging from 'highly satisfactory' to 'highly unsatisfactory' – was used. Annex 3 presents a summary of rating score by evaluation criteria and sector.

The evaluation interviewed around 170 stakeholders, representing the Eswatini government, direct beneficiaries, the private sector, Civil Society Organizations and other DPs (see annex 5 for list of people met). Field visits were organized to assess the achievements of ongoing operations. This included site visits to the LUSIP II in Big Bend, the Manzini-Mbadlane Highway Project (MR3), the Ezulwini Sustainable Water and Sanitation Service Delivery Project (ESWSSDP), and the Komati Downstream Development Project (KDDP). The site visits provided an opportunity to meet with project beneficiaries and to review implementation of programs on the ground.

The draft findings of the evaluation were discussed at two validation workshops held in Eswatini and at the Bank's Southern Africa Regional Business Delivery Office in September 2018. The CSPE methodology and evaluation matrix are presented in annex 1 and 2, respectively.

Limitations

The key methodological limitation of the evaluation is that it could not quantitatively attribute country development results to the Bank's support. While the mission was able to interview most of the key stakeholders, and access a considerable number of background documents, there were certain factors that hampered the evaluation to some extent, including: (i) limited implementation progress of most actions and no completed infrastructure projects; (ii) difficulties in obtaining supporting documents and information; and (iii) difficulties in identifying the persons responsible for some parts of the portfolio.

To address these limitations, the evaluation attempted to illustrate the Bank's contribution 'stories,' which are mostly based on qualitative evidence collected with appropriate triangulation applied.

Country Context

The Kingdom of Eswatini is a small, landlocked country bordering Mozambique and South Africa. With its 17,360 km2 land mass and a population of around 1.45 million (2016)[3] it is one of the smallest countries in Africa. Its semi-arid climate results in half of Eswatini's land area being vulnerable to desertification and degradation. Eswatini is highly vulnerable to the impacts of climate change.

Political Context

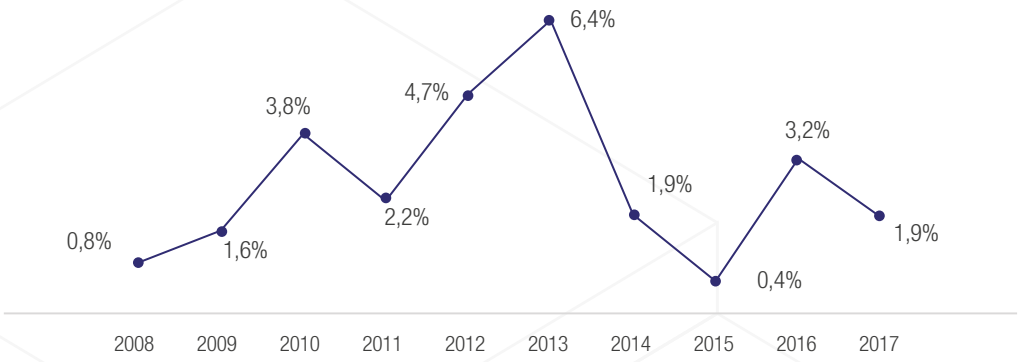
Eswatini has a dual system of governance whereby a democratic parliamentary system coexists with a traditional monarchy based on chiefdoms. The 2005 Constitution provides for the separation of powers between the executive, the legislature and the judiciary. However, the King remains at the top of the constitutionally created State and traditional systems, and holds executive, legislative and judicial powers. Since 1973, political parties have been declared illegal, however, limited political activities are allowed and informal political organizations or networks are known to exist.

Economic Context

With a Gross National Income per capita of about US$ 2,960 (World Bank - WB, 2016), Eswatini is classified as a lower-middle-income country. An open economy, it is very closely linked to South Africa on which it depends for about 85% of its imports (including most of its electricity) and about 60% of its exports.[4]

During the 1980's, Eswatini was one of the fastest growing economies in Africa. However the dawn of South Africa's majority rule in the 1990's, eroded some of Eswatini's advantages as a destination for investment. As the inflows of foreign direct investment declined, real Gross Domestic Product (GDP) growth fell to less than 2.5% for the period 1993 to 2008. Indeed, the country's real GDP growth rate has been below the Southern African Customs Union (SACU) average since 2000 while real GDP per capita remains the lowest among SACU countries. In 2011, the country suffered its worst fiscal crisis since independence, which resulted in a 63% decline in SACU revenue due to the slowdown of the South African economy. In 2011, economic activity stagnated when real GDP grew at 2.2%. Since then, although Eswatini's economic growth has improved (Figure 1), this growth remains limited due to droughts that hurt agricultural production, a weak mining sector and subdued prospects in South Africa, the major trading partner. The average growth declined from 4.3% over the 2010-2013 period to 1.9% over the 2014-2017 period.

Figure 1: Annual real GDP growth rate



Source: Eswatini Central Statistical Office

Eswatini's government is dependent on customs duties from the SACU for 49% of its revenue, meaning movements in SACU receipts have important implications for the fiscal balance and the health of the economy. Inflation declined to an estimated 5.4% in 2018 from 6.2% in 2017.[5] Total public debt increased from 19.6% of GDP in June 2017 to 20.8% of GDP in June 2018[6] while unemployment levels remain high at around 23.1% in 2017.[7]

Lastly, the country has traditionally exported agricultural and forestry products but food products, processed drinks and other manufactured good exports have recently increased their importance and currently account for over 35% of GDP. Foreign Direct Investment remains quite low with the main industries attracting foreign investment being sugarcane, paper pulp and non-alcoholic beverage concentrates.

Social Context

Despite its middle-income status, around 58.9%[8] (declined from 63% in 2010) of the Eswatini population lives below the poverty line in 2016/17, making its poverty incidence the highest in the region. This is due to a highly unequal income distribution with the Eswatini Gini coefficient estimated at 0.495 (WB, 2018). Using a broader set of indicators, an Oxfam report (2017) classifies Eswatini as the most inequitable country in the world.

Among the many causes of poverty in Eswatini, the lack of effective health care is one of the greatest concerns. The average life expectancy at birth is 58 years (WHO[9], 2016), one of the lowest in the world. One of the major determinants of low life expectancy is the extremely high HIV/AIDS prevalence rate (at 27.2% in 2017)[10] which is the highest in the world.[11]

Bank Strategies and Portfolio

Bank Strategies

Two CSPs framed the Bank's assistance to Eswatini over the evaluation period. The first CSP covers the period 2009-2013 and was revised at MTR in 2011. The second CSP runs from 2014 to 2018. Both the CSPs have two main pillars, but the strategic focus of these key pillars has changed considerably over time (Table 1).

Country Strategy Paper 2009-2013

The 2009-2013 CSP focused on infrastructure development, notably in agriculture and irrigation (pillar I); and on the health sector (pillar II). The Bank's operations included TA and advisory as well as analytical work. However, challenges emerging from a financial crisis that hit Eswatini in 2009, necessitated a review of the proposed interventions. The CSP MTR mission revealed an urgent need to halt further deterioration in macroeconomic conditions, restore private sector confidence, and safeguard the welfare of vulnerable groups.

In 2011, the Bank conducted an MTR of this CSP and revised its original pillars. The revised CSP (pillar I) sought to refocus the Bank's interventions on the improvement of PFM in order to reform processes to strengthen fiscal foundations for strong, sustainable and shared growth. In pillar II, the Bank focused on developing skills needed for the modernization of the agriculture sector with support for the health sector being dropped. This resulted in little of what was intended in the CSP to be realized. Indeed, by the end of the 2009-2013 period, none of the proposed nine original CSP or two modified CSP lending projects had been implemented. For non-lending operations, only three out of six planned were implemented.

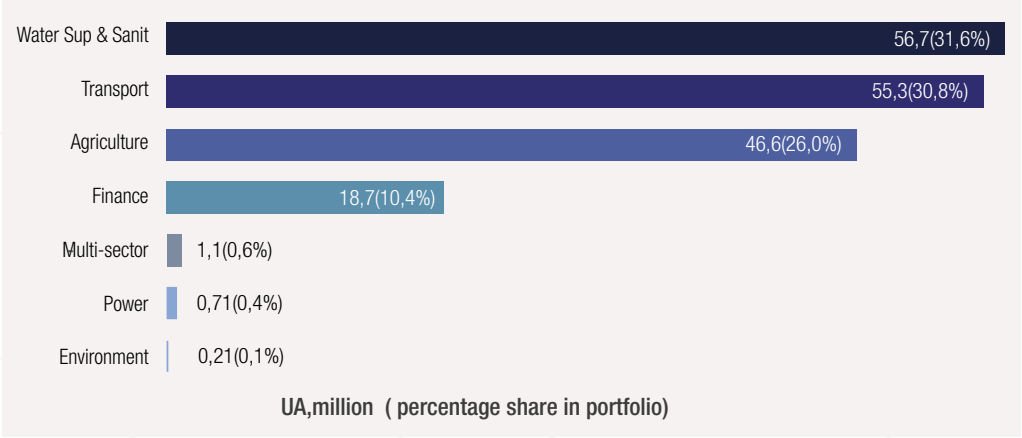
Country Strategy Paper 2014-2018

The 2014-2018 CSP aimed at turning the economy around through broad-based, sustainable and high rates of inclusive economic growth. The strategy, aiming to position the country as a competitive node for the region and to restore macroeconomic stability, was based on two pillars: (i) supporting infrastructure development for sustainable and inclusive growth, notably in the agricultural (LUSIP II), water and sanitation (ESWSSDP), transport (MR3 highway), and energy sectors (TA) for pillar I; and (ii) strengthening governance and institutional capacity for pillar II. The design of the CSP was informed by Bank-supported analytical work, such as the 2013 Economic Diversification Study (EDS), the 2010 Fiscal Adjustment Roadmap and an updated 2012 Roadmap. The MTR of this CSP was done in 2017 and retained the original pillars.

Table 1: CSP strategic focus

Strategic Documents	Pillar I	Pillar II
Country Strategy Paper 2009-2013	Investing in Infrastructure to Increase Productivity and Competitiveness	Enhancing Health Delivery and Skills Development
The revised CSP (2009-2013) at MTR in 2011	Improving Public Financial Management	Enhancing Agriculture Development
Country Strategy Paper 2014-2018	Supporting Infrastructure Development for Sustainable and Inclusive Growth	Strengthening Governance and Institutional Capacity

Figure 2: AfDB support by sector (2009-2018)



Source: Eswatini Central Statistical Office

Bank Portfolio in Eswatini

The Bank's portfolio over the period 2009-2018 comprised 16 interventions for a total of UA 179.4 million (Annex 4). Five of the 16 interventions were approved during the CSP period 2009-2013 while the remaining were approved during the CSP period 2014-2018. Overall, water supply and sanitation sector takes the largest share in terms of volume, followed by the transport and agriculture sectors (Figure 2).

In the agriculture sector, the LUSIP II, an irrigation project, represents the largest project in the portfolio that 'played a critical transformative role for Swaziland' according to the Bank CSP 2014-2018. Other large projects include the MR3 highway project (UA 33.4 million), the LOC to FINCORP (UA 18.7 million) and the ESWSSDP (UA 16.1 million). In the energy sector, the AfDB deployed TA to support project preparation, capacity building and private sector investment. A further key area of support in the governance sector is the TA for PFM Reforms.

None of the investment projects approved during the evaluation period were completed at the time of the evaluation, however, if one includes non-lending activities, close to one-third of the interventions in the portfolio were completed (6 out of 16). None-the-less, these completed interventions account for only around 1.7% of the total volume of Bank approvals. Two projects were recently approved at the end of 2018 in water supply and sanitation and the transport sector: i) the Manzini region water supply and sanitation project, and ii) the construction of Manzini Mbadlane golf interchange. Among the remaining ongoing projects, the average disbursement ratio is low (less than 35%) and significant delays have been reported.

During the first CSP period (2009-2013), AfDB support was mainly characterized by TA, advisory and analytical work while investment projects were approved and implemented in the second CSP period (2014-2018). In terms of the volume of support, the largest share, 98.7% (UA 177.1 million), was provided during the second cycle while the first cycle represented only 1.3% (UA 2.3 million).

A level of portfolio deviation can be noted, originating in the 2009-2013 CSP with reorientations following the 2011 fiscal crisis. This led to dropping interventions linked to budget support, health and education, gender mainstreaming as well as institutional capacity building actions in M&E. In addition, a water and sanitation project for which the Bank financed a preparatory study and set some budget aside, was financed by the EU. Financing the Manzini bypass was dropped in favor of the MR3 highway and a possible sugarcane mini-mill project was dropped following an inconclusive feasibility study. While this represented a waste of scarce TA resources, the portfolio choices made in the face of evolving country conditions were well justified. Besides, it should be noted that the drop of interventions in health, though a main concern in view of the HIV/AIDS prevalence, could be justified since USAID is mainly involved in the health sector. Finally, planned budget support was dropped since the PFM system proved weak and the government did not take the necessary action for budget support to materialize.



To what Extent has the Bank Contributed to Development Results?

Relevance of Bank Interventions

The relevance of AfDB interventions in Eswatini is assessed as satisfactory. The Bank's intervention in the country is aligned to the country's policies, strategies and priorities, and beneficiary needs. However, interventions tend to be developed in isolation from one another. Although coherence and synergies between sectors exist in theory, they are not reflected concretely in cross-project design and implementation.

Alignment with national strategies

The Bank's interventions in Eswatini are relevant to the needs, development challenges and priorities of the country. The selected sectors are invariably considered high priority, particularly agriculture, water and sanitation and energy. Indeed, agricultural development is a key sector for growth and one that underpins the livelihoods of the majority of the population, including its poorest segments. Moreover, irrigation is an effective way to support it. Water and sanitation is a foundation for health and economic development. Developing PFM capacity, transport infrastructure and energy production also support economic activity in a crosscutting way. The MR3 highway corresponds to a major Eswatini transport axis. Finally, SMEs need easier access to capital such as that provided by the LOC to FINCORP.

The Bank country strategies are well aligned to country policies. More generally, a satisfactory correspondence exists between the pillars of the various CSPs and those of the national strategies. Pillar I of CSP 2009-2013 "Improving Public Financial Management" corresponds to pillar I of the PRSAP "Maintaining macroeconomic stability and accelerated economic growth based on broad participation," as well as its pillar VI "Improving governance and strengthening institutions." Pillar II of the CSP 2009-2013 "Enhancing Agriculture Development" corresponds to pillar III of the PRSAP "Fair distribution of the benefits of growth through fiscal policy" and directly addresses one of its priority areas of action, "Improving Agricultural Production". It also corresponds to pillar V of the PRSAP "Improving the quality of life of the poor," addressing "Food Security and Nutrition" another priority area of action.

Pillar I of the CSP 2014-2018 "Supporting infrastructure development for sustainable and inclusive growth" also corresponds to pillar V of the PRSAP "Improving the quality of life of the poor" and addresses three of its priority areas of action: "Food Security and Nutrition," "Safe Water and Sanitation" and "Ensuring Sustainable Energy." Pillar II of the CSP 2014-2018 "Strengthening governance and institutional capacity" fully corresponds to pillar VI of the PRSAP "Improving governance and strengthening institutions" and directly addresses five of its seven priority areas of action. Its PFM component also corresponds to pillar I of the PRSAP "Maintaining macroeconomic stability and accelerated economic growth based on broad participation."

The relevance of shifting support away from the health sector following the 2011 fiscal crisis could be questioned given the nation's appalling HIV/AIDs prevalence. However, considering the need to restore growth and macroeconomic stability as well as the fact that significant support to the health sector is being provided by other DPs, the evaluation believes this shift in strategic priorities was justified.

Box 1: The Farmer Company model

The Royal Government of Eswatini (RGoE) has developed a FC model, which is based on farmers pooling their land resources by returning their land rights to the King (through their local chief) and being given them back in the form of shares of a company, which cultivates an irrigation perimeter. Ownership of the shares is on behalf of a household; each household receives the same number of shares regardless of the size of the land they previously owned. On average, a farmer company owns around 80-100 ha. (the biggest one owns 364 ha). Generally, about 50 shareholders own 1 to 2 ha. A board of directors runs the company on behalf of the shareholders. It delegates day-to-day technical and administrative management to a manager.

An FC cannot be considered as a classic company in the sense that one cannot enter the company unless one is from the area; people do not really own the land which remains the King's; and shares in practice cannot be sold. Besides, it is not clear how shares are inherited. Finally, though a company may start with a given number of people, if the chief decides that 3 more should be added, the FC may have to integrate them.

Source: Interviews with SWADE, Farmers Companies, Ministry of Tinkhundla, and the EU Delegation

Alignment with beneficiaries' needs

Bank interventions address key needs of target groups in the country. Around 70% of the rural population depend on agricultural activities for their livelihoods. As the majority farm on unproductive tracts of land, making land more productive via an irrigation project such as LUSIP II, clearly addresses their needs. Similarly, the provision of basic services such as electricity, water or sanitation are high priorities for the poorest groups. In addition, the construction of the MR3 highway will benefit both the growing number of the population living in peri-urban areas and commuting to urban centers (Manzini or Matsapha) for work, as well as private companies and traders. The LOC targets groups such as SMEs and woman-owned businesses, which can create employment opportunities across the country.

Alignment with corporate strategies

The Bank's portfolio in Eswatini is well aligned with Bank corporate priorities. The AfDB's Ten-Year Strategy for 2013–2022 has, amongst its five operational priorities: (i) infrastructure development; and (ii) governance and accountability. These are also the two main pillars of Bank support in Eswatini. More specifically, agricultural development and productivity increase is a key area of the Bank's Ten-Year Strategy, which also correspond well with the Bank's High 5s. Agriculture and energy correspond respectively to "Feed Africa" and "Light up and power Africa" priorities, whereas water and sanitation corresponds to "Improve quality of life for the people of Africa". In addition, transport corresponds to "Integrate Africa" and the LOC to "Industrialize Africa." Support to PFM is also consistent with the AfDB's consideration of PFM as a crosscutting foundation upon which the development of other sectors should be built.

However, **relevance could have been addressed even better**. For instance, there was heavy reliance on the FC model in agriculture, focus on highways rather than feeder roads in transport, and on using FINCORP's existing practices to reach SMEs.

Through the FC model (Box 1), the government seeks to tackle the issue of smallholder competitiveness by pooling resources, with farmers gaining economies of scale both in input procurement and in marketing; in addition, capacity-building issues are largely dealt with through the appointment of a farm manager. Moreover, the formal character of a FC makes it much easier to access capital from banks in order to invest in sugarcane production. None-the-less, in many ways the FC model takes away decision-making power from producers and tends to limit them to sugarcane production when they could possibly benefit more from other cropping systems. Indeed, the FC installs a manager with limited knowledge of crops other than sugarcane as a key decision-maker. It tends to weaken the link between shareholders and the land, reduces their agricultural experience and

know-how and consequently their capacity to make autonomous decisions and organize the development of other value-chains. Decisions as to how the land is managed are removed from the land-right owners and passed on to technicians and businesspersons in the form of an FC manager. Lastly, the FC model brings about a loss of definition of what it is to be a farmer, putting the loss of agricultural know-how at risk.

In the transport sector, as the project design segregates local traffic from MR3 thoroughfare traffic, there is a need to have properly designed community feeder roads and interchange points. However, these components were not clearly designed before launching the project and it is unclear how well community feeder roads will respond to neighboring community needs. Designing features to facilitate roadside trade or public transport stops is also a concern. Furthermore, the road link with Manzini at km zero should have been integrated into project design so as not to represent a bottleneck once the highway is built. It now appears necessary to build an interchange at the level of the golf course at the entrance to Manzini (or possibly even a bypass).

In relation to the LOC, the project seems to have assumed that FINCORP practices are already well adapted to the needs of SMEs despite the fact that many rural actors indicate that accessing credit is difficult. No analysis was undertaken as to the ways to better adapt financial practices to the needs of the under-served population.

Another concern in terms of relevance is that interventions tend to be developed in isolation from one another. Although coherence and synergies between sectors exist in theory, they are not reflected concretely in cross-project design and implementation.

Effectiveness

Effectiveness assesses the degree of achievement of program development objectives. The actual Bank portfolio in Eswatini in the first program cycle (2009-2013) was characterized by TAs and analytical work. In other words, no investment project was implemented. In addition, some operations were dropped. **The effectiveness of the first program cycle** is therefore rated **unsatisfactory.** The **second program cycle** (2014-2018) **is not rated** since most of its interventions are under implementation. In this program cycle, four larger investment projects including a LOC were approved and, during this evaluation, were at the early stage of implementation. As a result, despite the completion of the TAs and analytical work, actual outputs and outcomes of the investment projects could not be observed on the ground during the evaluation period. The evaluation therefore presents its assessment for operations in the second cycle based on the available evidence as to the likelihood of achievement of the program's outputs and outcomes for investment projects.

Agriculture and Environment

The agriculture sector represents the third share in the Bank's portfolio during the evaluation period, totaling UA 46.6 million or 26.0% of the portfolio. The main operation in the agriculture sector is the LUSIP II, which was approved in May 2016 for an amount of UA 45.1 million. It is currently ongoing with an expected date of completion in December 2021. The focus of LUSIP II has been an increase in agricultural production, improved production infrastructure, environmental and natural resources conservation and capacity building of beneficiaries in various aspects of agricultural production, environmental and natural resources management and entrepreneurship.

LUSIP II will contribute to an increase in irrigated areas, adding about 10% to Eswatini's irrigated production capacity and most likely an additional production of 150,000 tons of sugarcane, which in turn will produce 60,000 tons of sugar. Experience from LUSIP I shows that the yields to be obtained from sugarcane appear very likely (around 100-120 t/ha).[12] The sucrose content of the cane, which determines its price, is also satisfactory. Increases in income generation can be expected for FC

shareholders of around 11,000 Rand/ha/year (US$ 876) as presently attained by LUSIP I shareholders.

A degree of additional food crop production is also to be expected. For example, LUSIP I families each obtain about six to seven 50 kg bags of maize per household from FC production with the resulting additional income, compared to a baseline income of US$ 144 to US$ 360/year. In the KDDP area, which is similar to LUSIP II, impacts have been reported on the quality of housing, with mud and stick houses being replaced by brick buildings. Water and electricity availability has also improved, as well as in-house equipment (refrigerators, etc.). In the LUSIP I area, developing irrigated agriculture has triggered further economic development through the establishment of non-farm businesses. Overall, LUSIP I areas are amongst the fastest growing in the country. The latest Household Income and Expenditure Survey (HIES, 2018) demonstrates that whereas Lubombo used to be the poorest region, it now surpasses Shiselweni. Beyond economic activity creation, school attendance, health facilities and water and sanitation infrastructure have all improved.

In general, it appears that LUSIP II is likely to deliver most of the expected outputs and outcomes in agriculture given the prevailing conditions at the time of evaluation. The progress achieved so far by LUSIP II includes a main conveyance system, which is being built, and nearing completion.

The performance of other interventions in the agriculture and environment sectors was also found to be satisfactory:

- The LUSIP II study was effectively undertaken and used to support the approved LUSIP II project, although it was delayed for several years.
- The Emergency Relief Program was satisfactorily implemented, providing food assistance to 23,108 beneficiaries over a 5-month period during the peak of the lean season. This was 52% more than originally anticipated.
- The "Low Carbon and Climate Resilience" project is ongoing with what appears to be a satisfactory rate of advancement. As anticipated, capacity building of national climate change stakeholders, in designing, planning, implementing, monitoring and financing climate adaptation and mitigation projects is ongoing with four concept notes and one project proposal being prepared to feed into a climate investment plan.

The main area of concern on effectiveness is that diversification and food production for the local market is more tenuous as most irrigated farms (90%) are under export-oriented sugarcane cultivation. What exist as diversified farms are devoted to home consumption but not to local market supply and therefore expected levels of banana, maize and bean production may not materialize. This is a major area of concern that warrants immediate attention drawing from the LUSIP I and KDDP experiences.

Water and Sanitation

During the evaluation period, the Bank supported three projects in the water and sanitation sector, for a total amount of UA 56.7 million, namely: i) Ezulwini Sustainable Water and Sanitation Service Delivery Project (ESWSSDP); ii) Mbabane Manzini Corridor Multipurpose Dam Feasibility Study, incl. the Nondvo Dam; and iii) Manzini Region Water Supply and Sanitation Project, which was approved at the end of 2018.

The ESWSSDP was approved in June 2014, amounting to UA 16.2 million, and is expected to be completed in December 2020. It has three components: water, sanitation and capacity building. At the time of the evaluation mission (May 2018), the sanitation and capacity building components had been completed but the water component had only just started. Although this project is still ongoing, it is expected to achieve its main results. The outputs achieved in the sanitation component included waterborne sewage connections to 844 urban properties in Ezulwini, one sewage pump station, a

19 km outfall sewer pipeline to the existing sewage treatment works and 12 sanitation facilities in the surrounding rural/peri-urban areas. Nevertheless, key challenges remain. Firstly, the quality of the sanitation facilities is poor—doors, paintwork, toilets, fittings, etc. are not completed and not of good workmanship. The disabled signboards are not fitted and the surrounding areas are not kept clean. Secondly, the communities have not taken ownership of the operation and maintenance of these community facilities. Thirdly, the families still prefer their own toilets.

Under the capacity building components, the TA delivered: (i) polices and guidelines on gender, environment and HIV/AIDS policies; (ii) a tariff and affordability study; and, (iii) a water and sanitation communication strategy which included the sensitization of numerous communities and beneficiaries on hygiene.

Although the water component started recently in April 2018, it is expected to achieve the required outputs based on the designs, preparations, initial work and capacities of the consultants and contractor. Overall, it is foreseen that once all components of the project are completed, the desired development results listed in the project's logical framework will be realized. Socio economic benefits will include increased access to water and sanitation for 5,000 households, job creation (directly or indirectly), improved health and hygiene, and environmental protection.

Lastly, the feasibility study related to the Nondvo Multipurpose Dam has been delivered to a good standard of quality. However, the decision whether to build the dam or not is pending.

Governance (multisector)

In the governance sector (multi-sector), the Bank provided support to three interventions, namely, TA to PFM Reforms, EDS and Statistical Capacity Building through the Middle Income Country Technical Assistance Fund (MIC-TAF). The total commitment to these three operations was about UA 1.1 million. In addition, in 2011 the Bank planned to provide a budget support (Economic Competitiveness and Adjustment Program) which has not materialized due to lack of progress in the country's economic reforms.

A number of important outputs have been delivered, notably the TA to PFM Reforms has been effective in enabling the application of the MTEF at the level of concerned line ministries. Interviews with government staff indicated that the training, provided during the TA for PFM, has enhanced the capacity of government officials.

The overall objective of the TA for PFM was to promote macro-fiscal stability in Eswatini and improve the allocation of public resources over the medium term to support accelerated economic growth and poverty reduction. This TA for PFM addressed numerous issues required to support macroeconomic policy and the legal framework for public finance. With the help of this TA, the Swaziland Revenue Authority introduced VAT in 2012. The Cabinet passed the Audit Control bill and the PFM bill, which was supported through this TA.

However, the effectiveness of support to PFM may be limited by certain factors. First, the MTEF is applied at the level of line ministries but is not consolidated at the level of the Ministry of Finance (MoF). Further support is needed for MTEF implementation as well as in building capacity for managing statistics. More specifically, MTEF reforms need additional data infrastructure to enable it to be used for crosscutting budgeting. Additional building blocks (Chart of Accounts-COA and Integrated Financial Management Information System IFMIS) which are to be provided by other DPs are needed for full integration of modern budgeting tools and data collection, and for the MTEF to become fully functional. Overall, fiscal policy enhancement has not materialized.

Second, the nature of government expenditure is also a cause for concern. Figure 3 below shows how capital expenditure has stagnated and declined in

the past two years while recurrent expenditure has grown since 2012. The productive capacity of the government is not expanding, with revenue being utilized to pay salaries and day-to-day expenses instead of being used for capital goods which will provide potential stimulus for growth.

Eswatini's fiscal problems are linked to its high wage bill (which peaked at 18% of GDP in 2010) and low tax revenues (see IMF Staff Report 2017). The revenues-to-GDP ratio has fallen from 20% in 2009-2010 to 15% in 2017 as SACU transfers declined. The public sector is considered too large and, with volatile and declining SACU revenues, is one of the main reasons behind the country's large fiscal deficit. However, in the short-term, Eswatini fiscal policy remains expansionary to boost economic activity. As a result, government debt is steadily rising from 19.6% of GDP in June 2017 to 20.8% in June 2018.[13] In addition, the accumulated domestic arrears increased from 5.3% in 2016 to 7.1% in 2017[14], Despite the above shortcomings, the TA to PFM grant performed very well considering its small size (about UA 380,000), and laid the basis for the current EU intervention.

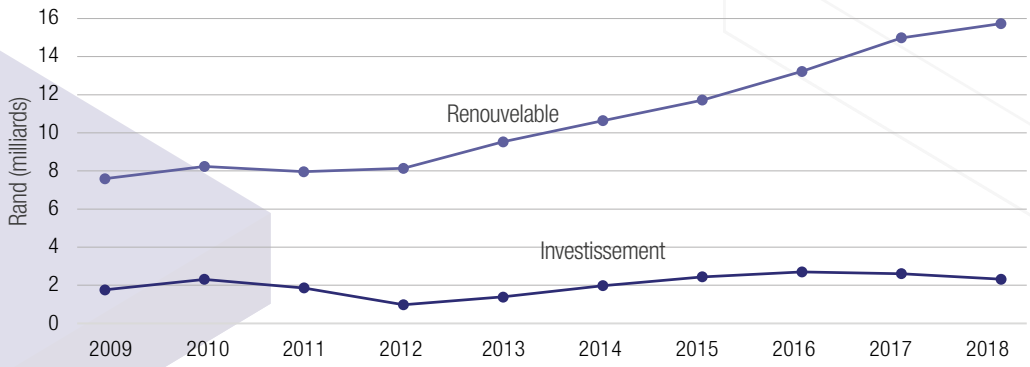
In the multisector, in 2013, the Bank also completed an analytical work titled "the Economic Diversification Study" which has provided economists in government and industrialists with a useful assessment and recommendations for further investigation, these include: (i) making SACU work for Eswatini; (ii) increasing domestic competition and competitiveness; and (iii) creating an institutional framework and mechanisms to enforce and monitor economic reform. Although many useful growth-stimulating proposals were made, government did not implement them and thereby made the study ineffective.

In addition, the Bank provided support to statistical capacity building, which has been ongoing since 2012. Despite the completion of consultancy services on the National Accounts and commencement and other subjects, such as a second phase of the Statistical Business Register consultancy and the first part of the Labor consultancy on Employment and Wages, weak progress has been made in terms of the achievement of objectives

Finance

In the finance sector, the Bank provided a LOC to FINCORP in May 2017, amounting to UA 18.7 million. This is a 10-year LOC financing for on-lending to largely SME and MSME sub-borrowers in various sectors including manufacturing, transport and logistics, forestry, agribusiness, building and construction as well as to suppliers to

Figure 3: Trends of recurrent vs. capital expenditure



Source: Tradingeconomics.com: Central Bank of Swaziland

government and parastatal organizations. The LOC is complemented by a TA grant of ZAR 5.1 million (USD 375,000) for improving the risk management framework, advisory/support to SMEs and training.

At the time of the evaluation's field mission (May 2018), the LOC was not disbursed due to the delay on the part of the government in providing the required guarantees. Thus, the LOC was not in place and its effectiveness could not be assessed. FINCORP officials were critical of the need for a guarantee for the LOC based on their loan repayment records. After a delay of over a year, the parliament approved the required guarantees. However, FINCORP has also received useful capacity building support from the Bank. In a country where investment capital is in short supply, a LOC of this magnitude would necessarily make a difference in the SME sector.

Energy

Eswatini's import of more than 80% of its electricity through the Southern African Power Pool (SAPP) interconnected network, mainly from ESKOM (South Africa Utility), is a main challenge in the energy sector. However, Eswatini is also an electricity producer and can build a national sustainable power system by exploiting local renewable energy sources. Currently, almost all of the 20% electricity generated in Eswatini is from small hydropower stations and from byproduct (bagasse) of sugar cane field co-generation plants. In the energy sector, the Bank portfolio comprises only a TA for UA 0.7 million. The Bank is supporting the preparing of future interventions in the energy sector with TA through a MIC grant, which has various components.

The TA was approved in December 2014 and was nearly completed at the time of the evaluation mission (May 2018). The overall effectiveness of this TA is rated as **satisfactory.** It delivered its expected outputs: (i) a prefeasibility study of the Ngwempisi Hydroelectric site; (ii) support for the development of the National Energy Policy 2018; (iii) a skills training session focusing on the development of solar and wind Atlases; and (iv) a review and analysis of existing solar and wind data are in the process of being successfully delivered. These efforts represent important contributions towards implementing energy sector development actions in the future and promote private investment. In particular, the Ngwempisi prefeasibility study will be an important step towards a feasibility effort and could be a pattern for other support for future hydropower development.

However, there is concern that the quality of existing data on solar and wind resources may be incomplete and imprecise. Existing equipment appears too limited to provide satisfactory data, and examination of existing maps and measurements reveals inconsistencies. Reviewing and analyzing such data, as planned by the Energy Sector Technical Assistance Program, may therefore prove to be of limited use.

Transport sector

During the evaluation period, the Bank supported the transport sector in two ways: two investment projects (Manzini-Mbadlane Highway Project - MR3 and Manzini Mbadlane Golf Interchange) and a TA for a National Transport Master Plan (NTMP) study. The total approval was equivalent to UA 55.3 million.

The scope of the Manzini-Mbadlane Highway project comprises an upgrade from the existing two-lane single carriageway to a two-lane dual carriageway for a 30 km road between the cities of Manzini and Mbadlane on the MR3, a major road on the Southern African Development Community (SADC) regional network. Other activities include: (i) rehabilitation of 20 km of rural feeder roads in order to improve access to health services; (ii) the implementation of environmental and social safeguard measures; and (iii) the implementation of institutional reform in the road subsector. In practice, Bank support is financing 13 km of the MR3 Highway with the Kuwait Fund financing the rest.

The MR3 project was approved in May 2014 and was at an early stage of implementation at the time of the evaluation mission. **Hence, its effectiveness cannot be rated, but it is likely that it will achieve its expected development results despite observed delays.** A civil works contract was signed on February 2, 2017 and works commenced on March 30, 2017. Progress made at the time of the evaluation mission included: an erected site camp, earth filled service roads, bridges and culverts completed or on the way to completion, sub-layers of some stretches of new dual carriage way (about 20%) in place. The construction of Manzini Mbadlane Golf Interchange was recently approved at the end of 2018.

The TA provided as part of the MR3 project has also been progressing well towards the achievement of expected sector reform. The establishment of a Road Fund and Road Agency was well supported by interviewed key stakeholders with a draft Road Agency and Road Fund Bill completed and pending endorsement by the parliament. In addition, about 25 staff were trained from the Roads Department who appreciated this capacity building efforts.

Another important intervention is the TA for developing the NTMP, which was approved in 2009 and completed in 2013. This plan aims to guide policy-making, investment, regulation and institutional strengthening in the transport sector over the next 20 years. The NTMP covers the road, rail and air sub-sectors both within Eswatini and to major transport links with neighboring countries. It has been delivered to good quality standards and represents a reference document for planning transport in Eswatini.

Sustainability

Based on the analysis of present results of AfDB support to Eswatini, sustainability is assessed as **unsatisfactory.** The operations related to infrastructure are considered technically and institutionally sound; however, several other factors pose a risk to sustainability of benefits.

The AfDB provides support to state (MNRE[15], MPWT[16], MoF) and parastatal organizations (SWSC[17], SWADE[18], FINCORP) by entrusting them with project implementation responsibilities. This contributes to building local institutional capacity and enhances operational performance of local development actors, particularly as such institutions are generally mandated to continue supporting project activities after the AfDB has ended its support.

Most infrastructure projects (MR3 highway, Water and Sanitation infrastructure, irrigation canal) are considered technically sound and in the case of the ESWSSDP at least, well adapted to their specific context (topography, geotechnical and geological conditions, climate and social environment).

More specifically:

- LUSIP (both I and II and KDDP) is recognized by the Coordinating Assembly of NGOs (CANGO) as doing well in terms of community involvement. This has generated a healthy level of ownership, which in the long run should favor sustainability.
- In the case of the ESWSSDP, financing mechanisms and modalities (e.g. tariffs, user fees, maintenance costs and budget allocations) have been put in place to ensure a continuous flow of benefits after project completion, which should favor its financial sustainability.
- The FINCORP LOC's sustainability should be seen in the light of FINCORP's own sustainability. The latter currently appears satisfactory so there is no reason to believe that the LOC, if disbursed, will not continue to deliver benefits well after the project is closed.

Nevertheless, there are several factors considered as negatively influencing the sustainability of benefits arising from the Bank's development interventions. First, the infrastructure projects tended not to cover policy and institutional aspects of development, which are often key to sustainability. This includes facets such as water management rules, water rights

determination, water use monitoring, water payment systems (fee fixing, calculation and collection), infrastructure maintenance, water users' association development and farmer organization strengthening.

Second, there is a particular need to improve infrastructure maintenance. Financing mechanisms need to be developed, and responsibilities, rules and regulations should be specified. The budget for road maintenance, for example, is very limited and although work on the development of a road fund is currently underway, its details are still unclear. The possible implementation of a tolling system or a fuel levy is still undecided. In the Water and Sanitation sector, although financing mechanisms are in place, communities need to acquire better ownership of ESWSSDP facilities. In addition, staff turnover hampers the sustainability of capacity building efforts.

Third, in the agriculture sector, SWADE has still not moved out from any of its project areas, meaning no FC has worked on a totally autonomous basis which poses a major question in terms of FC sustainability. SWADE has been asked to move out from a similar context in the KDDP area but it has been argued that it is too early to do so despite almost 20 years of presence. The European Union has indicated a serious risk of FC collapsing if SWADE were to move out of the project areas. Similarly, the Ministry of Agriculture points to the need for a SWADE exit strategy with a focus on capacity building.

In addition, various aspects of FC functioning pose potential sustainability issues: (i) FCs are prone to conflict and tensions; (ii) Shareholders tend to prioritize immediate profit and there is a risk they won't reinvest enough in their FCs; and (iii) FCs are slow in terms of decision-making and their boards lack technical capacity.

Once LUSIP II becomes operational, it will double the water demand on the Lubovane reservoir, almost reaching its capacity. In the long run, this poses potentially serious threats to sustainability because: (i) quantities of water used for irrigation are not monitored properly (only 10-15% of smaller outgrower schemes are equipped with a water meter); (ii) the Water Rights Department knows that even today people are obstructing water flows and users are not receiving their proper water share; (iii) without water meters, water is paid for according to available surface area not actual consumption; (iv) the mechanism for collecting fees is not functional so most do not pay for water, thus discouraging water saving techniques, nor does it provide a sound basis for irrigation infrastructure maintenance; and (v) as crop water requirements are used to determine the water allocation, there is little incentive to adopt cropping patterns which need less water.

Since sugarcane is a water intensive crop, its cultivation strongly contributes to pressure on water resources in the whole country, according to the MNRE. In a water stressed country such as Eswatini, these sustainability issues should receive much more attention than they currently do as of project conception stage.

Finally, in the energy sector, any work on hydropower generation should be analyzed in terms of the risks linked to drought in the current climate change context. In addition, capacity building support for analyzing solar and wind data was short, limited in scope and reached only a rather small audience. There is a risk of it having limited impact and unsustainable effects if it is not backed up by further action.

Policy Advice and Analytical Work

The evaluation finds that there exists relatively little policy dialogue between the Bank and Eswatini authorities. AfDB task managers visit the country to monitor project progress but share most of their time between implementing agencies and the field. Visits to Ministries tend to be more of a courtesy nature and are focused on project implementation matters, not on public policy. Contacts between AfDB personnel and Civil Society or private sector representatives are reported to be practically nonexistent.

Box 2: Potential areas for analytical work

There are several areas where improved analytical base is required to support project design and policy dialogue. Some of those are the following:

- The profitability of various agricultural crop and cropping systems according to available production factors (land rights, human resources, water rights and capital) and in terms of added value created.
- The merits and demerits of the FC organizational model for smallholder development.
- Analytical work in support of fixing electricity tariffs.
- The development potential of each renewable energy technology as well as other energy sources.
- A comparative assessment of the various regional road corridors so as to identify the competitive advantages of the "MR3 corridor" and the associated Eswatini railway link.

The Bank participated in government sponsored ad hoc development partners retreats. But the main agendas discussed revolved around the implementation of the national development strategy without specific issues for critical policy dialogue. There are nascent SWGs, all operating in different ways, and not always meeting regularly. It should be noted that the AfDB has recently joined the PFM donor working group in August 2018. Though AfDB has made clear its interest in playing a role in the Agricultural SWG, which is led by the European Union, it has not participated in it so far. The Bank also has an opportunity to lead the work in the water supply and sanitation sector, its largest portfolio, under the ongoing Water, Sanitation and Hygiene (WASH) initiative.

Although the CSPs foresee policy dialogue around reform and regional harmonization of regulations and trading as well as partnerships among national and regional bodies, it has not materialized. This is unfortunate, as it would have complemented other interventions to ensure their effectiveness and sustainability.

However, the Bank has delivered a number of analytical works in support to its activities in Eswatini. The Bank completed an EDS in 2013, which has provided very useful proposals for the country's economic development. In the energy and transport sectors the Bank generated knowledge that can enhance understanding of the sectors, provide critical information and guidelines for investors interested in engaging in the renewable energy sector, and clear a way for what should be done in the next CSP.

In addition, the Bank undertook feasibility studies, which largely focused on technical issues related to infrastructure project development. However, the evaluation stresses that the generation of knowledge in support of evidence-based policymaking or innovative planning is still scant. This may include studies of social dynamics to better understand existing or potential project impacts (Box.2).

Crosscutting Issues

Gender

Overall, gender equity indicators associated with the Bank projects are positive, indicating that a significant proportion of women take part in the projects. However, they do not address the root causes of gender inequity such as access to production factors (land, finance), intra-familial decision-making patterns or the recognition of women's rights by the judicial system.

In LUSIP II, despite the apparent high levels of women participation in decision-making bodies,

men's voices remain predominant in FCs and the LUSIP projects. In the water and sanitation sector, sanitation equipment has been built in places that are not conducive to use by women. For example, facilities are located in areas where local authorities reside and public events are held, meaning they are poorly sited for regular private use. Additionally, the FINCORP LOC has not investigated making loan conditions better suited to women borrowers, despite the fact that accessing capital is historically a problem for them. The Transport Master Plan hardly refers to gender at all.

The only noticeable area where women may benefit from the MR3 project more than men relates to the fact that all the employees managing road signs to regulate traffic, when works on the MR3 are ongoing, were women. Considering the low prestige attached to such a job, it is hard to see that this was fostered for gender equity purposes.

Finally, it should be noted that the Eswatini portfolio has generated scant sex-disaggregated data and gender statistics, which limits evidence-based policy or decision-making in gender related areas.

Environment

The program's performance in terms of environmental impact is **mixed**. All the Bank operations comply with the Bank's Environmental and Social Assessment Procedures, with Environmental Impact Assessments having been undertaken. Despite temporary environmental problems linked to construction (noise, spoil, dust etc.), the operations have no significant detrimental effects on environment.

Even some operations have a potential positive effect on the environment. For instance, in energy, the emphasis on renewable energy, particularly solar and wind is positive in terms of green growth and climate mitigation. Similarly, the "Enhancing Readiness for Investment in Low Carbon and Climate Resilient Development in Swaziland," though limited in size and largely focused on capacity building, should have positive effects. The water and sanitation sector can also be considered to have a positive effect on the environment as it supports better water management, improves hygiene and limits bacterial pollution of water and the natural environment due to sewage.

However, the outcomes of one of the Bank's largest sectors of support, i.e. agriculture, are of considerable concern in terms of water management. Indeed, sugarcane is one of the world's most water intensive crops. In addition, sugarcane production often pollutes freshwater ecosystems with silt and fertilizers washed from farms, as well as plant matter and chemical sludge from mills.[19] Promoting sugarcane production is not the best way of using water resources to create added value in agriculture. In a water stressed country such as Eswatini and in the context of climate change, this should have considerable implications for policymaking and project design. Whether it develops more efficient irrigation systems or not, the LUSIP II project contributes to depleting Eswatini's scarce water resources.

Inclusiveness

The degree to which Bank programs have fostered **inclusiveness is low**. Vulnerable groups are positively affected by AfDB support but considerable potential for poverty and inequality reduction remains untapped.

In the agricultural sector, though poorer segments of the population benefit from FC dividends and employment creation, most of the land irrigated by LUSIP is dedicated to sugarcane. Studies show that sugarcane produces good returns on capital

but the added value it creates on a given surface of land is limited compared to that of other crops (Jahel, 2014) and (Roy, 2014). The project could have generated much more income for the poorest populations with limited land rights by more intensively supporting vegetable or fruit production. By choosing such labor-intensive crops, it would also create more employment for unskilled segments of the population. This would have had significantly greater impact on vulnerable segments of the population than the present agricultural operations are likely to have. In addition, marketing agricultural product potential to support added value and off-farm employment creation for the poorest people has not been tapped. Furthermore, the FC model has a negative effect in terms of inclusive growth as companies are subjected to corporate tax. FC shareholders end up being taxed 27% on FC benefits and another 10% on the dividends which the FC distributes to them. As a result, a project aimed at alleviating poverty actually taxes its beneficiaries at an effective rate of 37%.

Despite the fact that effects will trickle down to the most vulnerable, in the water and sanitation sector, choosing to work in relatively well-off Ezulwini cannot be considered as inclusive despite the need for water and sanitation in this fast-growing area. In the transport sector, a project aimed at facilitating commutes towards economic urban centers for salaried personnel or reducing trading costs for local businesses cannot viewed as 'inclusive' either.

The LOC project has not generated a discussion with FINCORP about adapting its loan conditions to be more appropriate for the most vulnerable groups. FINCORP takes the view that its loans are inclusive (considering smaller loans do not require collateral), despite the fact that smallholders in rural areas invariably declare that accessing finance is extremely difficult for them.


Contents of presentation
Scope of the evaluation
Preliminary findings : evaluation criteria
Preliminary findings : cross cutting issues
Preliminary findings : Main issues and recommendations for AfDB to address



How has the Bank Managed Itself in Supporting the Country's Development Results?

Quality of Program Design

Government and stakeholder participation in CSP and project design **is satisfactory**. CSP preparation is based on extensive exchanges with Eswatini authorities, key DPs and other stakeholders. Eswatini authorities play a more significant role even in the identification and design of specific interventions particularly when parastatal organizations are involved as is the case in the agriculture and water and sanitation sectors.

The CSP focuses on key issues of the Eswatini economy and addresses them in an effective way. Stakeholders voiced their satisfaction with the CSPs and the Bank's areas of activity, however, the issue is not so much the quality of the CSPs as the rigor with which they have been implemented.

In practice, the AfDB's portfolio in Eswatini over the period 2009-2018 has strongly tipped towards the construction of infrastructure giving much less importance to the softer parts of the CSPs. For instance, little has been done in terms of "establishing an effective and inclusive infrastructure and equipment management system." From a financial perspective, 82% of the AfDB budgetary allocation to Eswatini has been dedicated to infrastructure building. The fact that other DPs may be addressing some of the issues neglected by the Bank (operation and maintenance, institutional strengthening, marketing) does not justify this situation because there is little evidence that the Bank has coordinated its support with other DPs. Thus, Bank support lacks a more holistic approach.

The MR3 highway project, for instance, could have been conceived beyond a simple road project, as an opportunity for catalyzing economic development along the country's main transport corridor. This implies developing a program to support private sector investment along portions of the highway. Such investment could subsequently contribute to generating extra sources of revenues that would be able to partly offset road maintenance costs.

Moreover, spreading its support over seven different sectors has diluted the Bank's action by limiting the number of actions in each sector. All sectors have between one and three operations, with unfavorable effects on synergies and impact. Over the last ten years, support to a sector has tended to focus on a single large intervention (LUSIP II for Agriculture, ESWSSDP for water and sanitation, MR3 for transport).

In addition to being few in number, operations are also located in different geographical areas. The level of synergies has thus remained low both within and across sectors. Mutual reinforcement between interventions, sectors, and instruments has not occurred. Capacity building efforts have also been rather piecemeal and not based on a clear, long term, capacity development strategy or plan. Lastly, analytical work has also been oriented towards project feasibility studies (LUSIP study, Ndonvo dam study) which further weaken support for crosscutting results.

Some operations are so isolated from the rest of the portfolio that it was actually difficult for the mission to locate anyone knowledgeable about them or to find any written information on them.

Table 2: Project start-up timeliness (months)

Key milestone	Average	Range
Approval to signature	4.8	1.7 to 9
Signature to effectiveness	4.4	0 to 15.6
Effectiveness to first disbursement	12.8	1 to 27.1
Approval to first disbursement	22.0	13.6 to 35.3

This was the case for the "Enhancing Readiness for Investment in Low Carbon and Climate Resilient Development in Swaziland" project, the "Emergency Humanitarian Relief Assistance for Drought Victims" and the "Statistical Capacity Building Program - Phase II (SCB2)" project. In effect, the first two interventions bear no relation to the rest of the AfDB portfolio. In the case of the SCB2 project, the situation is more surprising as statistical capacity is necessary to analyze data and support improvements in the PFM system, particularly the MTEF, so synergies should have been more forthcoming.

In several other instances the limited scope and relative isolation of an activity appears likely to have affected its impact and sustainability:

- It appears unlikely that the short training session on the use of solar and wind data and the development of solar and wind atlases will have much impact on overall solar and wind energy exploitation. Further training and action will be needed.

- It is unclear what follow up will be given to the "Enhancing Readiness for Investment in Low Carbon and Climate Resilient Development in Swaziland" project.

Overall, despite the above caveats, strategic design demonstrated that it fit with the evolving country situations (refocusing of the 2009-2013 pillars at MTR, after the 2011 fiscal crisis) and meeting urgent needs such as the drought encountered in the country in 2016.

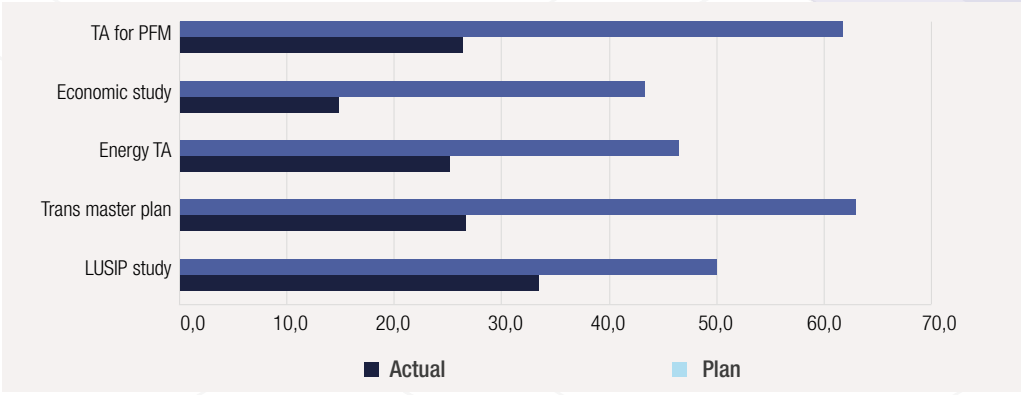
Efficiency

The efficiency of AfDB support to Eswatini is rated unsatisfactory. The program suffers in particular from **implementation delays**. A set of issues negatively affecting efficiency should be noted. For instance, the TA to PFM has been extended by two years while the MR3 is well behind initial schedule. In addition, the LOC took over a year to be disbursed.

In the 2009-2013 CSP MTR, weak project management and the absence of proper coordination and monitoring mechanisms emerged as a common problem for various projects. All the projects in the portfolio suffer from slow disbursement rates with several projects also facing serious deficiencies in procurement and delays in submitting audits and quarterly progress reports. The delays are also often compounded by the submission of inadequate documentation or incomplete supporting documents for disbursement requests.

In addition, the analysis of project start-up dates demonstrates that almost all projects got off to a slow start (Table 2). All interventions overshot the 10-month (or 6 months for approvals after PD 02/2015) target for the delay between project approval and actual first disbursement, with the

Figure 4: Planned vs. actual duration of Bank's completed interventions (no. of months)



average delay being about 22 months to make the first disbursement. Indeed, the TA for PFM, the LOC, the Statistical Capacity building, and the Transport Master Plan study have all done so by much more. In general, the TAs took more time to make first disbursement compared to investment projects.

Deficiencies in project design and quality at entry led to delays at least in the first year of a project. This can be attributed to a lack of financial management and procurement capacity of the borrower/executing agency, unprepared co-financers, lack of timely provision of government guarantees, and problems in access to land. All projects have experienced at least some form of procurement process delay.

The assessment of duration of completed interventions, which were mostly TAs, shows that the actual duration of the intervention is longer than the original planned duration (Figure 4). For example, the length of duration of the national transport master plan and TA for PFM was twice as long as their original planned time.

In terms of cost-effectiveness, the LUSIP-II project is on track and likely to be completed at a cost well below that initially foreseen (Rand 554 million instead of the 855 million budgeted). Hence, the largest Bank-supported project is likely to deliver its expected results at some two-thirds of its budgeted costs.

Partnerships, Harmonization & Leverage

The level of coordination between AfDB activities and those of other donors is insufficient. Several factors point to a lack of harmonization and coordination of AfDB activities with those of other donors: (i) joint planning or M&E does not occur, even when co-funding is involved; (ii) SWGs are in their infancy and AfDB is only active in PFM; (iii) in the energy sector, a range of actors are active but exchange almost no information; as a result several studies related to solar and wind data collection appear to have been conducted in parallel to AfDB support - resulting in a certain degree of effort duplication; (iv) the two MR3 lots funded by AfDB and the Kuwait Fund are running in parallel with separate contractors and consulting firms and no exchange at the donor level or meetings to discuss the various options selected by each project - though both are implemented through the Ministry of Public Works and Transport's (MPWT's) Road Department.

The ACMS admits that present DP cooperation remains "a little ad hoc." UNDP also indicates that donor efforts are highly fragmented, with donors tending to work independently. ACMS has also mentioned a Development Cooperation Policy dating back to 2000 which has been under revision, but it is unclear how far such a policy will be effective in supporting donor

coordination. The Bank participated in the development partners retreats organized by the government in 2016 and 2018 when it was also invited to be part of the PFM SWG.

Despite weak coordination, the Bank's interventions and resources are leveraging additional resources and bringing in partners in support of development actions, at least in some sectors. In the case of the LUSIP project (as well as KDDP), it is considered that AfDB support has been the anchor support which enabled government to leverage funds from other partners. This was the case since the initial success of KDDP and LUSIP I created support and readiness to finance LUSIP II from other donors. In the energy sector, one of the main objectives of the Bank is to contribute to creating a conducive environment for other players to invest in energy production in Eswatini, particularly the private sector. In the transport sector, several donors are funding different portions of the MR3 highway, though it is unclear how far financing by the one has led to financing by others.

Managing for Development Results

The AfDB's M&E of its performance in terms of achievement of outcomes and impacts is not adequate. It focuses mainly on technical and administrative aspects of project implementation and much less on outcomes and impact. In addition, it adopts a basic approach to performance monitoring with very limited analysis of the qualitative dimensions of project performance. Despite regular supervision missions by AfDB, the level of critical analysis is poor and there is a tendency to be overly optimistic in BTORs and IPRs. This undermines the point of these quality assurance tools, which are designed to draw attention to potentially problematic issues in order to support problem solving during project implementation.

All projects have developed a logical framework with a sound project logic and clear indicators invariably associated to a baseline and target values determined at early stages of project implementation. However, indicators are mainly quantitative and lack a qualitative dimension.

In addition, M&E systems are not detailed at the appraisal stage. The sections dedicated to M&E arrangements in the Project Appraisal Reports of the MR3, ESSWDP, LUSIP II, Nondvo dam, TA to PFM and LOC indicate that actions limit themselves to specifying general M&E principles the responsible agency and basic deliverables such as quarterly reports. Apart from the MR3 project for which only Bank supervision missions are mentioned, implementing agencies are responsible for M&E. Only the Project Appraisal Report of the LUSIP II study presents a performance management plan.

AfDB conducts regular supervision missions. During such missions, it meets implementing agencies, conducts field visits, and tends to focus on practical aspects of project implementation. BTORs are produced on a regular basis and sent to Government authorities.

However, in the evaluation's view, project supervision by the AfDB reflected in the BTORs and IPRs is not critical enough. They have a strong tendency to be overly optimistic. For example, the latest available IPR for the TA to PFM action (May 2015) rates the implementation progress and development objective performance as "highly satisfactory" and shows scarce critical analysis of upcoming shortcomings. Similarly, the April 2017 IPR for the MR3 rates the project implementation progress as "satisfactory" despite progress towards final output target levels of 0-1% since the project came into force almost 2 years before. With progress towards annual and final output targets of between 0-25% for 3 out of 4 indicators, the March 2017

IPR for the Nondvo dam study also chose to rate implementation progress as "satisfactory." The October 2017 IPR for LUSIP II rates the project Development Objective performance as "highly satisfactory" despite the fact that serious delays in the implementation of the non-AfDB components compromised the attainment of project outcomes. Only the November 2017 IPR for the EWSSDP admits to an "unsatisfactory" implementation progress.

In addition, apart from regular Bank reporting (BTOR but also MTR), no additional performance management strategies or M & E systems are put in place, neither at sector nor project level. Review of crosscutting issues (gender equality, environment, inclusive growth, and private sector support) is lacking.

A further key issue to be flagged in terms of M & E is that it tends to focus on technical and administrative aspects of implementation and output realization without giving greater importance to an analysis of likely outcomes and impacts. As a result, a detailed understanding of the outcomes for beneficiaries is often missing, resulting in an inability to answer key questions such as: Who is using water and sanitation infrastructure (and how)? How are FC benefits shared within a homestead and used? What is the nature and scope of the local economic growth created in sugar producing areas? In general, the AfDB has limited itself to building large infrastructure and remains far from a detailed understanding of how its activities impact the final beneficiaries.



Borrower Performance

The implementing agencies show leadership in aid coordination and harmonization at the level of specific project interventions but not so much at a wider sectoral or national level. The fact that most AfDB projects are implemented through government institutions favors leadership in aid coordination and harmonization at the project level. However, beyond the project level, although quite clear national policies exist, aid coordination and harmonization, which is managed by the ACMS unit, is still a work in progress and little aid coordination appears to occur. Besides, in some areas such as Water, Sanitation and Hygiene or achieving greater food self-sufficiency, strategic guidance is still lacking.

At a sector level there is a need for much more guidance by the government to support greater levels of aid coordination and to encourage DPs to practice harmonization. This will require further support to setting up operational SWGs, which are presently in their infancy.

The participation of Eswatini authorities is predominant whenever projects involve a set of different financiers (LUSIP, MR3) for which the identification process must be coordinated. The RGoE then becomes the natural leader of such a process. In addition, Eswatini participation is stronger when a loan is involved rather than a grant.

At a more basic level, the borrower can be considered to largely comply with its commitments in terms of co-financing and supporting project implementation, albeit with some delays in certain occasions (the MR3 highway for instance). Exceptions to this include a problem in issuing a government guarantee for the LOC project and the more difficult issue of political decisions related to PFM in order to contain the fiscal deficit.


The Mall
World Health Organization

Conclusions and Recommendations

Conclusions

The **relevance** of AfDB activities in Eswatini is **satisfactory**. The portfolio addresses priority sectors, is responsive to the needs of beneficiaries, and is well aligned to country policies. The portfolio can be considered well aligned to the High 5 priorities.

Key lessons include: (i) the more the Bank's resources are diffused the less likely it will be to deliver significant results. It leads to a low level of synergies between the various interventions, sectors, instruments and aid modalities; and (ii) a systemic approach in emphasizing both infrastructure hardware and soft aspects such as policy, institutional reform and social organizational issues (infrastructure maintenance, farmer organization) enhance alignment to target beneficiary needs.

The effectiveness of the **first CSP cycle** (2009-2013) is assessed **unsatisfactory** while the **second cycle** (2014-2018) program **is not rated** by the evaluation, as all of the major investment projects are still being implemented. The Bank's interventions in this second program cycle are expected to be effective at achieving outputs and outcomes.

However, there are areas to improve for achieving maximum results. The lack of a systemic approach partly explains uncertainties as to outcome achievement. Beyond infrastructure for agricultural production, diversification of products needs to work on marketing such products. Fully ensuring impact of road construction requires taking a more comprehensive view of its use with consequent effects on building feeder roads and supporting related economic development.

Moreover, there is a lack of coordination and synergies between Bank-supported actions. Support to FINCORP through the LOC, for instance, could have been coordinated with the Bank's support to the agricultural sector in order to catalyze investment in diversified agricultural production and possibly in agricultural product marketing and processing.

Another important factor is that more added value could be created in the agricultural sector by focusing on crops other than sugarcane. This could also have been more effective in contributing to Eswatini's objective of producing more food locally.

Although **CSPs are of good quality,** they are not rigorously implemented. The AfDB's portfolio has strongly tipped towards the construction of infrastructure giving much less importance to the softer elements of the CSPs (institutional support, infrastructure maintenance). Moreover, policy dialogue has not received much attention.

The level of **efficiency** of AfDB action in Eswatini **is rated unsatisfactory** due to implementation delays. Most projects appear to suffer considerable start-up delays, indicating deficiencies in quality at entry. A key lesson is that many of these delays could be avoided by conducting capacity building into AfDB rules and procedures before projects are launched.

From the perspective of **harmonization and partnership**, there is considerable room for improvement in terms of coordination and joint M&E with other DPs. Despite weak coordination, the Bank's interventions leverage additional resources and bring in partners in support of development actions, at least in some sectors. In terms of **managing results**, M&E focuses **mainly on outputs and much less on outcomes and**

impact. In addition, it adopts a basic approach to performance monitoring with very limited analysis of the qualitative dimension of its results and of the reasons why projects perform as they do.

The **policy dialogue** between the AfDB and Eswatini authorities **is very limited**. The Bank did deliver analytical work in support to its activities in Eswatini, however, this was largely focused on technical issues related to infrastructure (and pipeline) building. The generation of knowledge in support of enlightened policymaking or innovative planning is scarce.

In addressing **crosscutting issues**, AfDB projects have a positive gender mainstreaming in terms of gender indicators. However, they do not address the root causes of gender inequity. In terms of environmental impact, the performance is mixed. Bank support in the energy sector has great potential to have a positive effect on the environment. However, the outcomes of one of the Bank's important sectors of support, agriculture, are particularly concerning in terms of water management. Sugarcane is one of the world's most water intensive crops and is not the best way of using scarce water resources.

Moreover, the Bank needs to enhance benefits to more vulnerable segments of the population. Operations could have been more **inclusive** if: (i) high value and labor intensive cropping systems were promoted in irrigation projects; (ii) agricultural product marketing were supported to promote off-farm jobs and help develop markets for alternative crops; (iii) priority for water supply and sanitation investments were focused on less prosperous regions; (iv) transport interventions gave more attention to activity creation and farm-to-market linkages; and (v) the LOC project adapted loan conditions to service the most vulnerable groups.

Sustainability is assessed **as unsatisfactory**. The ongoing infrastructure related operations are considered technically and institutionally sound, however, major areas of concerns are noted. Infrastructure maintenance and certain environmental issues, which pose serious risk to sustainability, need further attentions.

Recommendations

The evaluation proposes the following five recommendations for improvement.

i. Enhance selectivity and portfolio design

A greater portfolio focus and selectivity would allow the Bank to contribute to more effective and sustainable results in Eswatini. Achieving a larger focus and selectivity could take the form of moving out of sectors where other donors are active or terminating support to sectors where the number of actions, and their financial volumes, are limited and unlikely to have great impact. A minimum volume of activity should be guaranteed for each sector in order to address sector level issues more holistically. This would entail developing more synergies among projects, analytical work, capacity building actions, and focused policy dialogue.

At the same time, the scope of Bank-supported activities should be widened well beyond infrastructure building by adopting a more comprehensive and systemic approach to improve socioeconomic conditions. In the agriculture sector, for example, this could involve employing a value chain approach to agricultural transformation. In the transport sector, road projects could be used as an opportunity to develop economic activities along corridors with associated measures to attract private investment.

ii. Improve quality at entry

Capacity building and institutional strengthening needs should be assessed before investments are undertaken. In particular, institutional capacity to meet AfDB procurement and reporting procedures should be evaluated during project identification,

and, if required, adequate capacity building (or TA) provided before the start of a project.

Greater care should be given to appraising land acquisition issues in preparing infrastructure projects to avoid project delays as well as extra costs linked to redesign. Ideally, land should be acquired before the project is approved or at least a declaration of intent signed by all parties in order to secure access to land.

The guarantees for private sector operations should be analyzed in more detail and better ensured before project launch.

Maturity of co-funded interventions should be ensured across all donors before project approval. This should prevent delays such as those due to BADEA and EIB in the LUSIP II project.

In addition, the relevance of introducing fiscal policy conditionality in relation to future PFM support should be assessed given that the government may not be addressing the country's fiscal and budgetary crisis with sufficient determination.

iii. Strengthen the focus on managing for development results

More efforts should be made to monitor and evaluate outputs, outcomes and impacts, and assist project coordination through a sustained dialogue with other stakeholders. This entails defining indicators, which better define the quality of results to be obtained. For example, understanding who the users of water and sanitation infrastructure are or how FC dividends are shared and used within a household, are key to understanding impacts of water and sanitation and agriculture interventions.

AfDB should also dedicate more time to donor coordination, to supporting SWG activities and to developing direct exchanges with other DPs. Working in a partnership mode can improve overall aid effectiveness and reduce aid transaction costs for a small government. CSPs could outline a more holistic analytical strategy around key development issues linked to key indicators.

iv. Safeguard development benefits

Operation and maintenance systems should be examined carefully and improved for all infrastructure interventions. Bank infrastructure operations should incorporate policy and institutional reform components that are aimed at ensuring sustainable asset management and operations. Such systems involve introducing water use measurement, water fees and a corresponding fee collection system for managing irrigation perimeters, introducing tolling systems or adapted budget lines for transport infrastructure, and establishing rules, responsibilities and financial contributions for users of water and sanitation infrastructure. Lastly, conditioning final disbursements to their existence, if feasible, should also be considered.

The Bank should likewise dialogue closely with other partners who are involved in infrastructure management and maintenance issues.

v. Enhance policy dialogue and knowledge management

The Bank should improve its policy dialogue, and knowledge management in the country assistance framework, and thereby enhance its influence on the reform agenda and its catalytic potential. The Bank must assume greater responsibility and visibility in some specific areas of policy dialogue for example, in agriculture, water and sanitation, energy sector, and Public-Private Partnerships (PPPs). In addition, it should expand its policy dialogue on crosscutting agendas such as inclusive growth and gender mainstreaming. This can also be supported by ensuring the influence and visibility of the analytical works in informing Bank's operational design and policy dialogue with the government and DPs.

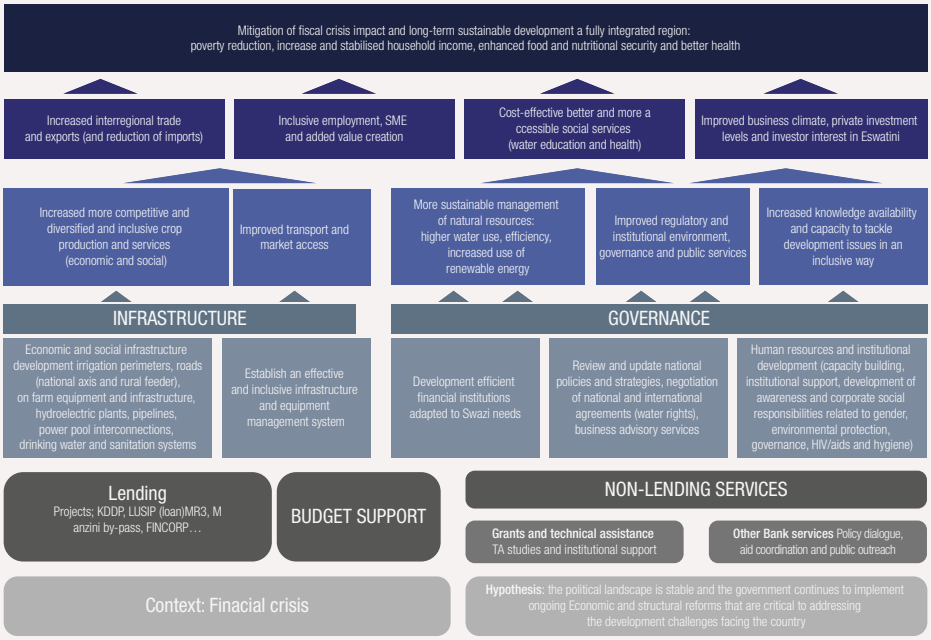


Annexes

Annex 1. Methodological Approach

This evaluation examined the performance of the AfDB strategy and program against the results that the program aimed to achieve. A Theory of Change was derived (Figure A1.1 below) from the various CSPs, national strategies and policies as well as project documents, and was used to trace the logical links of Bank support from lending and non-lending operations to outputs, outcomes and development impacts.

Figure A1.1: Theory of Change for AfDB support to Eswatini



The evaluation was structured in three phases: (i) an inception phase, (ii) a data collection and analysis phase, and (iii) a reporting and quality assurance phase. Figure A1.2 below summarizes for each phase the methodological approach, tasks carried out, and corresponding deliverables.

During the inception phase, the evaluation team fine-tuned the evaluation questions, developed the evaluation design and matrix (Annex 2), prepared and tested data collection tools, identified required resources, and determined the roles and responsibilities for evaluation team members. In the data collection and analysis phase, the evaluation team reviewed additional documents, undertook field visits and interviewed key informants. A set of sectoral reports, a technical report and a summary evaluation report were drafted during the reporting phase. Each of the reports was refined based on comments from internal as well as external peer-reviewers.

Figure A1.2: Methodological process, tasks and deliverables



The evaluation team reviewed approximately 130 documents and met with approximately 170 key informants. The list of persons met during the mission, and the institutions they represent, is presented in Annex 4, and the bibliography reviewed is included in Annex 5.

In addition, the evaluation employed a four-point rating scale (from 1 "Highly unsatisfactory" to 4 "Highly satisfactory") in summarizing the performance of the Bank's intervention along standard evaluation criteria. This common scoring scale aims at ensuring sound qualitative assessment based on evidence.

Table A1.1: The four-point rating scale used in the evaluation

Scale	1 Highly unsatisfactory	2 Unsatisfactory	3 Satisfactory	4 Highly satisfactory
Relevance	▮ Very weak, not at all appropriate design and very limited / non-existent alignment	▮ Weak, improper design and limited alignment / several gaps	▮ Rather strong and appropriate design, strong alignment	▮ Very solid and appropriate design, complete alignment
Effectiveness	▮ Expected outputs not achieved in most cases ▮ None or very few of the intended results are achieved	▮ Expected outputs achieved with significant gaps ▮ Few targeted results are achieved	▮ Expected outputs achieved in most cases ▮ Most of the targeted results are achieved	▮ Expected outputs fully achieved ▮ All targeted results are achieved
Efficiency	▮ Very significant difference between the ERR and the opportunity cost of capital ▮ Very significant gap between planned and actual timing of implementation	▮ Significant difference between the ERR and the opportunity cost of capital ▮ Significant gap between planned and actual timing of implementation	▮ Moderate difference between the ERR and the opportunity cost of capital ▮ Moderate gap between planned and actual timing of implementation	▮ Little or no difference between the ERR and the opportunity cost of capital ▮ Little or no difference between planned and actual timing of implementation
Sustainability	▮ Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are not assured	▮ Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are hindered by significant risks	▮ Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are generally ensured, with certain minor risks	▮ Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are fully assured

Annex 2. Evaluation Matrix

Evaluation questions	Suggested indicators or elements of analysis	Sources of information
Criteria/issue: Relevance		
EQ1. To what extent are the Bank's interventions relevant to the needs, development challenges and priorities of the country?	Relevance and quality at strategic/sector level ▮ Degree of correspondence between listed global and sectoral priorities in the Bank's CSPs and those of the strategic framework of Swaziland ▮ Perception of stakeholders on the alignment of strategies with the needs and priorities of Swaziland ▮ Adequacy of financial instruments mobilized in the implementation of the Bank strategy (private sector, BS, etc.) ▮ Bank personnel's opinion on quality at entry of CSP (including results framework) ▮ Stakeholder opinion on quality of CSP ▮ Have Bank activities tackled a sector in a global way? Relevance and quality at intervention level (project design) ▮ Opinion of stakeholders (and evaluation team) on the alignment of intervention objectives (Bank portfolio) with the needs and priorities of Swaziland	Documentary review (CSP, national strategies, sectoral strategies, project documents); Interviews (AfDB, RGoE, DP, beneficiaries)
EQ2. To what extent do the Bank's interventions address the needs of target groups in the country?	Strategic/sector level ▮ Clear and explicit identification of target groups within the CSPs and for each sector ▮ Rationale for selecting target groups - (i) detailed analysis of their needs; (ii) justification of geographical choices Intervention level ▮ Clear and explicit identification of target groups within each intervention ▮ Rationale for selecting target groups - (i) detailed analysis of their needs; (ii) justification of geographical choices; (iii) justification of the action modalities ▮ Degree of coherence between the needs identified and the activities undertaken to respond to them ▮ Level of correspondence between intervention objectives and needs expressed in CSP and country policies ▮ Opinion of stakeholders on relation between intervention objectives and needs of beneficiaries Relevance of beneficiaries ▮ Correspondence of beneficiaries with target groups identified in CSP ▮ Correspondence of beneficiaries with target groups identified in country policies ▮ Opinion of stakeholders on how far Bank and RGoE strategy papers focus on priority needs.	Documentary review (CSP, national strategies, project documents); Interviews with stakeholders

Evaluation questions	Suggested indicators or elements of analysis	Sources of information
EQ3. To what extent are the interventions in the country aligned with the Bank's priorities?	Strategic level beyond country ▮ Strategic alignment and operational translation of intervention objectives and Bank priorities at the regional level (taking into account the principles of regional integration) ▮ Strategic alignment and operational translation of intervention objectives and Bank priorities at global/continental level: (i) Medium-Term Strategy 2008-2012; (ii) 2013-2022 Ten-Year Strategy and the Results Measurement Framework for a single Bank 2013-2016 ▮ Bank personnel's opinion on adequacy of AfDB continental and regional policy documents in Swazi context. Strategic level in Swaziland ▮ Level of correspondence between intervention objectives and objectives specified in CSP. ▮ Bank personnel's opinion on quality at entry of CSP (including results framework) Sectoral/intervention level ▮ Strategic alignment and operational translation of Bank priorities at sectoral level - coherence of interventions with (i) sectoral transport policy; (ii) sectoral energy policy; (iii) the governance policy framework and action plan; (iv) the private sector development strategy; (v) policies on cross-cutting issues (environment, gender, etc.); (vi) other sectoral strategies	Documentary review : AfDB regional and continental policy documents (High five, MICs, Regional Integration, Medium term, 2013-2022, gender, private sector...), CSP; Interviews (AfDB, RGoE)
Criteria/issue: Effectiveness		
EQ4. To what extent have the Bank's interventions achieved their expected development objectives and results?	Intervention level ▮ Presence of tangible and demonstrable outputs: execution rate of outputs (percentage of outputs that are reached or are likely to reach the target expected at the end of the project) ▮ Presence of tangible and demonstrable outcomes: execution rate of direct effects and intermediaries effects listed in the projects' logical frameworks ▮ Assessment of additional effects (positive and negative) not expected during the project cycle ▮ Stakeholder and evaluation team opinion on quality of intervention logic in terms of objective attainment. Strategic/sector level ▮ Estimated contribution to sector key indicators of: (i) intermediate outcomes; (ii) long-term results	Documentary review (project documents); Interviews (Implementing agencies); Field visits (final beneficiaries)
EQ5. To what extent have the Bank's interventions benefited target group members?	Intervention level ▮ Perception of beneficiaries on the adequacy of the project with their needs ▮ Beneficiaries' perception of what has changed for them during implementation and following the intervention ▮ Perception of beneficiaries of the AfDB's role - knowledge, visibility, support, added value ▮ Degree of interventions' ownership by beneficiaries ▮ Opinion of stakeholders (beyond beneficiaries) on extent of benefits and beneficiaries ▮ Number and type of beneficiaries Strategic/sector level ▮ Level of correspondence between project beneficiaries and beneficiaries as stated in strategic documents	Interviews with beneficiaries and stakeholders; Documentary review: project documents, CSP

Evaluation questions	Suggested indicators or elements of analysis	Sources of information
EQ6. To what extent have the Bank's interventions contributed to the achievement of development objectives and expected development results of the country, including impacts (both intended and unintended)?	Strategic/sector level ▮ Evidence of the Bank's support contribution to the country development objectives ▮ Perception of stakeholders (government, DP, civil society) on the Bank's support contribution to the country development objectives Intervention level ▮ Evidence of the interventions' contribution to the country development objectives ▮ Perception of stakeholders (implementing agency, beneficiaries, civil society) on the AfDB interventions' contribution to the country development objectives	Documentary review (project documents, Swazi development indicators); Interviews (AfDB, RGoE, DP); Field visits (final beneficiaries)
Criteria/issue: Sustainability		
EQ7. To what extent have the achieved benefits continued or are likely to continue once the Bank's interventions are completed?	Strategic/sector level ▮ Attention paid to sustainability and results sustainability factors in the AfDB strategies and policy dialogue ▮ Perception of stakeholders on the importance given to sustainability by the Bank Intervention level ▮ Technical soundness of investments ▮ Existence of satisfactory institutional arrangements and regulations to ensure infrastructure and equipment maintenance;or territorial management ▮ Degree of institutional sustainability and contribution to capacity building ▮ Influence of the political and governance environment ▮ Degree of ownership and sustainability of partnerships ▮ Degree of environmental and social sustainability ▮ Degree of resilience to exogenous factors and risk management	Documentary review (CSPs, project documents); Interviews (AfDB, RGoE, DP, Implementing agencies)
Criteria/issue: Crosscutting issues		
EQ8. To what extent are the Bank's interventions inclusive (i.e. bringing prosperity by expanding the economic base across the barriers of age, gender, youth and geography) in terms of gender equality and regional disparity?	Strategic level ▮ Explicit and targeted consideration (analysis of the context) in country strategies (CSPs): most vulnerable groups, gender equality, youth employment, regional disparities ▮ Definition of specific objectives, specific indicators, and mobilization of specific skills Sector level ▮ Proportion of interventions of the country portfolio in the "social" sector ▮ Attention paid to inclusiveness (gender equality, youth employment, geographic disparities) in the other sectors' interventions: definition of specific objectives, specific indicators, and mobilization of specific skills Intervention level ▮ Importance paid to inclusiveness (gender equality, youth employment, geographic disparities) in the design and implementation of projects (main activities and associated activities) : definition of specific objectives, specific indicators, and mobilization of specific skills ▮ Degree of effective intervention inclusiveness (number of project direct and indirect beneficiaries)	Documentary review (CSP, project documents); Interviews (RGoE, Implementing agencies); Field visits (final beneficiaries)

Evaluation questions	Suggested indicators or elements of analysis	Sources of information
EQ9. To what extent are the Bank's interventions environmentally sustainable and support the transition to green growth?	Strategic level ▮ Explicit and targeted consideration in country strategies (CSPs): analysis, definition of specific objectives, specific indicators, and mobilization of specific skills Sector level ▮ Proportion of interventions of the country portfolio in the "environment" sector ▮ Attention paid to environment in the other sectors' interventions: analysis, definition of specific objectives, specific indicators, and mobilization of specific skills Intervention level ▮ Importance paid to environment in the design and implementation of projects (main activities and associated activities) : analysis, definition of specific objectives, specific indicators, and mobilization of specific skills ▮ Presence of tangible results on the strengthening of favorable environmental factors and / or on mitigating negative environmental factors	Documentary review (CSP, project documents); Interviews (RGoE, Implementing agencies); Field visits (final beneficiaries)
Criteria/issue: Design		
EQ10. To what extent is the quality of the CSP satisfactory?	Strategic level ▮ Assessment of the CSPs quality at entry by the Bank's services (including the quality of the results frameworks) ▮ Perception of stakeholders on the quality of CSPs	Documentary review (CSP); Interviews (AfDB, RGoE, DP)
EQ11. To what extent has the Bank applied selectivity in designing its country portfolio and focused on areas where it brings added value?	▮ Budgetary share of interventions under the priority sectors of the Bank (global and by sector) ▮ Justification of priority areas and thematic choices (specific issues & constraints; links with the national strategy; consistency / leverage for other DP) ▮ Specific interventions at critical times (context) ▮ Interventions in fields or specific areas not covered by other DP and critical for the country ▮ Continuity of the Bank's leadership in selected sectors / thematic	Documentary review (CSP, National strategic documents, project documents); Interviews (AfDB, RGoE, DP)
EQ12. To what extent has the Bank been innovative in adapting its approach to the country's context and development challenges/ needs?	▮ Relative shares in the intervention portfolio of each aid modality / fund mobilized and their evolution during the period ▮ Perception of stakeholders on the instruments mobilized by the Bank and their relevance to the situation of the sector / area of intervention ▮ Comparison between the instruments used by the Bank and those of the other main donors during the period ▮ How far have the latest development concepts, approaches and tools been taken into account in strategic and project design Middle income status ▮ Quality of analysis and targeting of CSP on middle income status and associated issues (social, economic, political and institutional factors) ▮ Consideration on the causes and consequences of middle income status in the political dialogue ▮ Assimilation of good practices in approaching middle income status ▮ Inclusion of regional context evolution in approaching middle income status countries ▮ Stakeholder perception on the consideration of middle income status factors	Documentary review (CSP, regional and continental AfDB policies -MIC strategy in particular); Interviews (AfDB, RGoE, DP)

Evaluation questions	Suggested indicators or elements of analysis	Sources of information
EQ13. To what extent are the Bank's interventions coherent and well-coordinated internally?	Sector level Intervention level ▮ Importance of explicitly coordinated and synergistic interventions ▮ Degree of liaison / mutual reinforcement between (i) interventions; (ii) sectors; (iii) instruments and aid modalities ▮ Degree of liaison between the analytical work carried out and the sectors / themes of intervention ▮ Degree of dissemination of analytical work to stakeholders of funded interventions (knowledge and awareness of the existence of analytical work) ▮ Degree of consideration of lessons learned from analytical work in the design of interventions (integration of lessons learned)	Project documents Interviews with project stakeholders
Criteria/issue: Efficiency		
EQ14. To what extent are the Bank's interventions delivered in an efficient manner (i.e. whether resources and inputs are economically converted to results)?	▮ Comparison of the benefits obtained compared to the costs (economic rate of return) ▮ Comparison with the costs of alternative / comparable means to reach the objectives of the intervention	Documentary review (project documents); Interviews (implementing agencies); Field visits (final beneficiaries)
EQ15. To what extent are the Bank's interventions implemented in a timely manner and in compliance with operational standards?	▮ Compliance with the implementation schedule (comparison of the estimated duration and the actual duration of execution from the date of entry in force) ▮ Duration for intervention approval ▮ Duration before first disbursement ▮ Stakeholder appreciation on the timeliness of the Bank interventions	Documentary review (project documents); Interviews (implementing agencies); Field visits (final beneficiaries)
Criteria/issue: Knowledge and policy advice		
EQ16. To what extent has the Bank actively engaged in and influenced policy dialogue through relevant advice?	▮ Explicit and targeted engagement of the Bank for his involvement in the policy dialogue (objectives and dedicated resources) ▮ Participation and frequency of meetings / working groups with involvement of the Bank ▮ Role of the Bank in the coordination and synergies between DP ▮ Stakeholder appreciation of the role of the Bank and its contribution to political dialogue (influence)	Documentary review (CSP, CSP evaluations); Interviews (AfDB, RGoE, DP);
EQ17. To what extent has the Bank delivered adequate analytical work in support of its interventions, positioning and policy advice?	Strategic, sector and intervention levels ▮ Achievement rate of analytical work (list of analytical work completed / planned) ▮ Relevance of links between analytical works conducted and areas of concentration of Bank assistance ▮ Degree of dissemination and ownership of analytical works (CSP / project design and management) ▮ Perception of stakeholders on the quality and usefulness of analytical work	Documentary review (analytical works); Interviews (AfDB, RGoE, DP)

Evaluation questions	Suggested indicators or elements of analysis	Sources of information
Criteria /issue: Partnerships, harmonization & leverage		
EQ18. To what extent are the Bank's interventions harmonized with those of other donors (avoiding duplication, simplifying procedures, etc.)?	▮ Degree of sector / thematic specialization of the main DP and place / role of the Bank ▮ Existence of platforms and initiatives to coordinate aid between DP ▮ Role and influence of the Bank in the coordination and synergies of support provided ▮ Degree of coordination of interventions among key DP (design - relevance) ▮ Degree of mutual reinforcement of the results of interventions funded by different DP including the Bank (execution - effectiveness, impact). ▮ Frequency of joint appraisals ▮ Level of co-financing of activities	Documentary review (CSP, project documents); Interviews (AfDB, RGoE, DP)
EQ19. To what extent are the Bank's interventions and resources bringing in other players and being leveraged for maximizing development effectiveness at country level?	▮ Role and importance of the Bank in intervention design, and in terms of facilitation and resource mobilization by other DP Role and importance of the Bank's use of different instruments and aid modalities in a context of middle income status and influence on other DP	Project documents; Interviews (AfDB, RGoE, DP)
Criteria/issue: Managing for development results		
EQ20. To what extent has the Bank successfully implemented a performance management strategy that focuses on performance and the achievement of outputs, outcomes and impacts?	Strategic level ▮ Existence of mid-term reviews and other M&E modalities of the Bank portfolio in Swaziland Stakeholder appreciation on the proportionate nature of the means dedicated to the monitoring and evaluation of the AfDB portfolio in Swaziland ▮ Frequency of Bank Back to Office reports (BTOR)? Intervention level ▮ Assessment of the quality of the project indicators and M&E systems (realism, clarity and completeness) ▮ Realization and regularity of (i) supervision reports, (ii) mid-term reports and (iii) state of execution and results of project reports ▮ Timeliness in providing PCRs for projects concerned	Documentary review (CSP, project documents); Interviews (AfDB, implementing agencies, RGoE);
EQ21. To what extent has the Bank supported the development of national capacities and management systems that focus on results?	Strategic level ▮ Attention to development of national capacities and management systems that focus on results in CSP ▮ Role of TA in terms of national institutional building and results management Intervention level ▮ Presence of tangible and demonstrable outcomes in terms of capacity building ▮ N° of capacity building events related to the development of national capacities and management systems that focus on results ▮ Role of TA in terms of project support	Documentary review (CSP, project documents, CSP reviews); Interviews (AfDB, implementing agencies, RGoE, DP)

Evaluation questions	Suggested indicators or elements of analysis	Sources of information
Criteria/issue: Borrower performance		
EQ22. To what extent the borrower partner shows leadership in aid coordination/harmonization?	Strategic level ▮ Organization of ODA coordination in the areas of intervention of the Bank ▮ Political dialogue: modality and quality ▮ Clarity of orientations set out in national policies	Documentary review (CSP, national strategies); Interviews (AfDB, RGoE, DP)
EQ23. To what extent the borrower partner and other clients participate in design and implementation of interventions (CSP, preparing for AfDB operations, compliance with AfDB loan covenant and conditionality, timely provision of counterpart funds, following procurement guidelines, etc.)?	▮ Degree of ownership in the development of successive national strategies covering the evaluation period (role of the Bank and other partners) ▮ Degree of ownership of the implementation of national strategies and the importance of support from the Bank and other DP in this area ▮ Proportion of aid to the country included in the national budget and change during the period ▮ Perception of the role and contribution of the Bank to the respect of the principle of appropriation ▮ Level of participation in project orientation or management committees ▮ % of national contribution to intervention budgets ▮ Degree of AfDB intervention alignment with national policies	Documentary review (Project documents, CSP, national policy documents); Interviews (AfDB, RGoE, DP)
EQ24. To what extent does the country support the management of development results?	Strategic, sector and intervention levels ▮ Evidence of measures taken by Swaziland to promote the achievement of results or, on the contrary, decisions taken which weakened the interventions of the Bank ▮ Clarity of objectives and indicators set out in national policies ▮ Level of national efforts invested in M&E modalities to follow the attainment of development results	Interviews (AfDB, RGoE, DP); National M&E and policy documents
Criteria/issue: Drivers of success & lessons		
EQ25. What are the key factors positively and negatively influencing the achievement of development results?	Strategic, sector and intervention levels ▮ List of key factors positively and negatively influencing the achievement of development results and rational explaining their effect	Documentary review (CSP, national policies, project documents, M&E reports of all types); Interviews (AfDB, RGoE, project stakeholders, civil society, private sector representatives, DP)
EQ26. What are the key lessons learned that could inform future strategies and program in Eswatini?	Strategic, sector and intervention levels ▮ List of key lessons learned that could inform future strategies and program in Swaziland and rational explaining them. ▮ Evidence of lessons learned	Documentary review (CSP, national policies, project documents, M&E reports of all types); Interviews (AfDB, RGoE, project stakeholders, civil society, private sector representatives, DP)

Annex 3. Evaluation rating by evaluation criteria and sector

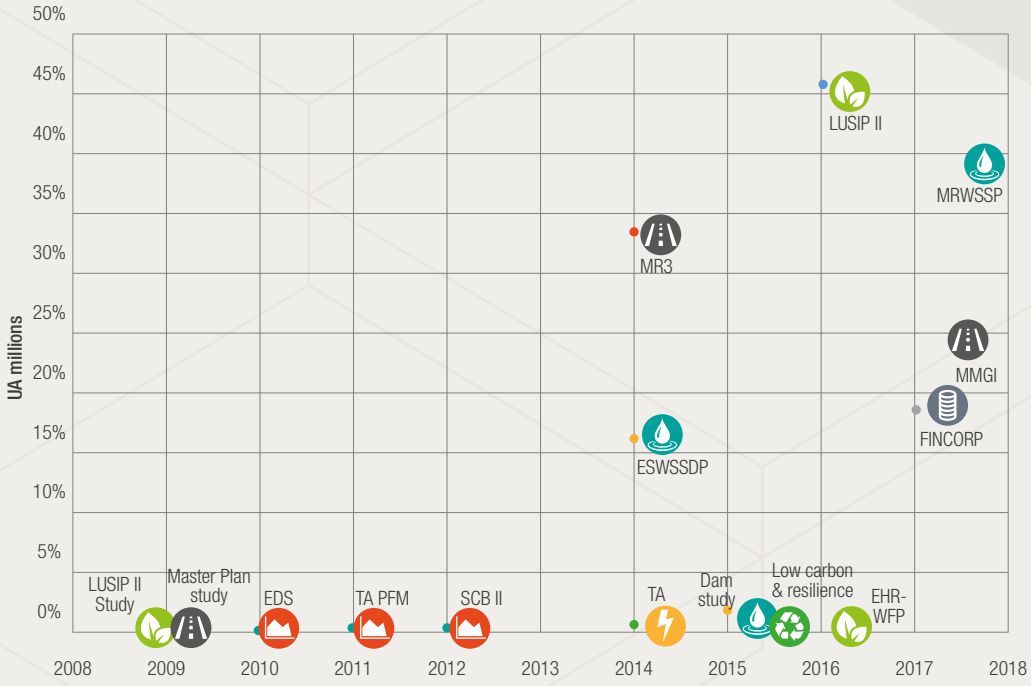
Evaluation Criteria	Agriculture	Governance / PFM	Energy	Private Sector (LOC)
Relevance	3	3	3	3
Effectiveness	**Overall not rated**. The largest intervention, the LUSIP II, is ongoing. LUSIP II feasibility study and Emergency assistance were rated satisfactory	2 The PFM outcomes are incomplete and need additional work by partner donors to be effective. SCB II has not delivered outcome yet. EDS is rated unsatisfactory.	3 All outputs are delivered and expected to contribute to outcomes	Not rated
Efficiency	3 LUSIP II- the main conveyance canal has been built for US$ 301 million less than the 855 million budgeted. However, it took about 13 months to make first disbursement.	2 All operations took more time to complete	2 Took significant time to complete	2 Took significant time to make first disbursement
Sustainability	2 (unlikely) ▮ Risk of Farmer Companies' collapsing if SWADE moves out of the project areas. ▮ Sugarcane, a water thirsty crop, strongly contributes to pressure on water sources in the whole country	2 Need for strong ownership of PFM reform and statistical capacity development by the government.	2 Hydropower generation has to be analyzed in terms of the risks linked to climate change context. Continuous Capacity building	Not rated
Policy dialogue	2	2	2	2
Partnership and harmonization	3	2	2	2
Managing for development Results	2	2	2	2

W&S	Transport	Overall rating
4	3	3 (Satisfactory)
Overall Not rated. The major intervention, ESWSSDP, is ongoing The Nondvo Multipurpose Dam Study has been delivered to a good standard of quality.	**Overall Not rated.** The major intervention, MR3, is ongoing. The national master plan study was rated satisfactory	Most operations in CSP (2009-2013) were dropped and hence effectiveness is rated unsatisfactory while the effectiveness of operations in CSP (2014-2018) is not rated since the majority of the intervention has been ongoing.
2 delay of the water component	2 MR3 is already behind the initial schedule	2 (unsatisfactory)
3 (likely)	3 (likely)	2 (unsatisfactory)
2	2	2 (unsatisfactory)
2	2	2 (unsatisfactory)
2	2	2 (unsatisfactory)

Annex 4. Bank's portfolio in Eswatini (2009-2018)

Project	Approval Year	Status	Net loan (UA)	Disbursement rate (Sep 2018)
Lower Usuthu Smallholder Irrigation Study	22/05/2009	Completed	840,314.90	100.0
Lower Usuthu Smallholder Irrigation Project II	04/05/2016	Ongoing	45,098,991.60	27.8
Emergency Humanitarian Relief Assistance For Drought Affected Populations	01/06/2016	Completed	702,602.40	100.0
Agriculture			**46,641,908.90**	
National Transportation Master Plan Study	25/10/2009	Completed	350,179.00	100.0
Manzini-Mbadlane (MR3) Highway Project	28/05/2014	Ongoing	33,449,452.00	40.2
Manzini Mbadlane Golf Interchange	24/10/2018	Approved	21,466,623.76	0.0
Transport			**55,266,254.69**	
Line of Credit to Swaziland Development Finance Corporation	12/05/2017	Ongoing	18,722,443.70	0.0
Finance			**18,722,443.70**	
Ezulwini Sustainable Water and Sanitation Service Delivery Project (ESWSSDP)	18/06/2014	Ongoing	16,168,989.90	37.0
Mbabane Manzini Corridor Multipurpose Dam Feasibility Study	21/12/2015	Ongoing	1,076,679.80	21.1
Mbabane Manzini Corridor (Nondvo) Multipurpose Dam Study	21/12/2015	Ongoing	797,416.00	21.3
Manzini Region Water Supply and Sanitation Project	29/11/2018	Approved	38,684,397.24	0.0
Water Sup/Sanit			**56,727,482.97**	
Economic Diversification Study	14/04/2010	Completed	207,283.80	100.0
Technical Assistance for PFM Reforms	03/11/2011	Completed	381,185.90	100.0
Statistical Capacity Building Program - Phase II	01/02/2012	Ongoing	490,600.00	66.2
Multi-sector			**1,079,069.70**	
Energy Sector Technical Assistance Program	08/12/2014	Ongoing	717,652.00	33.5
Power			**717,652.00**	
Enhancing Readiness for Investment in Low Carbon and Climate Resilient Development in Swaziland	23/10/2015	Ongoing	218,741.50	
Environment			**218,741.50**	
TOTAL 18 projects			**179,373,553.6**	

Figure A4.1: Portfolio dynamism (net loan (UA m)) by sector and year of approval



Annex 5. References

Author	Year	Title
AfDB Strategy documents		
AfDB	2008	Medium-Term Strategy 2008-2012
AfDB	2010	Medium-Term Strategy 2008-12. Mid-term review
AfDB	2013	At the Center of Africa's Transformation. Ten-Year Strategy 2013-22
AfDB	2005	Kingdom of Swaziland Country Strategy Paper, 2005-09
AfDB	2009	Kingdom of Swaziland Country Strategy Paper, 2009-13
AfDB	2011	Kingdom of Swaziland Country Strategy Paper, 2009-13 Mid-term review
AfDB	2013	Back to Office Report: Swaziland CSP Preparatory Mission, 3-11 June 2013
AfDB	2013	Kingdom of Swaziland Country Strategy Paper, 2014-18
AfDB	2016	Aide-Memoire: MTR of 2014-18 CSP and Country Portfolio Performance Review Mission, 19-23 September 2016
AfDB	2011	Southern Africa Regional Integration Strategy Paper, 2011-2015
AfDB	2015	Regional Integration Policy and Strategy (RIPoS), 2014-2023. Integrating Africa: Creating the next global market
AfDB	2014	Investing in Gender Equality for Africa's Transformation. The Gender Strategy 2014-2018
AfDB	Na	PIDA - Program for Infrastructure Development in Africa – The PIDA Energy Vision
AfDB	2017	Dialogue and project identification mission, 17-28 October 2017, Aide-Memoire
AfDB	2018	Dialogue and project preparation mission, 5-9 March 2018, Back to Office Report
AfDB	2018	Swaziland Transport Portfolio Supervision Mission, 04-10 March 2018, Aide-Memoire
Government Strategy and Policy documents		
RGoE	1997	National Development Strategy
RGoE	2003	National Energy Policy
RGoE	2005	Comprehensive Agriculture Sector Policy
RGoE	2005	National Irrigation Policy
RGoE	2005	National Food Security Policy
RGoE	2006	Poverty Reduction Strategy and Action Plan
RGoE	2007	Road Transportation Act No:5
RGoE	2009	National Water Policy
RGoE	2010	Fiscal Adjustment Roadmap
RGoE	2010	National Gender Policy
RGoE	2012	Swaziland Updated Fiscal Adjustment Roadmap (UFAR)
RGoE	2012	Public Health Bill
RGoE	2012	Swaziland Agricultural Development Program (SADP) - Final Agricultural Research Policy
RGoE	2013	Swaziland Transport Master Plan

Author	Year	Title
RGoE	2014	National Development Plan 2014/15 – 2016/17
RGoE	2014	Action Plan for Sustainable Energy for All
RGoE	2016	Sustainable Energy for All – Investment Prospectus
RGoE	2016	Improvement of Integrated Water Resources Management in Swaziland - Water Resources Master Plan
RGoE	2017	Swaziland Energy Master Plan 2015-2034
RGoE	2017	National Sanitation and Hygiene Policy
RGoE	2017	Sanitation and Hygiene Regulatory Framework
RGoE	2017	National Sanitation and Hygiene Strategy 2017 - 2021
RGoE	2017	Swaziland Water, Sanitation and Hygiene (WASH) Sector Strategic Development Plan (2017-2022)
RGoE	2018	Minister of Finance, Martin G. Dlamini: Budget Speech 2018/19
Project Documents		
Emergency Humanitarian Relief Assistance For Drought Victims		
AfDB	2016	Emergency Humanitarian Relief Assistance For Drought Affected Populations, Project Appraisal Report
WFP	2017	Report on the use of funds from the African Development Bank
WFP	2017	Emergency Assistance to Drought-affected Population in Swaziland; Standard Project report 2016
Komati Downstream Development Project (KDDP)		
AfDB	2002	KDDP, Project Appraisal Report
Lower Usuthu Smallholder Irrigation Study		
AfDB	2009	Lower Usuthu Smallholder Irrigation Study, Project Appraisal Report
Lower Usuthu Smallholder Irrigation Project (LUSIP)		
AfDB	2010	Lower Usuthu Smallholder Irrigation Project, Project Completion Report
Lower Usuthu Smallholder Irrigation Project II (LUSIP II)		
AfDB	2016	Lower Usuthu Smallholder Irrigation Project II, Project Appraisal Report and technical annexes
AfDB	May 2017; October 2017	Lower Usuthu Smallholder Irrigation Project II, IPRs
SWADE	2017	Lower Usuthu Smallholder Irrigation Project II, Quaterly Report, October to December 2017
SWADE	2017	Lower Usuthu Smallholder Irrigation Project II, Quaterly Report, July to September 2017
National Transportation Master Plan Study		
Roughton International Group, Sofreco, MNS Group, Regional Consulting Engineers	2013	Swaziland Transport Master Plan, Master Plan report, Volumes 1, 2 and 3
Manzini-Mbadlane Highway Project		
AfDB	2014	Manzini-Mbadlane (MR3) Highway Project, Project Appraisal Report and Technical annexes
AfDB	2014	Manzini-Mbadlane (MR3) Highway Project, Environment and Social Impact Assessment

Author	Year	Title
AfDB	May 2015; November 2015; April 2017	Manzini-Mbadlane (MR3) Highway Project, IPRs
AECO, Abuljebain Engineering Consulting Office	2018	Supervision of Construction of Manzini Traffic Circle to Mbadlane Section of MR3 Freeway Road Project (Lot2)
BEZA Consulting Engineers Plc in Association with BEZA Engineering Kenya Limited	February 2018; March 2018	Highway Project – Lot 1 Progress Report no 11 and 12
MPWT, Swaziland	2004	Implementation Phase of Tolling of the Ngwenya-Mbabane –Manzini Road (MR3) – Pre implementation Report N°1
Mbabane Bypass Road Project		
AfDB	2010	Mbabane Bypass Road Project, Project Completion Report
Ezulwini Sustainable Water and Sanitation Service Delivery Project		
AfDB	2014	Ezulwini Sustainable Water and Sanitation Service Delivery Project, Project Appraisal Report
AfDB	November 2015; November 2017	Ezulwini Sustainable Water and Sanitation Service Delivery Project, IPRs
SWSC	2016	SWSC Gender Strategy 2016 - 2019
SWSC	2016	Swaziland Water Supply and Sanitation Tariff and Affordability Study
SWSC	2017	Ezulwini Sustainable Water Supply and Sanitation Service Delivery Project Report: Implementation of the Communication Plan
Mbabane Manzini Corridor (Nondovo) Multipurpose Dam Study		
GoE	2017	Nondvo mpp Mbabane-Manzini Corridor Dam – Feasibility Study – Final Scoping Study Report (Phase 1)
Mbabane Manzini Corridor Multipurpose Dam Feasibility Study		
AfDB	2015	Mbabane Manzini Corridor Multipurpose Dam Feasibility Study, Project Appraisal Report
AfDB	March 2016; September 2016	Mbabane Manzini Corridor Multipurpose Dam Feasibility Study, IPRs
Economic Diversification Study (EDS)		
AfDB	2011	Economic Competitiveness and Adjustment Program, Project Appraisal Report
AfDB	2015	EDS
Technical Assistance for PFM Reforms		
AfDB	June 2013; November 2013; October 2014; May 2015	Technical Assistance for PFM Reforms, IPRs
Line of Credit to Swaziland Development Finance Corporation		
AfDB	2017	Line of Credit to Swaziland Development Finance Corporation, Project Appraisal Report
Context Documents		
ACTSA	2016	Briefing Paper on Women's Rights in Swaziland – Action for Southern Africa
AEO	2018	African Economic Outlook 2018
AfDB	2006	Labour Market Study of the Kingdom of Swaziland

Author	Year	Title
AfDB - IDEV	2016	Comprehensive Evaluation of the Development Results of AfDB 2004-2013
Roy, Averill	2014	Étude de cas: Comparaison de l'efficience économique des grandes exploitations de canne à sucre et des petites exploitations familiales à Piura (Pérou) et impacts différenciés de la gestion de l'eau d'irrigation
Jahel, Camille	2014	Étude de cas: Comparaison de l'efficience économique d'une grande exploitation de canne à sucre et des petites exploitations familiales à Chinandega (Nicaragua)
Cardno IT Transport in association with E D Simelane & Associates (Pty) Ltd	2017	Inception Report: Technical Assistance: Swaziland Road Sector Reform Project
CHARTER	2016	Charter Treaty Secretariat - Mobilizing Sustainable Energy Investments in Africa
CIA	2016	World Factbook
Cross Border Road Transport Agency	2017	Swaziland Country Profile 2017
ENERGIA	2011	Mainstreaming gender in energy projects a practical hand book
EU	2016	Gender Analysis for the EU Delegation - Swaziland
EU / ATKINS	2018	A Study for Sustainable Energy Investment in Agriculture Value Chains in Swaziland
EU / PLANET	2018	Technical Audit for Water and Transport Infrastructure Projects in Swaziland
Euroconsult	2016	Improvement of Integrated Water Resources Management in Swaziland - Draft Report to Establish a Sector Wide Approach
IMF	2015	Kingdom of Swaziland : 2015 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for the Kingdom of Swaziland
IMF	2017	Kingdom of Swaziland : Selected Issues Paper
IMF	2017	Kingdom of Swaziland : 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for the Kingdom of Swaziland
INRA Agreste Cahiers, Marie-Françoise ZÉBUS et François CAUSERET	2007	La canne à sucre résiste en Guadeloupe
IRENA	2014	International Renewable Energy Agency - Renewables Readiness Assessment Swaziland
OXFAM	2017	Starting with People. A human economy approach to inclusive growth in Africa. Oxfam Briefing Paper
RGoE	2001	2000/01 Swaziland Household Income and Expenditure Survey
RGoE	2010	Swaziland Poverty and MDG MAPS: Region, Tinkhundla and Major Area
RGoE	2013	Swaziland Environment Authority - Swaziland's State of Environment Report 2012, The Consequences of Inaction
RGoE	2014	Swaziland Household Energy Access Survey Report
RGoE	2015	The water tariff increase regulations, Government Gazette No 84 of 28 July 2015
RGoE	2015	Swaziland Rural Water Sustainability Assessment - Final report
RGoE	2016	Re-establishing a Water Sector Wide Approach in Swaziland
RGoE	2016	Swaziland Annual Vulnerability Assessment & Analysis Report 2016
RGoE	2017	Swaziland Annual Vulnerability Assessment & Analysis Report 2017
RGoE	2017	External Assistance in Swaziland 2016/17 - Ministry of Economic Planning and Development, Aid Coordination and Management Section

Author	Year	Title
RGoE	2018	2016/17 Eswatini Household Income and Expenditure Survey
RGoE	2018	Economic Review and Outlook 2018/19 – 2020/21, Ministry of Economic Planning and Development
RGoE	2018	Road Fund Bill - Memorandum of Objects and reasons – To be presented by the Minister of Finance to the new Parliament (Hard Copy)
RGoE	2018	Road Agency Bill - Memorandum of Objects and reasons – To be presented by the Minister of Public Works and Transport to the new Parliament (Hard Copy)
SADC	2010	Regional Energy Access Strategy
SADC	2016	Energy Monitor 2016 - Baseline Study of the SADC Energy Sector
SANDER - PROFec	2016	Review and Analysis of Wind and Solar Data and Capacity Building
SARUA	2014	Southern African Regional Universities Association - Swaziland Country Report, Strengthening University Contributions to Climate Compatible Development to Southern Africa
SWASA	2018	Standards Catalogue (003)
UN	2016	United Nations Development Assistance Framework 2016-2020 Swaziland
UNAIDS	2016	Country Factsheet: Swaziland. HIV and AIDS in Swaziland
UNDP	2010	2009/10 Swaziland Household Income and Expenditure Survey. Poverty in a decode of slow economic growth: Swaziland in the 2000's
UNDP	2016	Human Development Index
UNEP	2017	Energy Profile Swaziland
UNFPA	2017	The 2017 Population and Housing Census - Preliminary Results
University of Swaziland, Faculty of Science and Engineering	2018	Centre for Sustainable Energy Research at UNISWA FOSE Proposal Final Version
WaterAid	2015	Support to Sector Wide Review of the Water, Sanitation and Hygiene (WASH) Sector in Swaziland - Part 2 - WASH Sector Situation Analysis
World Bank	2012	PPIAF assistance Technical Assistance for Swaziland's Rail Sector
World Bank	2017	Swaziland Country Overview

Endnotes

1. BADEA - Arab Bank for Economic Development in Africa
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3. World factbook 2016, CIA
4. World Bank, Country overview, April 2017
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6. Ibid.
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10. Over the last decade, Eswatini has taken important steps to curb its HIV epidemic. At 79%, they have one of the highest rates of antiretroviral treatment coverage in sub-Saharan Africa, and they have increased their own investment and funding for the HIV response. The Swazi life expectancy at birth was 46 years in 2004 (UNDP).
11. UNDP Human Development Index 2016
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13. Africa Economic Outlook, 2019
14. IMF country report No.17/274.
15. Ministry of Natural Resources and Energy
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18. Swaziland Water and Agricultural Development Enterprise
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IDEV

Independent Development Evaluation
African Development Bank

An IDEV **Country Strategy Evaluation**



About this Evaluation

This report presents a summary of the findings of an independent evaluation of the African Development Bank's Country Strategy and Program (CSP) in Eswatini for 2009-2018. The evaluation covered a Bank portfolio of 16 projects representing a total of UA 119 in seven sectors. The objectives of this evaluation were (i) to assess the AfDB's assistance to Eswatini through an analysis of the development results of its key interventions; ii) to learn from successes and challenges to provide lessons and recommendations; and iii) to inform the design of the next CSP for Eswatini.

The evaluation combined quantitative and qualitative research methods. A four-point rating scale was used to examine the level of relevance, effectiveness, efficiency and sustainability of the Bank's support to Eswatini. A theory-of-change approach was used to investigate not only which results were achieved, but also how and why the results were achieved or not.

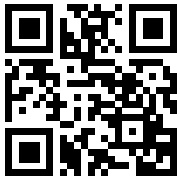
Overall, the evaluation found that the AfDB's interventions in Eswatini were relevant to the country's needs, development challenges and priorities, and well-aligned with the Bank's corporate priorities, as well as with Eswatini's country policies. The evaluation found some shortcomings, including overreliance on the farmer company model in agriculture; a focus on highways rather than feeder roads in transport; and on using Swaziland Development Finance Corporation's existing practices to reach Small and Medium Enterprises. Bank's interventions were often developed in silos and their spread across seven sectors rendered their delivery ineffective. These shortcomings can be addressed by enhancing selectivity and portfolio design; improving quality at entry; managing for development results; safeguarding development benefits; and boosting policy dialogue and knowledge management to improve project design, implementation and dissemination of results.



IDEV

Independent Development Evaluation
African Development Bank

African Development Bank Group
Avenue Joseph Anoma, 01 BP 1387, Abidjan 01, Côte d'Ivoire
Phone: +225 20 26 28 41
E-mail: idevhelpdesk@afdb.org



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