

INSTITUTIONAL SUPPORT PROJECTS IN THE GOVERNANCE SECTOR 2002–2012

INDEPENDENT EVALUATION BY THE OPERATIONS EVALUATION DEPARTMENT (OPEV)

2013

AFRICAN DEVELOPMENT BANK GROUP



INSTITUTIONAL SUPPORT PROJECTS IN THE GOVERNANCE SECTOR 2002–2012

INDEPENDENT EVALUATION BY THE OPERATIONS EVALUATION DEPARTMENT (OPEV)

2013

AFRICAN DEVELOPMENT BANK GROUP

Evaluation Task Manager:
Penelope Jackson

© 2013 – African Development Bank (AfDB)
African Development Bank Group
15 Avenue du Ghana, Angle des rues Pierre de Coubertin et Hedi Nouira BP 323,
1002 Tunis Belvédère
Tunisia

Disclaimer

Unless expressly stated otherwise, the findings, interpretations and conclusions expressed in this publication are those of the various authors of the publication and are not necessarily those of the Management of the African Development Bank the ("Bank") and the African Development Fund (the "Fund"), Boards of Directors, Boards of Governors or the countries they represent.

Use of this publication is at the reader's sole risk. The content of this publication is provided without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non- infringement of third-party rights. The Bank specifically does not make any warranties or representations as to the accuracy, completeness, reliability or current validity of any information contained in the publication. Under no circumstances including, but not limited to, negligence, shall the Bank be liable for any loss, damage, liability or expense incurred or suffered which is claimed to result directly or indirectly from use of this publication or reliance on its content.

This publication may contain advice, opinions, and statements of various information and content providers. The Bank does not represent or endorse the accuracy, completeness, reliability or current validity of any advice, opinion, statement or other information provided by any information or content provider or other person or entity. Reliance upon any such opinion, advice, statement, or other information shall also be at the reader's own risk.

About OPEV

The mission of the Operations Evaluation Department is to enhance the development effectiveness of AfDB initiatives in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

Director: Rakesh Nangia, r.nangia@afdb.org
Mohamed Manai (m.manai@afdb.org)
Samer Hachem (s.hachem@afdb.org)

Operations Evaluation Department
Telephone: (216) 71 102 841
Fax: (216) 71 194 460
Internet : www.operationsevaluation.afdb.org
Email: opevhelpdesk@afdb.org

Copyright
© 2013 – African Development Bank (AfDB)

Contents

Acknowledgements vi
Acronyms vii
Summary and recommendations 1
Introduction 7

Chapter 1: What the Bank is doing to support governance institutions 11

Understanding the Bank's institutional support projects 11
Shifting investment patterns and instruments 14
Strategically relevant work, which justifies a more robust framework 18
Conclusions 20

Chapter 2: How the Bank is designing and monitoring its projects to support governance institutions 21

Strengthened design, but gaps in analysis 21
Challenges in measuring and aggregating results 24
Gaps in guidance, expertise and incentives 27
Conclusions 28

Chapter 3: Understanding project performance: Implementation and results 29

Implementation performance: signs of improvements but delays are damaging 29
Examining project completion data: outcomes, duration and complexity 33
From outputs to capacity and performance outcomes 36
Conclusions 40

Chapter 4: Lesson learning: identifying the factors that help or hinder success in Bank support to governance institutions 41

Lessons drawn from international experience are relevant for the Bank 41
Understanding factors affecting delivery of outputs and outcomes 43
Conclusions 46

Annexes 47

Annex 1: Methodological Approach 48
Annex 2: Data from the portfolio review 54
Annex 3: Additional comparative analysis 65
Annex 4: Example outcome-mapping from the case studies 68
Annex 5: Evaluations included in the review of evaluation literature 71
Management response 73
Endnotes 79
References 84

Acknowledgements

This summary report was prepared by Penelope Jackson, under the guidance of Odille Keller and Samer Hachem Managers of OPEV 2 and under the overall leadership of Rakesh Nangia, Head of Operations Evaluation at the African Development Bank. The OPEV team was composed of Penelope Jackson and Samson Houetohossou. The OPEV evaluation team was supported by a specialist team of consultants provided by the consortium Particip GmBH-ECDPM. The core consulting team was composed of Charlotte Vaillant, Dr. Apollinaire Ndorukwigira and Thomas Theisohn. The consultants' team was supported by Tino Smail, Julia Schwartz, Fatten Aggad, Jean Bossuyt and Jan Vanheukelom. In-country support was provided by Isaac Ndungu (Botswana), Farrel Elliot (Sierra Leone) and Yvette Houngbo (Benin).

The summary report and the interim component reports were peer reviewed by Razafindramanana Herimandimby, Jessica Kitakule-Mukungu, and Hajime Onishi (OPEV) and expert reviewed by Dr. Anthony Land (independent consultant). At design stage additional peer review comments were provided by Navin Girishankar (Independent Evaluation Group, World Bank). Component reports and the approach paper are available from OPEV on request.

The evaluation has benefitted from the engagement of Bank staff and management including operational and other departments, as well as the field offices or regional resource centers that supported the field missions for the case studies. In addition, the evaluation team gratefully acknowledges the engagement of RMC government and REC officials as well as other stakeholders, particularly in the case study component of the evaluation.

Caroline McEuen (consultant) edited the final report for publication; Felicia Avwontom (Principal Knowledge Management Officer, OPEV) coordinated the publication of the report.

Acronyms

ADB	African Development Bank
ADF	African Development Fund
AfDB	African Development Bank (the Bank)
AsDB	Asian Development Bank
COMESA	Common Market for East and Southern Africa
CPIA	Country Policy Institutional Assessment
CSP	Country Strategy Paper
DAM	Delegation of Authority Matrix
EADB	East African Development Bank
EADI	African Development Institute
ECCAS	Economic Community of Central African States
EDSL	Economic Diversification Support Loan
EGRP	Economic Governance Support Program
ESTA	Economic and Statistics Department
EQ	Evaluation Question
EU	European Union
FAPA	Fund for African Private sector Assistance
FS	Fragile State
FSF	Fragile States Facility
GAP	Governance Action Plan
GIZ	German Agency for International Cooperation
IPR	Implementation Performance Reporting
ISLA	Institutional Support to Local Authorities project
IS	Institutional Support Project
ISRTAG	Institutional Support and Rehabilitation Technical Assistance Grant
ISRTAL	Institutional Support and Rehabilitation Technical Assistance Loan
LIC	Low Income Country
MDB	Multilateral Development Bank
MIC	Middle Income Country
MICF	Middle Income Country Fund
MIC TAF	Middle Income Country Technical Assistance Fund
MLG	Ministry of Local Government
NBFIRA	Non-Bank Financial Industry Regulatory Authority
OECD	Organization for Economic Cooperation and Development
OSFU	Fragile States Unit
OSGE	Governance, Economic and Financial Reforms Department
OPSM	Private Sector Department
OPEV	Independent Operations Evaluation Department
PAC	Public Accounts Commitee
PAGFPACAF	Public Finance Management and Business Climate Improvement Support Project
PAIC	Control Institutions Support Project
PAR	Project Appraisal Report
PASCRP	Growth and Poverty Strategy Support Program
PBO	Policy-Based Operation
PCG	Project Cycle Grant
PCR	Project Completion Report
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMR	Integrated Public Financial Management Reform
PFMBESP	Public Financial management and Business Enabling Support Project
PIU	Project Implementation Unit
PPER	Project Performance Evaluation Report
PSR	Public Sector Reform
RD	Regional Department
REC	Regional Economic Community
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
RMF	Results Measurement Framework
SAP	Bank information system
SCB	Statistical Capacity Building
TA	Technical Assistance
ToC	Theory of Change
TYS	Ten Year Strategy
UA	Unit of Account
UNDP	United Nations Development Program


TAXES
DEVELOPMEN
FOR BETTER EDUCATION, ROADS, HOSPITA
PAY YOUR TAXES
HELP GOVERNMENT HELP YOU
INISTRY OF FINAC

Summary and recommendations

Background

This evaluation focuses on a small but important area of Bank activity – projects supporting institutions dealing with good governance. These are stand-alone projects aimed at supporting good economic and financial governance, which have accounted for around UA 444 million over the 2002-12 period[1]. Most aim to support capacity development, or in some cases temporarily fill capacity gaps. The portfolio of projects examined is mixed in terms of type, funding instrument and results – a varied portfolio, ripe for comparison and harvesting lessons.

The lessons from the evaluation can support the Bank to improve its work in this area, as it implements the Bank's Ten Year Strategy which includes a strong focus on governance; and as it responds to demand for institutional support from RMCs and RECs. However, many of the lessons from the Bank's experience in governance are also relevant to the Bank's work to support institutional capacity in other sectors.[7]

This final evaluation report draws on four main methodological components which taken together provide a strong evidence base for the findings and recommendations. The main components were:

- a portfolio review of 170 projects, which examined financial, design, and results data;
- a review of evaluation literature, covering 61 relevant evaluations conducted by a range of agencies;
- a comparative institutional review, which examined the Bank's strategic framework and practices in comparison to peers; and
- a series of in-depth explanatory case studies, which focused on identifying factors explaining performance patterns seen in the broader data, including the role of context.

Further detail on each of the methods is provided in Annex 1. The report brings together evidence from the main components under four main sections which cover (i) what the Bank is doing, (ii) how it is doing it, (iii) the results it is achieving and (iv) the lessons that can be drawn.

The main message of the evaluation is simple: this type of support is relevant and appreciated, but, if the Bank wants to be a leading partner for RMCs and RECs as they seek to strengthen the institutions which underpin their good governance, it needs to learn from and reinforce its work to date. This means ensuring the funds and strategic framework are in place, that procedures and practices are appropriate and that lessons gathered about what works and does not work are applied in practice. This summary highlights the key findings from the report, and provides recommendations for the Bank.

Evaluation findings

What the Bank is doing

The evaluation finds that while the support is relevant to the Bank's and RMC's needs and priorities, funds are limited and increasingly fragmented, and the strategic framework to guide the work is incomplete.

Despite limited growth in the volume of investment, the Bank has increased the number of interventions and redirected funds to support Bank priorities. Over the 2002-12 period the Bank invested UA 444.3 million in projects designed to support institutions specifically in the governance area. This includes support to ministries of finance, audit offices, and regulation agencies, for example. Analysis of the data highlights the following patterns and issues:

- Between 2002–2007 there was no significant increase in either the number of projects or the volume of investments made. From 2008 the number of projects approved each year increased dramatically.[2]

- Special instruments such as the Middle Income Country Trust Fund and the Fragile States Facility's Third Pillar enabled the increase in the number of small projects, allowing the Bank to rebalance its support in line with its commitment to support both middle income and fragile states.

- Fragmentation of limited funds is a concern, both in terms of the portfolio as a whole and within individual projects. Spreading limited resources thinly across many institutions has repercussions for the transaction costs for the Bank and for partners as well as for results. While small investments may be helpful for temporary filling of capacity gaps, it has been challenging for the Bank to support institutional capacity development – which is a long term process - when limited financial envelopes are spread across a large number of organizations for relatively short durations.

- The Bank's ability to combine different inputs (technical assistance, equipment, training and studies) and use of both local and international suppliers is appreciated by stakeholders, but value for money is not consistently assessed. Bank staff have not had the benefit of unit cost data or other guidance to help ensure both realistic budgeting and value for money in these purchases.

- The Bank has increased efforts to coordinate and liaise with other development partners, though it has shied away from using joint funding and management arrangements.

- Efforts to make institutional support complementary to other operations – particularly PBOs – are evident in the final years of the period. A challenge in realizing complementarity in practice has been timing – with ISPs often delayed they have not supported capacity in time for the arrival of PBO funds.

The evaluation confirms that efforts to enhance capacity in the governance area are relevant to both Bank and RMC priorities, but points to a gap in the strategic framework. The Bank's GAP 2008–12 cites building capable and responsive states as the Bank's core objective for governance. In most cases, institutional support projects seek to develop capacity and institutional performance, in some only to fill gaps temporarily. In terms of the guiding framework, since 2008 most work in the governance sector has been guided by the GAP but has not been able to benefit from a broader strategy or policy on capacity development and the good practice discussions taking place globally on this complex issue. The Bank issued a Capacity Development Strategy in 2010. Recognizing that capacity development

is a whole of Bank concern, and seeking to coordinate better the Bank's training program with its operational departments, has been an important step. However, the Strategy is focused on provision of training courses for RMCs and Bank staff. It does not provide a framework or guidance that would benefit operational staff designing projects to develop the capacity of the RMC and REC institutions central to good governance.

How the Bank is managing

The evaluation examines how the Bank has been working to support institutional strengthening in RMCs and RECs by looking at (i) project design; (ii) monitoring; and (iii) guidance, skills and staff incentives. It finds that there is room for differentiation, compared with the Bank's more typical large infrastructure projects, in how smaller and harder to measure interventions like institutional support projects are designed and implemented, and the skills and guidance needed to maximize their potential success.

While observing some improvement in institutional support project design over the last decade, the evaluation pinpoints where there is need for further progress. In particular, the evaluation highlights the importance of upfront analytical work. Evidence highlights the importance of solid understanding of the context – including the political economy dimensions – both in design and management of institutional support in the governance sector. However, the extent to which analysis is conducted either to assess the political economy dimensions or the specific capacity needs has been limited over the evaluation period.

On monitoring, the evaluation notes that a recent dip in supervision rates is associated with small interventions funded by special instruments such as the MIC TAF – for which requirements are different. However, it also highlights that the substance of the monitoring and what is done with monitoring information is more important than the frequency. In the past, monitoring has focused on implementation milestones (such as disbursement of funds) rather than progress towards outcomes (such as enhanced institutional capacity and performance).[3] In addition, staff do not have guidance or standard indicators that would facilitate monitoring of progress towards objectives like institutional capacity and performance. Nor are objectives consistent, in terms of the level of ambition or the link with the resources and timeframe available. Without standard objectives or indicators it has been impossible for the Bank to aggregate results information and understand its own achievements and challenges.

The extent of guidance and knowledge sharing over the period has not been sufficient to allow the Bank to develop a comparative advantage in supporting institutions that underpin good governance. Bank expertise in key sub-sectors of governance has enhanced over the decade, aided by the establishment of a department focused on governance (OSGE). However, for the complex issue of capacity development the expertise that is available is not linked with the Bank's operations. EADI recently established a capacity development related knowledge network, however, it is too early to see if this network is achieving the buy-in from operational departments that would be needed to make it effective. Comparison with other organizations highlights that though some operational guidance has been established for some key governance sub-sectors, relatively little is available to support staff to grapple with the challenge of institutional capacity development more generally or with the new sub-sectors of governance that the Bank is recently starting to engage in – including natural resource management, business enabling environment and civil society.

What results the Bank is achieving

The evaluation examines results data available for the portfolio of projects and uses the case studies to help explain some of the patterns observed. Overall, the analysis establishes that the performance of these projects has been mixed.

For implementation performance, the big issue is delays. This type of project is usually planned to cover shorter durations than the Bank's larger projects, and those funded through the main channels go through the same number of steps to get approved. Yet, they are sensitive to changes in fast moving contexts. That delays are adding an average of 50% to planned durations is concerning. The evaluation highlights that this has affected not only the efficiency but also the effectiveness and relevance of the Bank's support.

When it comes to results, using data from project completion reports[4] and triangulated with evidence from the eight projects covered in the case studies, the evaluation identified patterns, including:

- Over the decade project performance and results are mixed. Although over 80% of projects were rated as relevant at completion, figures were less robust for delivery of outputs and for timeliness. Less than half were rated as satisfactory for delivery of outcomes. The evaluation indicates that the gap between outputs and outcomes is related to Bank projects tending to support only some aspects of capacity and that objectives are not necessarily aligned to the timeframe and resources available.

- Projects spread across a large number of institutions or sub-sectors tended to perform less well than those with more focus. The case studies indicate that this relates both to the extra transaction costs involved in implementation and the effect of spreading limited funds too thinly; however, they also highlight the number of different institutions involved in supporting governance objectives.

- Results in fragile states – when it comes to delivery of outputs, Bank performance and borrower performance - are below average. However, the evaluation cannot confirm if this relates only to the more challenging context or also to the approach the Bank is taking.

- The timeframe has an influence. Projects which are initially designed with more realistic time frames tend to perform better than quick-fix attempts.

- The Bank has contributed to enhancements in institutional capacity and performance in institutions which are central to achieving good governance, though to varying degrees. Progress is most evident where the Bank has been engaged over a longer period and where support is comprehensive (whether from the Bank or in coordination with others' support).

There is a lack of data about results achieved by small projects funded through special instruments.

What lessons can be learned

This evaluation was designed with an emphasis on learning – on pulling out evidence based lessons to help the Bank to improve how it supports institutions in the governance area. Though drawn from experience from the governance sector, many of the lessons are relevant to institutional support and capacity development efforts more generally. By triangulating evidence from the different components of the evaluation, it is possible to highlight nine lessons in particular. The lessons are aligned with established good practices. The Bank's challenge is to apply lessons from experience to how it works today.

Comparing the five main lessons identified in the review of evaluation literature with findings on the Bank's own practices helps to highlight those lessons which need to be more systematically applied:

- Lesson: the importance of understanding the context. Finding: the evaluation has highlighted the lack of in-depth assessment to understand either the political economy or the capacity needs.

- Lesson: partner ownership and leadership. Finding: the evaluation notes that staff make an effort to ensure projects are demand driven but not necessarily linked to a broader partner strategy.

- Lesson: realism of the time period. Finding: in the Bank most projects are designed to take just 2–3 years but frequently take much longer in practice.

- Lesson: clarity of objectives alongside flexibility in implementation. Finding: the evaluation highlights inconsistency in objective setting and limited incentives to change projects mid-course.

- Lesson: sound monitoring and evaluation. Finding: the evaluation has noted the importance of the substance of monitoring to focus more on tracking progress towards outcomes not only project implementation.

The outcome mapping in the case studies on portfolio review enabled four further factors to be teased out, which also square with findings from the portfolio review and established good practice:

- The size, capacity, experience and placement of the implementing team. Parallel PIUs are often slow to set up, small and overstretched. The Bank's few experiences working with more integrated or joint implementation units have been positive.

- Understanding and appropriateness of Bank procedures and conditions. Procedures are clearly associated with damaging delays, but in addition to seeking to streamline procedures there is an issue in terms of ensuring procedures are well understood on both sides. The type of conditions also need to be achievable for partners.

- Quality engagement including field offices. Stakeholders identified the level of engagement from Bank staff (including mission and field office engagement) as one factor associated with project performance.

- Avoiding spreading projects too thinly. Although the governance sector is complex and involves many actors, fragmenting projects into too many small parts affects efficiency and effectiveness.

Recommendations

Issue 1: The Bank's priorities for the governance sector including via institutional support are broadening, yet the evaluation highlights the risks of spreading limited funds too thinly, to efficiency and effectiveness.

Recommendation 1: Reduce fragmentation by: (i) making clear in CSPs and RISPs the level of prioritization given to this work and ensuring selectivity in which sub-sectors the Bank intends to engage in, based on analysis of country needs, the Bank's added value compared to other partners, and complementarity with other Bank investments; (ii) designing individual projects which are focused, particularly when funds are limited, rather than fragmenting funding into small parts.

Issue 2: Both the Governance Action Plan I and the Capacity Development Strategy have been helpful developments. However, a gap remains in the strategic framework when it comes to guiding how the Bank should support capacity development within its projects – whether in governance or other sectors. The Bank's Capacity Development Strategy is primarily focused on training (provided to both RMC and Bank officials), more than on how Bank investment projects can contribute to capacity development in RMCs.

Recommendation 2: Address the gap in the strategic framework when it comes to the role of Bank operations in supporting capacity development, beyond training, in RMCs and RECs.

Issue 3: Staff - and indeed the Bank's implementing partners - lack guidance, tools and standards to help them ensure quality in the design and management of institutional support projects.

Recommendation 3: Develop technical guidance for staff and partners designing and managing projects to support institutional capacity in the governance area, which is practical and also provides criteria which can be used to inform the quality assurance process and which covers the following key areas:

- Context, in terms of needs and political economy.
- Objective setting and appropriate indicators.
- Value for money, guidance should include an idea of unit costs (for training, equipment and TA).
- Preference for coordinated or integrated implementation arrangements and of using of country systems.
- Linkages with Bank guidance on working in fragile contexts, including the 10 fragile states principles.

Issue 4: While the Bank has succeeded in developing expertise in some key areas, such as PFM, there remain gaps, particularly in relation to upfront analysis and new areas of engagement within governance.

Recommendation 4: The Bank should invest in its existing staff by developing further in-house expertise in the following key areas crucial to project design and management:

- Assessing country capacity gaps and needs and identifying objectives and indicators that enable measurement of progress towards capacity related objectives.
- Political economy analysis and the new sub-sectors where the Bank is intending to engage, according to the TYS and GAP II.

Issue 5: The evaluation has highlighted inconsistency in the quality of design and of supervision. Bank staff engagement in general and field office engagement in particular have supported good project performance. Yet, the involvement of field offices is currently highly varied, with much institutional support work in the governance area led from headquarters – including The Governance, Economic and Financial Reforms Department (OSGE) and the Fragile States Unit (OSFU) - rather than field offices.

Recommendation 5: Re-focus on regular and substantive engagement with partners rather than periodic supervision of institutional support efforts by (i) re-assessing whether bi-annual supervision remains the most useful indicator to drive monitoring practices; and (ii) devolving overall coordination and leadership for design and implementation to field offices and regional resource centers, wherever possible.

Issue 6: The delays associated with institutional support projects negatively affect both efficiency and effectiveness and, in some cases, partners' interest in working with the Bank on small projects. A factor associated with the delays, is the Bank's procedures and practices. Approval is slow and procurement not aligned with Bank commitments to use country systems or with its own risk assessments for PBOs.

Recommendation 6: Use institutional support projects to pilot: (i) streamlining of Bank procedures and practices, particularly the long approval process; (ii) using partners' procurement systems wherever possible and, particularly where they have been assessed as adequate for PBOs.

Introduction

Scope of the evaluation

This evaluation focuses on stand-alone projects which aim to strengthen institutions in the governance area (Figure 1). Specifically, this means:

The evaluation focuses on "economic and financial governance" which is a sector category for the Bank. This was the focus identified in the Bank's 2008–12 Governance strategy and Action Plan (GAP). It includes public financial management (including audit, procurement, debt management, and revenue management) as well as business enabling environment and decentralization, see Annex 2.

The evaluation examines projects which explicitly seek to support institutional strength or capacity development It does not cover hidden capacity development aspects of broader projects and the role of other projects in indirectly supporting (or indeed sapping) capacity and the role of dialogue. Nor does it directly assess the training sessions organized by the African Development Institute (EADI) though these are also intended to build knowledge and capacity amongst RMC officials, as well as Bank staff[5]. Internal capacity building of Bank staff was beyond the scope of this evaluation.

The projects are composed of a combination of technical assistance, training and equipment and software. Some of the smaller interventions are technical assistance only. Most aim to support capacity development, with a view to improving performance of key

Figure 1: The focus of this evaluation



institutions crucial to the governance sector. Some of the small TA only projects seek only to temporarily fill capacity gaps or remove bottlenecks. For shorthand we refer to them as institutional support projects (ISPs) though not all of them are coded as such in the Bank's data system (see box 2, Chapter 1). This area of focus was chosen for three important reasons:

- The Bank and RMCs have both identified institutional capacity development as a priority.
- While the Bank and its stakeholders agree that institutional support and

capacity development are important, experience indicates that it is challenging in practice, as evidenced in previous OPEV evaluations, and work conducted by other institutions.[6]

- The governance area provides an ideal focus both because strengthening institutions has been made an explicit priority for the Bank's work in the governance sector and because, in practice, it is the area where the Bank has been most active in institutional support over the past decade. We therefore have a body of experience from which to learn. Looking at institutional capacity development in the governance area also provides a window onto wider Bank efforts to support RMCs to strengthen their institutions.

The period covered by the evaluation is 2002–12. This period was chosen in order to include both completed projects – to understand results and lessons, and more recent projects which give an up to date view on how the Bank is working. For some of the analysis the period is broken into two – to distinguish before and after the establishment of governance focused department and strategy and to see general changes over time. The period falls after the Bank established a governance policy and guidelines.

Evaluation approach

This evaluation was designed and conducted to focus on learning with the aim of helping the Bank to improve its support in this area. The specific objectives were to (i) draw evidence based conclusions on what the Bank is doing and achieving in this area (ii) identify lessons that can be used to improve support in the governance area (iii) learn from experience in the governance area for such work in other sectors.[7]

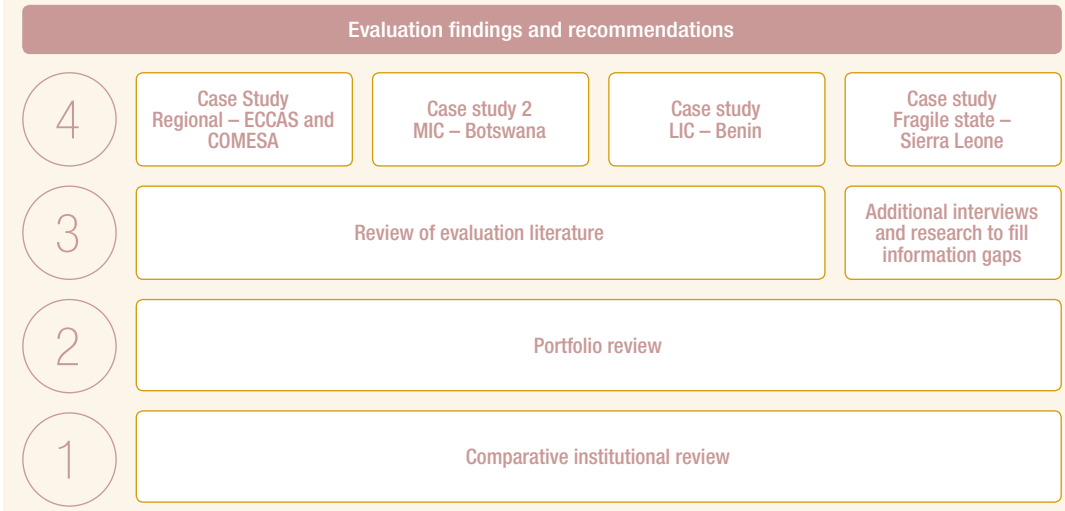
To address these objectives the evaluation was designed to answer four main questions (Box 1) In essence, the questions seek to address (i) what the Bank is doing; (ii) how it is doing it; (iii) what results it is achieving; and (iv) what lessons can be identified about what helps and hinders results. The four main questions were further broken down into 13 sub-questions (see Annex 1). Taken together, these questions cover the standard evaluation criteria – relevance, efficiency, effectiveness, sustainability.[8] However, they place an added emphasis on identifying enabling and hindering factors – for learning purposes.

To answer the evaluation questions, the approach employed a mix of qualitative and quantitative methods both ex-post and real-time evaluation techniques and comparison with other organisations. Four main methodological components were used: (i) comparative institutional review; (ii) portfolio review (iii) review of evaluation literature; and (iv) case studies. The first three components provide a broad view either in terms of what the Bank is doing or how others compare. The case studies – which included in depth

Box 1: Four main evaluation questions

1. What role do ISPs play in the Bank's efforts to support economic and financial governance?
2. Are Bank ISPs well designed, managed and implemented?
3. To what extent have the Bank's ISPs succeeded in producing the desired results?
4. What factors have enabled or hindered the success of Bank ISPs?

Figure 2: The main methodological components on which key findings and recommendations are based



interviews and focus groups during the field missions - cover eight projects in a range of different country contexts. These case studies are explanatory: they dig down to help understand the role of both contextual and other factors in influencing results in a range of different country contexts. Collectively, the methodological components address all four of the evaluation questions, allow evidence to be triangulated and provide a strong evidence base. Figure 2 illustrates how the methodological components were used to build a comprehensive evidence base. Annex 1 provides more detail on the method and approach used for each of the components.

The main limitations of this evaluation are that (i) it draws on imperfect secondary data, poor record keeping in the Bank affected information available both for desk based work and for the case studies, especially projects approved in the earlier part of the evaluation period; (ii) constructing the database of ISPs involved informed judgment and searching through project data, since no single code captures all the relevant project data; (iii) it focuses on stand-alone interventions and does not include assessment of the role of PBOs and policy dialogue or the Bank's training programs; (iv) feedback from stakeholders (including RMCs, beneficiary institutions and consultants involved in implementing Bank projects) is largely limited to the case study component of the evaluation; and (iv) where many actors are involved, attributing changes in institutional capacity and performance to a specific interventions can only be partial. Efforts have been made throughout the process to minimize these limitations through triangulation of data and transparency regarding methods and evidence sources.


IS CORRUPTION
PUBLIC ENEMY
NUMBER ONE?
PUP

Chapter 1: What the Bank is doing to support governance institutions

This chapter examines what the Bank is doing through projects to support institutions in the area of governance from three perspectives: (i) the type of support and the funding involved; (ii) the funding channels used and where and how funds have been deployed; and (iii) the relevance to the Bank's priorities and those of RMCs. The evaluation finds investments have not markedly increased over the period, but that different instruments have helped direct funds to Bank priority areas. It highlights the risk associated with fragmentation of limited funds. The chapter concludes by confirming the relevance of this type of work to both Bank and RMC priorities, although it notes gaps in the strategic framework to guide it.

Understanding the Bank's institutional support projects

The evaluation focused on investment projects in the "economic and financial governance sector" that are specifically designed to support RMC or Regional Economic Community (REC) institutions. These are stand-alone projects that can be funded through a range of instruments. The Bank has implemented such projects in middle-income countries (MICs), low-income countries (LICs), and fragile states, as well as in RECs. Projects support ministries and agencies, such as finance and audit, which are central to the Bank's stated priority of economic and financial governance. Annex 2 details the subsectors covered in the Bank's classification of economic and financial governance, as well as some of the more detailed data supporting the findings summarized in the following sections. Box 2 explains how the project database was constructed and the data analyzed.

Most of the projects could also be described as capacity development projects. Annex 1 includes a generic theory of change for the Bank's institutional support projects in governance, with capacity as an intermediate outcome that supports a final outcome of improved institutional performance. Figure 3 shows that a minority of the Bank's smaller interventions are actually less ambitious, since they seek only to fill gaps in capacity rather than support capacity development processes. Box 3 also provides relevant dates during the period, which show a positive evolution of understanding in both the Bank and the international context.

Box 2: What is included in the institutional support project (ISP) database

This evaluation focuses on projects designed to support institutions in the governance area. While a large number of these projects are coded as ISPs in the Bank's data systems, others that are eligible are not. The database was therefore constructed by triangulating information extracted from the Bank's information systems, from databases held by specific departments (Governance, Economic, and Financial Reforms Department, Private Sector Department, Fragile States Unit) and the Bank's document repository. To be included, a project had to be approved in 2002 or later and focused on strengthening institutions in the area of economic and financial governance (as opposed to governance within specific sectors, or within the private sector).[9]

The database contained a total of 170 projects, with a total approval value of UA 444.3 million. Forty percent of these projects were ongoing at the time of the review. The evaluation explicitly sought to include both (i) completed and closed projects, which are crucial to understanding results, and (ii) ongoing and approved projects, which provide more up-to-date information about how projects are designed.

Source: Protfolio review

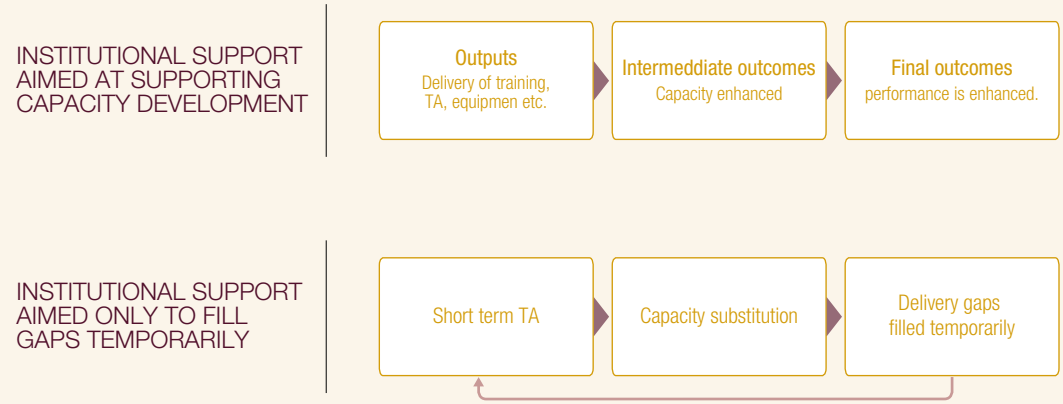
The Bank is funding a combination of inputs

Examination of the 170 projects showed that Bank ISPs are composed of one or more of these elements: TA, studies, equipment and software, and training.[10] Most projects involve a combination. For the full 2002 – 12 period, TA, training, and equipment each account for around a quarter of total spending (figure 4). Comparing the earlier and latter half of the evaluation period, there has been a slight decrease in the proportion allocated to TA and an increase in support for equipment, which accounted for nearly a third in the 2007–12 period. However, the combination of inputs has not changed significantly. The figures emphasize that the Bank has maintained an approach in which it can combine TA with training and purchase of equipment. This combination is recognized to be useful by beneficiaries, who report negative experiences in dealing with stand-alone TA, without the tools or support to follow it up.

Box 3: Key events within the evaluation period

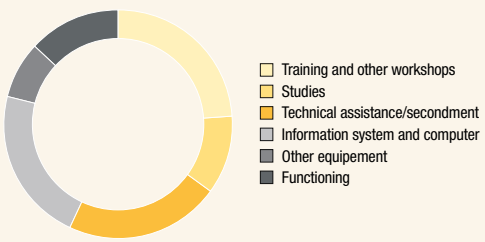
Within the Bank		Internationally	
2007	GAP – department focused on governance - established	**2005**	Paris Declaration
2008	Governance Strategic Directions and Action Plan	**2006**	Working towards good practice document
2010	Bank Capacity Development Strategy	**2008**	Accra Agenda for Action
2010	EADI is upgraded from a unit to a department	**2011**	Cairo Consensus on Capacity Development
		2011	Busan Global Partnership for Effective Development

Figure 3: Simplified theories of change



There is no consistent pattern in terms of the type of TA and training purchased, and no systematic approach or criteria to guide staff on what type of training or TA may be most appropriate in what circumstances. For example, the case studies show a mix in the use of local TA (used in four projects) versus international TA (used in seven), and regional/local training (six projects) versus short-term international training (four projects). In two cases long-term overseas training was supported. Beneficiaries expressed a clear preference for local short-term training, with overseas training reserved for highly specialized but needed qualifications. Value for money is one reason cited by stakeholders for this preference.[11] Based on examination of design documents for projects covered in the case studies, it is clear that there is no systematic approach to considering the value for money of different options, and guidance on unit costs data has not been generated. The case studies included examples of expensive overseas short-term training as well as under-budgeting for information technology. Unit cost data has not been available to inform design.

Figure 4: What the Bank's funding for institutional strengthening buys



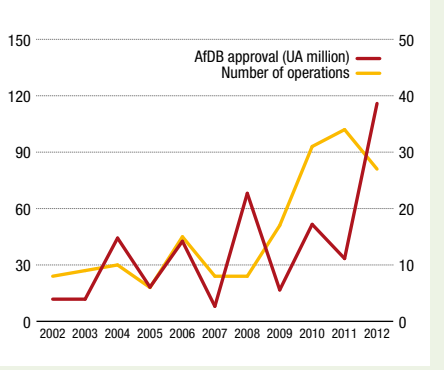
Investment has increased marginally over the evaluation period

The slight increase in investment in this area is not in line with the growth of the Bank's portfolio as a whole or with its other work in governance. Over the full period, the database collated projects worth a total of over UA 444 million. Amounts approved annually have fluctuated, with bunching in approvals, partly related to African Development Fund (ADF) cycles, and a few major projects in specific years (box 4).[12] It is too early to say if the spike in 2012 approvals marks the beginning of a sustained increase.

Box 4: Investment trends

Analysis of the project data identified the following investment trends:

- Annual fluctuation in amounts approved, it is too early to say if the spike in 2012 is the beginning of an increase or, just an increase at the end of the ADF cycle. The volume of approvals has however, increased in each of the last 4 ADF cycles.
- Once atypical investments, such as support to the African Capacity building foundation and the multi-country statistical capacity building program are removed, the expenditure pattern remains largely the same, with a slight reduction in the spending peaks in 2008 and 2012.
- An increase in the number of projects approved after 2008, particularly in fragile states and MICs.
- A smaller average size of project in fragile states and MICs as compared to LICs and multinational or REC projects.
- A regional imbalance in spending – with the west region receiving twice as much as any other region.
- A diversification of the financial instruments involved in the latter half of the evaluation period.
- A decrease in the proportion of ISPs which are co-financed over the period.



Source: Portfolio Review, AfDB data.

Shifting investment patterns and instruments

New financial instruments have helped direct funding to support Bank priorities

In line with the Bank's stated priorities, there has been an increase in the share of support directed to fragile states and MICs. While in 2002–07, 34 percent of projects approved (by number) were in fragile states, in the 2008–12 period, this share increased to 59 percent. The increase was from 15 to 21 percent in MICs. This shift toward fragile states and MICs is in line with the Bank's Medium-Term Strategy (2008–12) and with the Governance Action Plan (GAP, 2008–12). Figure 5 summarizes the regional allocation of funds. An imbalance in the first half of the period (when allocations to the west were greater than to any other region, and no allocations were made to the north) was reduced in the latter part (2008–12) of the evaluation period.[13]

The increase in the number of financial instruments available for ISPs has supported these shifts. In particular, two instruments—the Middle-Income Country Technical Assistance Fund (MIC TAF) and the Fragile States Facility (FSF), including its third pillar—have helped redirect investment.

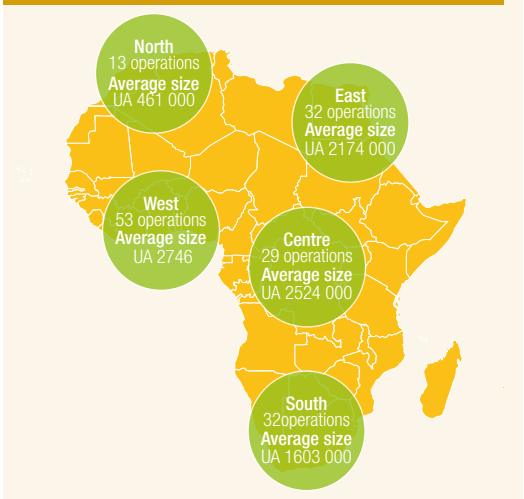
- The MIC TAF was established in 2002. One of its stated priority areas is capacity and institution building.[14] But the fund's

impact on overall figures was not felt until later, due to poor take-up of the grants, principally because the initial funding envelope was small and the ceiling for individual MIC TF grants was very low, at UA 100,000. The ceiling was raised to UA 600,000 in 2006, and raised again to UA 1.2 million in 2011, a move welcomed by operational staff and RMCs alike.

- The FSF was established in 2008 and it helped the Bank to increase resources available for fragile states, including resources for state-building activities.[15] The third pillar of the FSF was established to provide small, quick grants, including for state-building activities. In practice, the challenges with the pillar have been well documented.[16]

- Other instruments have also contributed to the changes in geographical funding patterns. These include the Fund for African Private Sector Assistance (FAPA, established in 2005, includes some support for state capacity development in the business enabling environment area), the Governance Trust Fund, and some of the bilateral trust funds. Annex 2 provides more information on the instruments involved.

Figure 5: Regional distribution of institutional support in governance



Box 5: Illustrative examples from the case studies of efforts to coordinate Bank institutional support

In Benin, the Bank was not able to join a multi-donor basket fund, but shared its plans with key donors at appraisal stage. The older PAIC project was also co-financed by one other development partner.

In Botswana, The Bank's support to the Non-Banking Financial Regulatory Authority (NBFIRA) followed World Bank support to the same organization.

In Sierra Leone, although the Bank was not able to take part in the integrated PFM program supported by a pooled fund, it used its most recent ISP to fill the gaps left by that program. The Bank has engaged in a joint assistance strategy with the World Bank in which a broad division of labour by sector was agreed, the recent ISP is aligned to that strategy.

In the case of ECCAS, during implementation the Bank identified and sought to rectify overlaps with others donors, which has not been understood at appraisal stage.

Source: Case studies

The increased use of new instruments has led to a large number of small projects, in addition to more substantial projects usually funded through standard ADF channels. Many of the new instruments have low ceilings for project values. The average size for relevant projects in MICs and fragile states is smaller than for projects elsewhere. This trend reflects the limitations of the instruments rather than the needs of beneficiaries. While average project size for standard instruments is around UA 4 million for the FSF pillar 3, the average is 0.7 million, and for the MIC TAF, UA 0.4 million. However, in fragile states, the level of need for institutional support in the governance sector is often very high. In MICs, the Bank has experienced limited interest in small grants when associated with Bank procedures, a finding verified in the MIC case study for this evaluation.[17] However, the objective with both instruments was to provide relatively quick access to small grants. As discussed in chapter 2, such speed has not been easy to achieve.

The portfolio is dominated by grants rather than loans. Loans make up only 13 percent of the portfolio covered, underlining the difficulty that Bank staff report in marketing loans for this type of work. The case studies included an example where the Bank had agreed with the RMC government to combine a grant and a loan, but parliament would not approve borrowing for capacity-related work, highlighting the limited RMC interest that Bank staff report in borrowing to increase the size of institutional support projects.[18]

The Bank has shied away from taking part in joint funding arrangements to support RMC and REC institutions in the governance area. In both the Paris Declaration and Accra Agenda for Action, emphasis was placed on capacity development and harmonization, explicitly including the need for donors to increase coordination in the area of state capacity building.[19] The Bank has increased the share of its TA that is coordinated with countries, according to monitoring data for the Paris Declaration.[20] However, its involvement in the increasing number of pooled arrangements, either for capacity development in general or for specific areas such as public financial management (PFM) or public sector reform (PSR), remains low. An exception is in Liberia, where the Bank is taking part in a joint funding arrangement for support to PFM. The case demonstrates that joint funding is possible, given the will and the buy-in from the operational, legal, and procurement departments of the Bank.[21] Compared to others, the Bank has not experimented with different types of instruments.[22] The United Nations Development Program (UNDP), for example, has sought to establish arrangements that provide space for managing capacity development as a complex and long-term process, resulting in a Capacity Development Trust Fund and capacity development facilities at country level.

Although rarely pooling its funds, there is evidence that the Bank is working to coordinate its institutional support with others, particularly through information sharing and gap filling. This is important, because the

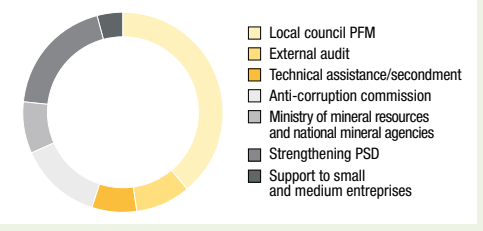
Box 6: An ISP as a basket in Sierra Leone: fragmented or responsive?

The Public Financial Management and Business Enabling Environment Support Project (PFM-BESP) was designed in 2011 and is ongoing. It follows an earlier ISP focused on PFM and the energy sector. It runs in parallel to the Integrated Public Financial Management Reform Program, which supports a government-led PFM strategy and receives multi-donor funding.

PFM-BESP aims to support six government institutions two non-governmental organizations as well as 19 district councils. Of the total budget of UA 4 million, UA 1.5 million was for the local council PFM component. Leaving the remaining UA 2.5 million shared between the other beneficiaries.

Although negotiations for the project began with a list of needs collated by the Ministry of Finance, the project was not simply a response to a shopping-list; it was also designed to fill a gap left by the integral PFM reform program – which was not supporting Public Financial Management (PFM) at the local level (identified as needing support in the 2010 Public Expenditure and Financial Accountability) or the Audit Service of Sierra Leone. The addition of components to support the business enabling environment and also natural resource management was encouraged both by an increased interest in headquarters in doing more in these areas but also, by a reciprocal interest on the part of the government of Sierra Leone.

Implementation of the project is ongoing, but the government's Integrated Project Administration Unit, reported that it was the small satellite components, which tended to involve new players not habituated with Bank procedures, that were lagging behind.



Source: Sierra Leone case study, interviews during field visits and documentary review

governance field involves numerous actors, both in terms of institutions involved and external partners. Box 5 illustrates this point with examples from the case studies.

In the governance area, the complementarity of institutional support projects with the Bank's other investments is seen as key, but not easy to achieve in practice. This complementarity is alluded to in (i) the GAP, which sets out a clear intention to maximize complementarity between its governance-related institutional support and its PBOs; (ii) the FSF third pillar, focused on capacity and intended to provide quick, complementary support; and (iii) the MIC fund, which was designed to complement and carve out entry points for Bank investments. The evaluation was not able to assess fully the degree of complementarity of the ISPs in general to all Bank instruments. However:

- In a sample of ISPs designed in the latter half of the period, design complementary to other Bank instruments was documented in half, and the majority of these were in relation to PBOs.[23]
- Intended complementarity with PBOs was evident in each of the three case studies where PBOs were also delivered.[24] Analysis of the case studies illustrates that complementarity was intended in the majority of cases, but also some of the challenges in making that complementarity a reality (see table A3.1 in annex 3). One of the biggest challenges to achieving planned complementarity has been in sequencing support appropriately, given the delays institutional support projects have often been subject to, particularly compared to PBOs (see chapter 3).

The Bank has succeeded in focusing on key subsectors, but project fragmentation is a risk

In line with the 2008–12 GAP, the Bank has increasingly focused its institutional support within governance on specific areas, most notably public financial management. Almost all the projects reviewed included a component relating to core areas of PFM: budgeting, accounting, internal audit and control, and macroeconomic management in particular. Over time there have also been other shifts, including a decrease in the number of ISPs involving anti-v components, but an increase in those including revenue management and the business enabling environment (the latter especially in MICs). External oversight of the PFM cycle, through external audit, parliament, and civil society, has received less support from the Bank, as has local government.

Despite focus in the portfolio as a whole, the larger projects, usually those funded through standard Bank instruments, often seek to support numerous institutions at the same time, which fragments the projects and stretches limited resources. The funding reaching individual institutions can, therefore, be small, even if the overall project envelope is in the millions of UA. Such projects act more as small grant baskets, rather than holistic packages to sustainably strengthen an institution or system. This is evident not only in the portfolio review, but also in case studies in Benin and Sierra Leone, both of which included projects that sought to support a large number of institutions simultaneously. Individual institutions received between UA 200,000 and 1 million. Regional organizations (Economic Community of Central African States, ECCAS, and the Common Market for East and Southern Africa, COMESA) received more substantial inputs, and were able to design a more comprehensive approach, not just temporary gap-filling.

A number of factors explain the internal fragmentation of larger institutional support projects. Both the portfolio review and the case studies confirmed that the vast majority of projects are linked to partner demands. This responsiveness is appreciated and allows the Bank to fill gaps in other programs or respond to shopping-list type requests from partners. However, getting the best out of such an approach requires that partners have an appropriate strategic overview of their institutional

needs in the governance area, which is not always the case. To access the main funding channels, Bank staff group these small items under one project. Staff are also encouraged by headquarters to include components supporting new priority subsectors within broader projects, such as the business enabling environment. For projects designed since 2008, the indicators in the GAP have played a role, since they measure Bank commitment to certain subsectors by the number of ISPs that include a component for that subsector. At the same time, areas of governance such as PFM involve a number of institutions to make the cycle work, so complicated projects try to respond to that complex reality. Box 6 uses one example to illustrate the challenge staff face in finding the right balance between responding to partner requests, which may be scattered, and designing coherent, comprehensive projects. Projects elsewhere, including Benin, Togo, Madagascar, and the Comoros, are equally relevant examples of thinly spread support. The effect of project dispersion on results is examined in chapter 3.

Strategically relevant work, which justifies a more robust framework

Overall, the Bank's commitment to support institutional strengthening in the crucial area of governance is relevant to its own and to RMC strategic priorities. All parties confirm that it is important to tackle the capacity challenge in general, and also specifically in the governance area (see table A3.2 in annex 3). The prioritization of capacity comes not only from the Bank but from RMCs and other stakeholders as well.

- The issue has been prioritized internationally, including in the High-Level Forums on Aid Effectiveness in Paris, Accra and Busan.[25] Stakeholders have also highlighted the potential for the Bank's role; for example, in the recent client assessment.[26] The use of gap-filling types of support is acknowledged as useful in urgent cases, such as highly fragile situations, but with a view to temporary and short-term capacity substitution transitioning to longer-term capacity development.

- For the Bank, since 2008, the importance of institutional capacity for good governance has been emphasized in the Governance Action Plan (GAP, which provided a more focused framework for Bank activity than the 1999 policy), as well as the Strategy for Enhanced Engagement in Fragile States. For example, the first GAP puts capacity at the center of its core objective: "to assist African countries to build capable and responsive states by strengthening transparency and accountability in the management of public resources."

The Bank agreed a Capacity Development Strategy in 2010. The strategy positioned EADI as the focal point for the Bank on all capacity development issues, irrespective of the sectors involved. This strategy makes a crucial distinction between individual and organizational capacity development and attempts to place the issue on a corporate level. It has also enabled EADI to increase its staffing complement, notably its staff focused on training and, therefore, to expand its training program.

While welcoming this advance, the current strategic framework is insufficient for a Bank that is serious about supporting the development of members' institutional capacity. The reasons are interlinked:

- In essence, the Capacity Development Strategy is about rationalizing the training provided by EADI, with some additional proposals at the margins.[27] It conflates capacity development of both staff and

RMC officials, which, while rational for EADI training courses, does not reflect the complexity of capacity development challenges in RMCs or RECs. Though the strategy includes a pillar that focuses on supporting Bank staff in delivering capacity development projects, the actions are yet to be implemented. The strategy does not provide staff with guidance on what capacity development within Bank operations means in practice.

- The theory and good practice around what institutional strengthening and capacity development are and how outsiders can support them has evolved over the evaluation period (Box 7). International good practice demonstrates that capacity development is a highly complex process, and not only about training. The Bank's Capacity Development Strategy, however, concentrates on training, seeing capacity development as the acquisition of knowledge. Although it does distinguish between individual and organizational capacity, it does not include the enabling environment, which is crucial, especially in politicized areas such as governance.

Box 7: The complexity of capacity development

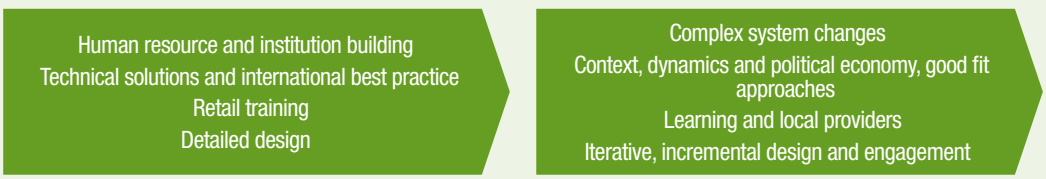
Capacity development and capacity building are terms that are widely used but often without a clear idea of what they mean. Setting out some basic definitions is important.

- For the OECD: Capacity refers to the ability of people, organizations, and society as a whole to manage their affairs successfully. Capacity development is the process by which people, organizations and society as a whole create, strengthen and maintain their capacity over time.
- For the World Bank Institute: Capacity development is a locally driven process of learning by leaders, coalitions and other agents of change that brings about changes in socio-political, policy-related, and organizational factors to enhance local ownership for and the effectiveness and efficiency of efforts to achieve a development goal.
- For the African Development Bank's Capacity Development Strategy: capacity development is the ability to acquire and apply knowledge at individual, institutional and organizational levels.

Under all three definitions capacity development is an endogenous process, which cannot be led from outside. However, external support can be used to help partners to develop their own capacity.

In most of the literature, there is agreement that capacity development objectives should be pursued at three interlinked levels: 1) individual; 2) organizational; 3) the enabling environment.

Examination of the literature highlights something of a paradigm shift in understanding capacity development. The language has also changed, reflecting that genuine capacity development, which allows organizations to transform is about much more than the provision of training. But rather is a complex process involving a range of variables. The figure summarizes some of the key changes in terminology seen over the evaluation period.



Sources: OECD, 2006, WBI 2009, UNDP 2009, AfDB 2010, Comparative Institutional Review

- Awareness and use of the Capacity Development Strategy among operational staff is limited. Of the staff interviewed as part of the institutional review or the case studies, those outside of EADI either were not aware of the strategy or did not see it as relevant to their work. However, following a mid- term review of the strategy, EADI is stepping up efforts to raise awareness within the Bank.

There are signs of positive change since 2012, however, following a mid-term review of the Capacity Development Strategy.[28] For example:

- In November 2012, EADI held the first Capacity Development Week. This was aimed at raising awareness of the department's role. It mainly focused on training provision, but it also saw the launch of the Capacity Development Knowledge Management Network.

- EADI has aligned part of its training program with the "economic and financial governance" agenda. Efforts are under way to improve coordination between training programs organized by EADI that target RMC officials and Bank operations that seek to build capacity in RMCs. For example, EADI and OSGE worked closely on a PFM training event in 2012. EADI also launched a training program for parliamentarians on public financial management, accountability, and anti-corruption strategies.

Conclusions

For the Bank and for its stakeholders, tackling capacity constraints in the governance area is considered important and relevant work. The Bank's ability to combine different inputs is also appreciated by stakeholders, and efforts to make ISPs c omplementary to other operations has been evident in the last few years. However, this commitment has not been systematically carried through into practice. First, The Bank's financial commitment to institutional strengthening in governance has not notably increased, but is thinly spread, and staff have not been able to benefit from information on appropriate costs to help ensure the value for money of TA, training, and equipment provision. Second, the strategic framework to guide capacity development efforts in Bank projects is incomplete.

Chapter 2: How the Bank is designing and monitoring its projects to support governance institutions

This Chapter examines how the Bank has been working to support institutional strengthening in RMCs and RECs by looking at (i) project design; (ii) monitoring; and (iii) guidance, skills and staff incentives. Throughout, it uses a comparative perspective – relating the Bank's approach both to other agencies' and to established good practices. The evaluation finds that in general, the Bank is set up for large infrastructure projects and that there is room for differentiation in how smaller and "softer" interventions like institutional support projects are designed and implemented, and the skills and guidance needed to maximize their success.

Strengthened design, but gaps in analysis

In line with developments across the Bank, design of institutional support projects has generally improved over the period, though some gaps in the analytical foundations remain. The application of quality at entry standards and making components such as log frames and lessons learned mandatory has aided the general improvements. Although in the case of institutional support projects in governance, 40% of a sample of projects designed 2008 or later did not include a logical framework. Closer analysis indicates that these are mainly small projects funded by special instruments including MIC TAF and FSF Pillar 3 – for which log frames have not always been a requirement. Not including a simple logical framework misses an opportunity to ensure the project is conceptually sound, that there are links between inputs, outputs and outcomes and that progress towards each can be measured. One of the projects included in the case studies – a small MIC TAF project - illustrated this problem. It stated outputs as the objectives and no log-frame or other method to understand how results are expected to be achieved. In recognition of this type of problem, the December 2011 revised guidance for the MIC TAF requires all projects to have a log frame, irrespective of their size.

Based on analysis of a sample of more recently designed projects, the 8 projects covered in the case studies, and comparison with approaches taken by other agencies, some specific design issues stand out as requiring further attention, particularly in relation to (i) understanding context and (ii) setting objectives.

Figure 6: Examples of tools to help staff assess capacity needs and context

UNDP	The Word Bank	THE EU	GIZ
The UNDP has a range of tools to help assess capacity and context. In particular it has developed "capacity assessment framewor" which includes a full methodology and supporting tools to help staff apply it in practice. The capacity assessment needs to be provided in an annex to the project appraisal document. All projects are scanned by CD specialists as part of the approval process.	The Word Bank Institute's Capacity Development Results Framework was designed both to help assess results achieved but also to identify initial capacity constraints, its use is not mandatory. Project managers also receive support from specialist networks. The new policy for public sector management emphasizes the need to stop brinig in reforms and institutional change projects without understanding of context.	The European Commission developed a "Backbone Strategy" to improve its technical cooperation, which seeks to shift the very substantial spend on technical cooperation away from gap-filling towards sustainable capacity development. This was followed by a set of quality criteria for all capacity related interventions, and then a staff toolkit for capacity developent.	The work of the German agency, GIZ, is dominated by technical assistance. it developed "Capacity Works" – a toolbox to help ensure its TA contributes to sustainable capacity development. The toolbox includes guidance on analyzing the project environment, actor profiling, internal and external stakeholder mapping needs analysis and analysis of the policy field to be used at design stage.

The Bank's approach to project design does not place sufficient emphasis on upfront analytical work to help understand (i) capacity levels, gaps and needs; and (ii) the context for projects which seek to strengthen institutions. This does not imply that all Bank projects should require a new in-depth analysis, in some cases secondary sources and joint analysis can be used, and in the case of very small projects staff are right to avoid heavy upfront work, and assessment fatigue for partner institutions. Nevertheless, grounding projects in contextual understanding is a crucial factor in successful projects both in institutional capacity development in general and in the area of governance in particular. In the other organizations examined, increasing emphasis has been placed on basing these types of projects on solid analytical work, particularly needs assessments and understanding of the political economy in which institutions and reform processes take place, and providing the tools to help staff to do so relatively quickly (figure 6). In contrast, the Bank has no standard tool for assessing either existing capacity or the context for institutional strengthening projects. Such assessments are not a requirement for approval and projects based on a full assessment of capacity needs are few. Analysis of capacity needs in the "governance profiles" and CSPs is not in-depth. The case studies illustrate the limited extent to which such upfront analysis is used to inform project design:

- Of the eight projects included in the case studies, one included an organizational assessment as part of the project (ECCAS), one was built on an existing analytical assessment (NBFIRA). In two other cases, PEFA assessments were drawn on to identify areas of poor performance and therefore priorities for capacity development support (in Sierra Leone, Benin).

- Although none of the projects were designed on the basis of a thorough assessment of the wider context in terms of the political economy in which the organization has to operate, appraisal reports did note some key issues of context, specifically (i) government commitment; and (ii)

public service reforms. The role of linked non-beneficiary institutions and the need for follow up mechanisms tended to be overlooked.

In situations of fragility, understanding the context becomes even more important, but pressure to deliver quickly means that tools to make quick assessments, and joint working with others are useful. This is reflected in the Principles for good international engagement in fragile states, to which the Bank signed up in 2007, and the more recent New Deal (2011). Attempts to deliver quickly without proper consideration of the political economy, and the long term effect of continuous gap-filling rather than capacity development, risk not only being ineffective but also "doing harm" by playing into broader conflict dynamics.[29] While there is little evidence to show the Bank took such a rigorous approach with its institutional support in fragile states in the past, it is currently developing a "fragility lens" with a view to reducing these risks in future and aligning to international agreements which emphasize joint assessment to inform state-building.[30]

Table 1: Inconsistency in the level of project objectives

Project	Level	Development impact	Governance outcome	Institutional performance	Institutional Capacity	Outputs
ECCAS	Goal	●				
	Objectives				●	●
	Components					●
COMESA	Goal	●				●
	Objectives		●		●	
	Components				●	●
Benin PAIC	Goal	●		●		
	Objectives			●		
	Components					
Benin PAGFPACAF	Goal					
	Objectives		●			
	Components					
Botswana ISLA	Goal					
	Objectives					●
	Components					●
Botswana NBFIRA	Goal		●			
	Objectives			●		
	Components					
Sierra Leone PFM Energy	Goal		●			
	Objectives					
	Components				●	
Sierra Leone PFM BESP	Goal	●				
	Objectives		●			
	Components		●	●	●	

Inconsistency in the level of objectives for ISPs makes it difficult to track and to aggregate results for institutional support. Comparative analysis of the stated goals and objectives for projects at design stage illustrates inconsistency in the level of ambition and the extent to which institutional capacity and performance are considered (table 1). There is not a consistent approach which, for example, puts the governance outcome as the overall goal and institutional performance or capacity as the specific objectives. Stated goals varied from impacting on economic growth and poverty reduction to simply listing outputs. The inconsistency not only means some projects set higher expectations than others, but also that it is difficult to analyze and aggregate results information. There are examples from other organizations in applying standard indicators in this area, to help staff to identify an appropriate level of ambition and to enable results information to be collated corporately (Box 8).

The Bank's design, appraisal and quality assurance processes are not designed for institutional support projects, which are smaller and need to be more flexible than traditional infrastructure projects. For example, the Bank's quality at entry criteria are not yet sensitive to issues like capacity development, there are no standards in terms of objectives and indicators, and approval and procurement processes were also designed for major investment projects. Nor have unit cost guidelines been developed to help staff consider value for money when designing this type of intervention. Historically, this situation is not unlike other MDBs, but a comparative analysis identifies a variety of ways in which others have tried to ensure softer issues of institutional strength and capacity are considered at appraisal and approval stage; (Box 8 provides examples).

Box 8: Examples from other organizations' initiatives to enhance design capacity development project design

- **The use of a capacity development "markers"** in projects, this enables better tracking and reporting on capacity expenditure and outcomes both for projects focused on capacity and those that include a capacity component (for example, as used by the AsDB).
- **Scanning of project design by capacity development specialists** as part of the quality assurance process (for example in UNDP, which has made capacity development the centre-piece of its work and established a cadre of capacity development specialists)
- **Use of standard indicators** to guide design and facilitate results measurement (for example the World Bank piloted the use of specific results areas to measure the effectiveness of its technical assistance and its economic and sector work. These include a focus on client capacity (in terms of capacity to design, implement and monitor their own activities) as well as knowledge sharing).
- **Using tailored quality criteria,** depending on the type of project. For example, in the EC where technical assistance is a major part of the portfolio and a review found that this TA was failing to deliver promised capacity development gains, separate quality criteria have been developed.

Source: Comparative Institutional Review

Challenges in measuring and aggregating results

The evaluation examined the monitoring and evaluation of the Bank's institutional support projects in the governance area at both individual project and Bank-wide level. The two are increasingly linked, and together show a positive trend in monitoring

in the Bank in general. However, there are some ongoing challenges – relating to the difficulty of capturing results in hard to measure areas like institutional capacity; and ensuring monitoring is used to manage and adjust projects for best possible outcomes.

Corporate level monitoring does not facilitate understanding capacity outcomes

The introduction of the corporate results measurement framework (RMF) was an important step forward for the Bank, but it has not enabled the Bank to understand its contribution to capacity outcomes in governance, or indeed in other sectors. Two issues in particular stand out:

- The RMF does not include a capacity dimension, within governance criteria or elsewhere. So there is no standard indicator in this area which individual projects might be able to contribute to. In the 2013 Development Effectiveness Review of the Governance Portfolio, institutional capacity or performance is not used as an indicator to help bridge the gap between levels three (outcomes) and two (portfolio management) of the results framework.

- Although the corporate results framework makes clear that the Bank is interested not only in key performance indicators on process and project implementation but also on results, application in practice still focuses on the former. Internal reporting on implementation and disbursement rates is widely used to hold departments to account. This creates an incentive for operational staff to focus on implementation performance rather than outcomes like institutional capacity and performance.

Box 9 provides examples from other agencies on how capacity development has been reflected in corporate results frameworks.

Box 9: Examples of how other agencies have integrated capacity concerns into their corporate results frameworks

- The World Bank has a four tier framework, which at input level includes not only financing but also policy dialogue and analytical work, it then includes capacity at intermediate outcome level and at the level of country results. In practice, however, the indicators that underpin the framework do not have a strong focus on the capacity dimension.

- In UNDP capacity development is a corporate priority and it has introduced a system of "capacity development trackers" which enable both implementation progress and results data to be aggregated up to the corporate level.

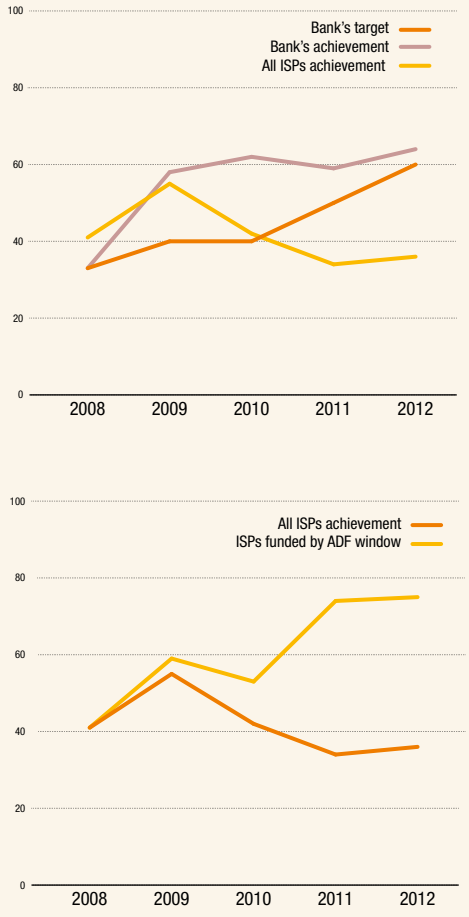
- Since 2005, the Asian Development Bank has required its country offices to report regularly on capacity development. The country level reporting as well as data aggregated using a capacity development marker, is used to prepare an internal "Capacity Development Thematic Report" every three years.

Project level monitoring – challenges in understanding progress towards capacity results

The frequency of supervision improved in the first half of the evaluation period, but the use of new instruments led to a recent dip in supervision rates. As figure 7 illustrates between 2002–2006 there was a rapid increase in supervision rates for ISPs and since 2006 at least 80% of ISPs were supervised at least once, with the exception of the last two years.[31] However, there is a stark difference in supervision rates when analyzed by funding channel. Rates for projects funded through the ADF window notably improved since 2010 and in. It is the small projects funded by special instruments

that bring the supervision rate down. Special instruments – such as the FSF pillar 3 and MIC TAF - do not have the same supervision requirements, but are nevertheless included in supervision rate statistics.[32] This is an anomaly and the data affects departments' key performance indicators, and is used to report on the performance of the Bank's portfolio at corporate level.

Figure 7: Per cent of eligible projects supervised twice a year: overall figures hide major variation



For this type of project the substance of the monitoring and what the information is used for is more important than the number of times projects are supervised per year. The review of evaluation literature has highlighted the importance of flexibility and substantive monitoring that allows adjustments to be made as a key success factor (Chapter 4). The Comparative Institutional Review underlined how other organizations have reoriented their monitoring of capacity development and reform programs to allow a more iterative approach to implementation, emphasizing the importance of flexibility and adjusting to context, rather than implementing according to a design "blue print". This is typified in the World Bank's new Strategy for Public Sector Management. Against this backdrop, examination of the Bank's approach to monitoring through the projects covered in the case studies, highlights two issues in particular:

- Supervision has focused on implementation over progress towards results. The supervision of seven of the eight projects included missions, but the focus was largely on process and ensuring disbursement, rather than progress towards results. Supervision has been based on periodic rather than continuous engagement and handovers between task mangers have not always been smooth.

- Opportunities have been missed to use monitoring data to make adjustments and improve implementation and final outcomes. While most project designs included a provision for a mid-term review, only one of the projects actually went through the process.

The new Implementation and Progress Results Reporting guidance (IPR) currently being rolled out seeks to refocus monitoring on including progress towards outcomes and more continuous engagement. However, as long as the focus of staff and departmental performance remains on disbursement over results, incentives to make projects more flexible and agree changes to the original design, will be undermined by the imperative to disburse. Secondly, recognition for staff implementing relatively small projects, rather than designing and getting approval for major spend projects, is lacking. In these types of projects the implementation phase is

complicated and challenging, given the fast moving and politicized contexts, and require experienced task managers with strong dialogue skills.

One important reason for monitoring and evaluation is to feedback lessons learned, there are signs of improvement in this area, though it is not yet systematic. Individual task managers and specific departments are increasingly seeking to integrate lessons from previous projects into the design of new ones. This has been assisted by a requirement to include some discussion of lessons learned in project appraisal documents. Lessons from previous similar projects in the same country are increasingly being included in new project design. OSGE has also introduced an internal peer review panel, aiming to raise design quality and to provide a forum for task managers to share lessons and experiences of projects across the governance area. At the corporate level, however, there is no mechanism, or one stop shop, to share lessons on what has worked and not worked in Bank efforts to support institutions in the governance area or across sectors and departments.

Gaps in guidance, expertise and incentives

Since the bulk of the Bank's work and experience is in sectors such as infrastructure, this is reflected in the skills and experiences of staff as well as the career paths available. Technical expertise in key sub-sectors of the governance area (notably PFM) has strengthened over the evaluation period, concentrated in OSGE, which was established in 2007 and developed a focus based on the 2008 GAP. This technical expertise is crucial, allowing the Bank to become a recognized partner in PFM. Such expertise is not yet in place in newer areas of engagement, like resource revenue management, civil society and business enabling environment.

In addition, understanding of capacity development as a complex transformative process imbued with political economy, is not widespread, though there are individual exceptions. The Bank does not have a career track or cadre of specialists, or a program of training for staff wishing to develop a capacity development specialism – either within governance (as in the World Bank) or more generally (as in the UNDP).[33] Without a recognized career track, and without the recognition and kudos more associated with designing major spend projects, the incentives for staff to develop expertise in capacity development are relatively weak.[34] Bucking this trend, and recognizing the need for specific expertise, the Fragile States Unit is in the process of recruiting staff to specialize on institutional development issues.[35] Experience from elsewhere shows that a cadre of specialists and professional networks can make a difference (Box 10).

A recent effort to establish a Bank staff network to share knowledge on capacity development across the sectors shows promise; though it is too early to see results. EADI launched a Capacity Development Knowledge Management Network during "Capacity Development Week" in November 2012. While the week was focused on showcasing the training courses EADI makes available for RMC and staff, the network is aimed at sharing and generating knowledge on capacity development. The challenge will be to make the network active and involve task managers who are dealing with relevant projects from across the sectors and regions. [36] Success will depend on cultivating buy-in from across the Bank, not least in governance given so much of the Bank's experience in capacity development comes from that sector.

Practical guidance for staff, to help them design, monitor and implement the best possible institutional support projects is

limited. Overall, the Bank has less guidance and support for staff working on capacity development and institutional strengthening, than many of its comparators;[37] and the extent to which task managers make use of guidance from external sources varies. Exceptions include the specific guidance notes for three governance sub-sectors: audit, public financial management and procurement developed with support from a bilateral trust fund in 2009, which reflect international good practice in understanding the complex capacity and reform processes in these areas. Still under development is internal guidance on how best to support governance institutions in fragile situations - a "fragility lens", which is planned to cover state-building, as well as the issues of conflict sensitivity, and "do no harm" approaches.[38]

Box 10: Cadres and networks, examples from other institutions

In the World Bank most of the expertise in support to state institutions is concentrated in the department dealing with public sector reform and governance. Particular competence profiles for governance work streams were also developed. In addition, for design and monitoring, staff can draw on the support of the World Bank Institute, its capacity development results framework and associated guidance. The WBI also coordinates a capacity development community of practice (with separate groups focused on assessing capacity needs, design, M&E and a range of other challenges).

The UNDP has placed capacity development at the heart of its mandate. In addition to most staff having a generally good level of literacy in the complexity of the capacity development process and online courses on key capacity issues, there is also a specialist cadre of dedicated experts known as capacity development advisors. These advisors are placed in regional centres and operational departments. UNDP has also integrated capacity development related competencies into other job profiles.

Source: Comparative Institutional Review

Conclusions

This Chapter has noted improvements in project design over the evaluation period, while highlighting the space for further progress when it comes to upfront analytical work and sensitizing the Banks design and monitoring systems to take more account of capacity issues and the context, including political economy, in which projects which seek to bring about change in governance related institutions must work. The chapter also notes challenges in setting clear objectives and indicators and the lack of any standards in the area. It highlights that, despite years of support to institutions in the governance area, the level of guidance and knowledge sharing has not been sufficient to allow the Bank to develop a comparative advantage in this area.

Chapter 3: Understanding project performance: Implementation and results

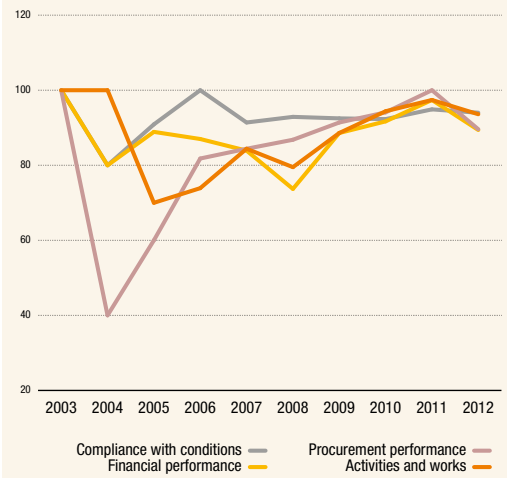
This Chapter is comprised of two parts. The first looks at performance in terms of project implementation, drawing on data from across the portfolio to establish overall patterns, and from the case studies to help explain these patterns. It notes, in particular, that implementation delays are affecting efficiency and effectiveness. The second part looks at results achieved. It uses data from the Bank's project completion reports – which highlight challenges in achieving outcomes. It also draws on the eight projects covered in the case studies, to better understand the types of results – not only in terms of outputs but also enhanced capacity and improved performance. Overall, the picture on results achieved is mixed, particularly when it comes to achieving outcomes – demonstrating the potential gains of learning from both successful and unsuccessful experiences.

Implementation performance: signs of improvements but delays are damaging

Improvements in implementation performance over time

Project supervision data shows an upward trend in implementation progress for the projects under review. Criteria monitored include compliance with loan conditions, financial performance, procurement performance and activities and works. All of these implementation criteria measure inputs and outputs, rather than outcomes. Nevertheless, analysis of this data highlights some improvement over time (figure 8). The proportion of ISPs that are flagged as problematic (based on the same criteria) has decreased over the last six years, not at the same rate as projects across the Bank's portfolio or within the multi-sector category, but nevertheless within the overall Bank target.

Figure 8: Per cent of projects rated satisfactory against standard implementation criteria



Project delays are a concern for both efficiency and effectiveness of institutional support projects

Delays in implementing ISPs are key constraints to their efficiency - on average such delays add more than 50% to the duration of projects that were expected to be relatively short.[39] Examination of completed projects in the portfolio shows an average overrun of nearly 16 months, with the worst cases experiencing delays of over 3 years. Since the planned duration for this type of project (usually 2–3 years[40]) is shorter than for major Bank investment projects, such delays add on average 50%.[41] In 2011, as many as half the projects identified as "ageing" in the Bank's portfolio were ISPs. However, the Bank classes ISPs as ageing when they are 5 years old, compared to 7/8 years for other projects. This classification makes sense for short term capacity substitutions or gap filling projects, but less so where the objective is institutional capacity development, which is a medium to long term endeavor. Analysis of available project completion reports also highlights that task managers assessed timeliness as unsatisfactory for more than 40% of projects.

However, there is some indication of improvement over time. By comparing implementation data for projects approved in the first and second half of the evaluation period, it is clear that while the average number of months delay between approval and signature and between entry into force and first disbursement has not been reduced, the gap between signature and entry into force has reduced significantly – from an average of 4.2 to 0.8 months.

A range of factors contribute to delays in institutional support projects. The review of PCRs identified insufficient dialogue and delays in establishing PIUs; as well as procurement processes as major causes. For the case studies – all but two of which experienced start up delays, ranging from 9 to 18 months - stakeholders consistently identified the Bank's heavy and bureaucratic procedures as a generic cause of delays. Specifically in relation to procurement, stakeholders highlight a paradox in the Bank providing large amounts as PBO, in which country systems are relied on, and these small projects which rarely use country procurement systems. This inconsistency is especially lamented in specific MICs where country procurement systems are well developed. Closer analysis of the cases highlights the following specific causes of delays: (i) poor communication between ministries (ii) limited engagement from the Bank on low value projects (iii) unrealistic conditions precedent set by the Bank[43] (iv) insufficient capacity in the beneficiary organization or its PIU to implement and apply Bank procedures; (v) changes in Bank task managers (vi) unrealistically short planned timeframes. These factors are illustrated by the examples included in Box 11.

Such delays matter – they are not only concerning on efficiency grounds, they also impact effectiveness of institutional support projects. RMC complaints about delays in the start-up of Bank projects are not reserved for ISPs or for this type of project. However, they are especially worrisome in the case of small institutional support projects and therefore especially lamented by stakeholders, for three main reasons:

- These projects are relatively small, while a delay of more than a year may be bearable for a major infrastructure project, for a small project interest may be lost and funding found elsewhere – especially in MICs where small financing gaps can be filled domestically – as observed in two cases.

- Institutional capacity development and public sector reforms are highly fluid and constantly changing. Some beneficiary institutions had to wait two years before receiving any goods and services. What was diagnosed 2 years earlier may no longer be the most relevant response. Project design goes into detail on how many computers should be purchased and how many people should go on

training.[44] Precise needs change, but Bank project implementation tends to follow the original plan.

- Projects are designed to support institutional development often in situations of a low capacity base, thus dealing with Bank procedures is a drain on limited capacity. The evaluation found that this problem was not restricted to fragile states, but also evident wherever there was less familiarity with Bank procedures, for example for benefitting organizations outside of ministries of finance.
- Some ISPs are designed to be complementary to other Bank investments, often the aim is to get the capacity in place to ensure larger investments can be well implemented, but where ISPs start up late, the planned sequencing and complementarity can be lost (see Chapter 1).

Box 11: Examples of project delays from the case studies

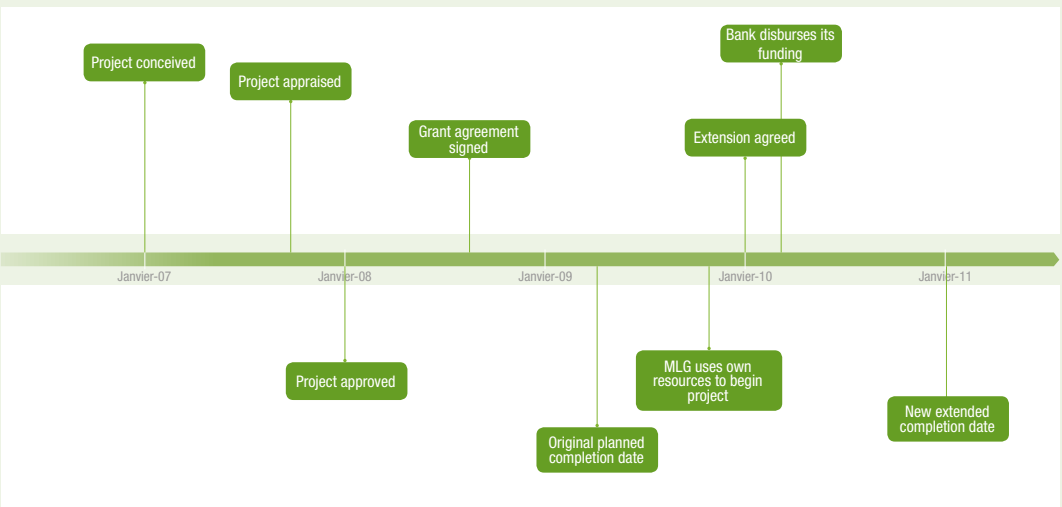
Project: The ISLA project was funded by a MIC TAF grant of UA 283,595).

Causes of delays:

- Failure of GoB to open a special account caused by poor knowledge of Bank procedures.
- No launch or supervision missions to explain Bank procedures, limited communication with parts of government familiar with Bank procedures. Small grant size was low priority for both the Bank and Government.

Impacts of delays:

- Ministry of Local Government used its own internal resources to deliver the first component (update of manuals).
- Training was delivered late, meanwhile local authorities remained reliant on an IT system they had not been trained to use and the backlog in financial reporting continued for another 2 years.
- Lack of interest from Government of Botswana in future small grants, under the same procedures.



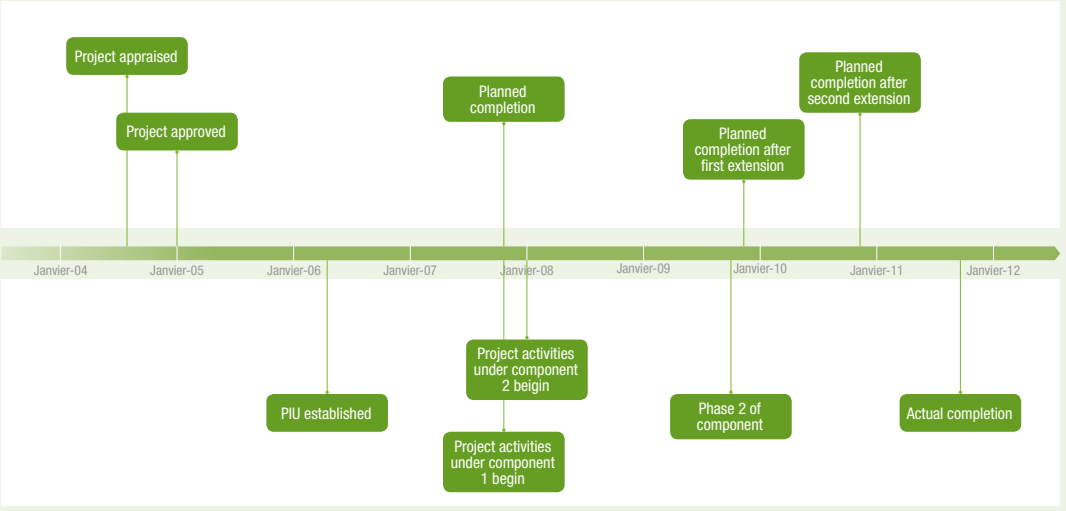
The Project: The ISP for the general secretarit of ECCAS was 92% financed by UA 2.58 million from ADF and UA 240,000 from ECCAS.

Causes of delays:

- Slow recruitment for the PIU
- Underestimate of time for procurement schedule
- Lack of explanation of Bank processes to coordinator, until he travelled to Tunis for information.
- Poor understanding of poltical implications of organisational restructuring, delaying 1st phase.

Impacts of delays:

- A rush to complete the project once activities begun. 1st and second phase had to be implemented concurrently, undermining the rationale for a phased approach.
- Failure to deliver all planned outputs
- Involvement of other donors that were not involved at appraisal stage, overlap in support.



Source: Botswana, Sierra Leone and ECCAS case studies (field visits, interviews and documentary review

Although not the only factor, current Bank procedures have been associated with many of these damaging delays. Based on evidence collected during the evaluation, the 2012 Presidential Directive[45] and other planned efforts to streamline Bank procedures will be welcomed by internal and external stakeholders. Indeed the small size also allows, not only for general streamlining but also differentiation from larger projects' procedures. In addition, the new delegation of authority matrix (DAM) was introduced only towards the end of the period, and directly affects institutional support projects, given their relatively small size. However, in practice the first year's application of the DAM has not been easy, since staff to which decision making authority has been delegated do not always have the knowledge of procurement or the confidence to take up

the responsibility – sending requests back up the chain when they no longer need to do so. Addressing this problem will require support to task managers, country resident representatives and directors to ensure they have the confidence to take up the authority the DAM gives them.

In addition to how the procedures look on paper, comparative analysis highlights the importance of how they are applied in practice. Compared to others, how the Bank applies its procedures is based on compliance at headquarters rather than consultation and flexibility in the field (box 12). Within the Bank, a comparison of approaches also reveals some alternative approaches. In particular, the ESTA Statistical Capacity Building III is an umbrella project, for which approval was given for over UA 50 million, but it covers dozens of counties with individual projects in each. This approach was designed following experiences of time-intensive approval processes for individual country projects for the previous phase. A detailed implementation manual has also been drawn up to ensure that task managers know not only their constraints but also their options and where there is space for flexibility.[46]

Box 12: Differences in application of Bank and comparator processes

Approval: In particular (i) the Bank's process focuses on approval in headquarters as opposed to consultation with stakeholders at field level (compare for example with UNDP, where more of the steps in the process takes place at field level); (ii) input from headquarters is focused on process and compliance with less on the substance of institutional capacity development (compare with the World Bank and UNDP where networks and specialists contribute specifically on substance).

Procurement: The Bank's general procurement procedures are not significantly different from comparators, what varies is the extent to which the Bank (i) delegates authority to manage procurement to field offices; (ii) relies on country procurement systems; and (iii) allows flexibility in the procurement plan. Within the Bank, it is evident that knowledge about the procurement system varies, so while some task managers are able to stick within the rules but ensure they are applied as flexibly and appropriately as possible – for example on issues of local versus international tendering - others are not. As the delegation of authority matrix is implemented, there is a risk that such problems will worsen before getting better.

Source: Comparative Institutional review

Examining project completion data: outcomes, duration and complexity

There are limitations to analysis of project completion data since this data itself is incomplete. Of the projects included in the database which were closed, around 70% have a project completion report (PCR). Those missing mainly relate to small projects funded through channels which do not require PCRs. The findings are therefore skewed towards the standard rather than special financing channels. It also highlights that information on the achievements of these small interventions is very limited. In addition, it should be noted that these are self-evaluation reports and not all have been through the independent validation process.[47] However, of the eight projects included in the case studies, three had project completion reports and the evaluation broadly confirmed the ratings given in two of the three cases.[48]

Self-evaluations rated more than 80% of projects as satisfactory in terms of relevance (figure 9). Relevance relates both to alignment with Bank CSPs and with needs and priorities of RMCs, RECs and of the specific organizations supported. However, while relevance of the original objectives was often affirmed, PCRs do not consistently make reference to the relevance of the chosen project design, compared to other approaches, or discuss the impact of delays on relevance.

Figure 9: Per cent of projects achieving satisfactory ratings in PCRs

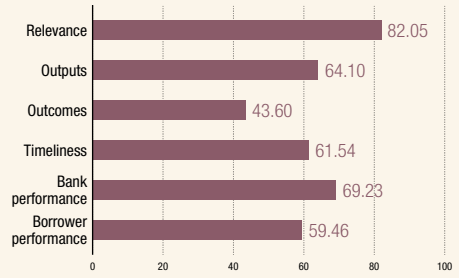
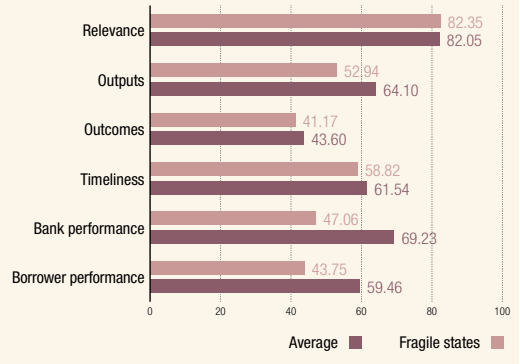


Figure 10: Per cent of projects rated satsfactory in fragile states compared with average ratings



The picture on the effectiveness of institutional support projects is mixed. Though in more than 60% of cases delivery of outputs was satisfactory, in only around 40% of cases was the extent to which outcomes were achieved considered satisfactory (figure 9).The case studies, which for the closed projects have the advantage of assessing outcomes later, largely adhere to this pattern. The majority, but not all outputs were delivered in all of the completed cases - delivery was generally satisfactory but not highlighy satisfactory. Transitioning from outputs to outcomes has proved more of a challenge, as evidenced both in the PCR data (44% were assessed to have achieved planned outcomes to a satisfactory degree) and the case studies. In line with the evidence on delays in implementation, the picture on timeliness is mixed, with 60% considered satisfactory. Problems of efficiency and timeliness are also evident in the completed as well as the ongoing projects included in the case studies.

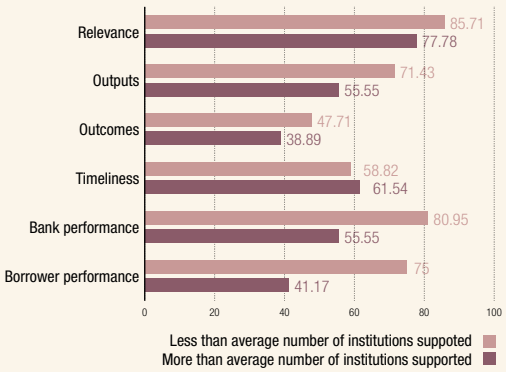
On average, projects in fragile states perform less well than those in non-fragile low income countries.[49] In particular performance is lower when it comes to ouputs and Bank/borrower performance (figure 10).This does not necessaily mean the Bank is working less well there but also that the challenges are greater and nuanced approaches are necessary.

Analysis of the completed projects highlights two trends that have implications for project design[50]:

- **Projects which were designed to take longer tend to score better.** This difference does not only relate to scores for timeliness, but also to outputs and outcomes. This finding is in line with other evidence, for example, the review of evaluation literature pinpointed unrealistic timeframes as one of the top factors affecting results (see Chapter 4). This was also evident in the case studies. The evidence suggests that capacity development outcomes are achieved over longer periods. Quick-fixes may be well suited to temporarily substituting for missing capacity to ensure service delivery but not to supporting longer term sustainable capacity development.

- **More focused projects tend to score better.** Projects covering a large number of sub-sectors, tend not to score as well as those focused on a small number of areas (figure 11).[51] While the measure is a rough one – comparing project performance based on the number of different moving parts - the influence of project complexity on implementation and project results is also confirmed by those case studies where multi-part projects have been implemented (notably in Sierra Leone and Benin). In terms of implementation, the sheer number of institutions supported is challenging both for the Bank and for project implementation units to manage. In terms of achieving outcomes, fragmenting projects into small parts means that numerous institutions receive small inputs, as opposed to one or two institutions receiving a more comprehensive package of support. Drawing from the case studies, box 11 helps to explain the influence of project focus or spread on results.

Figure 11: The impact of complexity on the proportion of projects rated as satisfactory



Box 13: What the case studies tell us about the implication of project spread for results

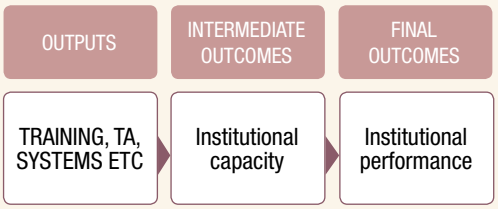
- Where a project is a basket of small grants it can make it difficult to construct a project with a coherent objective or implementation plan, losing the opportunity to make a project more than the sum of its parts. And while results can be measured in terms of delivery of individual outputs to schedule, it is harder to establish how the small parts will contribute to medium and long term capacity and performance outcomes.
- Such basket projects can be challenging to manage and involve high transaction costs for both the Bank and for project implementation units. Each individual organization involved has to become acquainted with Bank procedures, write terms of reference and procurement plans to standards developed for major investment projects. Heavy procedures can cause delays and make project outputs less relevant by the time they are delivered (see Chapter 3).
- Specifically for projects seeking to develop capacity and enhance performance, given the complexity, multiple dimensions and time involved in capacity development processes, small pockets of funding spread across numerous organizations can only play a limited role in supporting institutional capacity development and improved institutional performance. They can provide useful outputs, which may or may not be used by institutions to support broader change processes, particularly if they support a broader effort led by the institution (see Chapter 4).
- Where one or few organizations are supported it is more feasible to base the support on a thorough needs and context assessment, than where many organizations are supported.

Source: Case studies

From outputs to capacity and performance outcomes

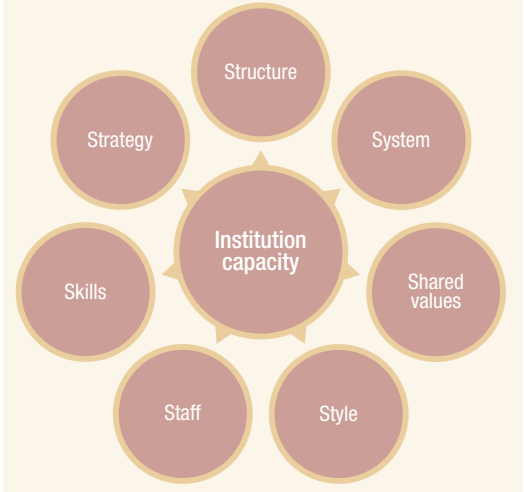
While PCR data does not systematically distinguish between different types of outcome, the evaluation used case studies to understand the results of Bank projects on the three levels: delivery of outputs, contribution to intermediate outcomes (institutional capacity) and contribution to final outcomes (enhanced performance) (figure 12, a detailed generic theory of change is provided in Annex 1). This has been possible since in each of the case studies institutional capacity development was an objective, as opposed to short term capacity substitution or gap-filling. The case studies are used to explain rather than generalize about performance. The approach used backward outcome mapping to understand not only the results of projects, but more specifically to understand where along the results chain issues arise; it placed a strong emphasis on understanding the role of context, given what is already known about the decisive influence of context on this type of intervention (see Chapter 4). Annex 4 includes examples of the outcome mapping.

Figure 12: From outputs to capacity and performance outcomes



In terms of outputs, overall the projects have delivered most but not all planned outputs, even if later than originally envisaged. No clear pattern emerges from the case studies in terms of types of outputs that have lower levels of achievement than others. In some cases the gaps related to training, in others equipment in others TA (e.g. computer software/training/TA). Overall, the case studies confirm the broader PCR data on generally satisfactory delivery of outputs, notwithstanding the notable delays and some aforementioned gaps in delivery. However, the case studies also included a completed project for which no PCR was done - since it was a small grant financed through the MIC TAF and this is not a requirement - this project experienced serious delays and gaps in delivery. This does not necessarily infer that similar deficiencies are likely with other small grants but it does highlight that there is a lack of information about the results achieved with some small grants, for which neither project completion reports or other reporting is required.

Figure 13: The 7s model of institutional capacity



In terms of intermediate capacity outcomes, the evaluation used a 7-dimensional framework to understand what aspects of the amorphous concept of capacity Bank projects have, and have not, contributed to. These seven dimensions, known as the 7S, are summarized in figure 13.[52] Taken as a comprehensive package these dimensions

constitute organizational capacity as a whole. In projects which supported a single institution the evaluation was able to say more about the extent to which capacity had been enhanced and the Bank's contribution to that process. For those projects which supported a number of different institutions the analysis was necessarily focused on key beneficiary organizations.

Application of this model in each of the case studies highlights that Bank support to organizational capacity has been focused on a few key dimensions. Through its provision of training, skills development is a consistent component of Bank institutional support efforts, as is support to systems given its financial support to buy equipment and use of TA to introduce the systems. However, not all dimensions of organizational capacity are supported (Table 2) and while the capacity of individuals may be enhanced; it may not translate into increased organizational capacity.[53]

Other dimensions of organizational capacity are often more difficult to support. Organization structure can be highly politicized, allowing inefficient or ineffective structures to be maintained. The ECCAS case highlights the challenges in addressing the structural dimension. Similarly, dimensions like organizational value and style of leadership, cannot be imposed from outside. However, some agencies have sought also to support these areas, including through development of leadership skills and strategy which can be done through specialized training and technical assistance. Strategy was directly addressed in a minority of cases, but in some others the institutions themselves were addressing this dimension, separate from Bank projects. For example, NBFIRA's leadership was in the process of developing a strategy when the team visited.

Table 2: Coverage of different dimensions of capacity in the case studies

Name of the case/ Title of the ISP	Strategy	Structure	Systems	Staff	Skills	Style of leadership	Shared values
ECCAS - ISP to the Secretariat General of ECCAS		●	●	●	●		
COMESA - Public Procurement Reform Project Phase 1 & 2			●	●	●		
Benin - Projet d'appui aux institutions de contrôle (PAIC)			●		●		
Benin - Projet d'appui à la gestion des finances publiques et amélioration du climat des affaires (PAGFPACAF)	●[54]		●		●		
Botswana - Institutional Strengthening of Local Authorities (ISLAs)			●		●		
Botswana - Capacity building of Non-Banking Financial Services Regulatory Authority (NBIFIRA)			●		●		
Sierra Leone - Strengthen PFM &Energy sector	●[55]		●		●		
Sierra Leone - PFM and business enabling support project			●				

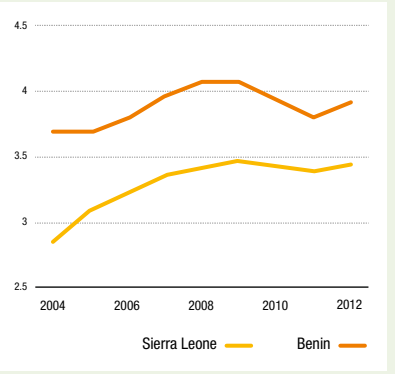
Box 14: Country Policy Institutional Assessment (CPIA) indicators in two cases

The AfDB's version of the CPIA measures criteria on a scale of 1-6 (6 as highest). The composite indicator is comprised of four clusters of indicators: A: Economic management; B: Structural policies; C: Policies for Social Inlcusion/equity; D: Governance (public sector management and insitutions, inlcuding transparency, rule of law etc).

The figure opposite summarizes change over time in the composite indicator, for years in which data is available and during which the Bank and other partners have been engaged. It indicates that good progress over the period has slowed in the last three years.

Deconstructing the composite indicator tells us more about where the progress and slippages have been. The table below summarizes the direction of travel for key indicators for the most recent 3 years of data.

	Macro-Economic Management	Fiscal Policy	Debt Policy	Regional Integration and Trade	Financial Sector	Business Regulatory Environment	Gender Equality	Building Human Resources	Social Protection	Environmental Policies & Regulations	Property Rights & Rule Based Governance	Quality of Budgetary & Financial Management	Efficiency of Revenue Mobilization	Quality of Public Administration	Transparency, Accountability & Corruption in Public Sector
Benin	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Sierra Leone	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•



• Progress 2010-12; • NO change 2010-12; • Worsening 2010-12

Source: AfDB CPIA data

While not covering all aspects of capacity, the evidence nevertheless indicates that Bank projects have made a contribution to enhancements in organizational capacity in all of the cases examined, though not always to the degree anticipated. The clearest case of enhanced capacity amongst the case studies was in the PFM sector in Sierra Leone. It is evident that the completed (and ongoing) institutional support projects contributed to enhanced capacity amongst key players in the country's PFM system. However, it is equally evident that the positive results were also supported by (i) the longer term engagement of the Bank, which involved long term support to the same departments and institutions; and (ii) the support of all four of the main development partners in Sierra Leone to the PFM system as a whole.

In terms of organizational performance, the evidence from the case studies suggests that the Bank's support to develop institutional capacity has played a contributing but not isolated role. The evaluation collected evidence on organizational performance through discussion with key informants and also by verifying improvements in supported organizations' delivery (e.g. production of required accounts, reports, etc.). Most of the completed operations in the case studies confirm some performance improvements. The case studies illustrate what the literature outlines: that context or the "enabling environment" plays a central role in bridging the gap from capacity to performance. Some cases highlight where Bank staff have identified and tried to address potential constraints in the design of projects. In particular by supporting the development or adjustment of legislative frameworks, as seen in the in the COMESA, NBFIRA and PAIC cases. However, they also provide examples of where the context becomes the constraint in making use of enhanced capacity to improve institutional performance:

- In only one case did institutional performance not improve despite enhanced individual and organizational capacity. Support to ECCAS, which contributed to partially enhanced capacity, did not lead to improvement in performance due to the context in which the organization and staff operate.

- Even in the case of PFM in Sierra Leone, where performance has improved following enhanced capacity, getting to the next level of performance will also rely on an enabling environment for the enhanced capacity to translate into better public financial management. It requires the PFM cycle as a whole to function. For example, the audit office is now providing more timely and detailed reports (thanks partly to support from partners including the Bank) and the Public Accounts Committee has cleared its backlog in reviewing these. However, the next step is to ensure the government implements the PAC's recommendations and deals with problems identified robustly.

Given the small size of most institutional support projects, and the role played by other partners and context, there are limited returns in attributing changes in overall governance indicators to Bank support. Indicators show mixed results in terms of final governance outcomes in the two countries where Bank support has been significant and long term – Benin and Sierra Leone. Box 14 illustrates that gains in key governance indicators have not been consistent, although deconstruction of the datasets shows differences in why improvements have been less evident in recent years. For example, the Benin data highlights mixed outcomes in areas on which the Bank has focused: – deterioration in quality of public administration, transparency and anti-corruption, but improvements in macro-economic and financial sector management.

The sustainability of institutional support projects is related to whether they genuinely support capacity development processes, as opposed to substituting for capacity and also to whether enhanced capacity can be - utilized to lead to improved institutional performance. While the PCRs do not provide strong analysis on this area, specific concerns about long term sustainability were noted in the case studies, as summarized in Box 15. On the positive side what is clear is that long term engagement and support pays dividends. It is in those cases where successive projects have supported the same organizations and multiple aspects of their capacity, that gains are most evident. Examples include the Debt Management office in Sierra Leone, the Chambre de Comptes in Benin and COMESA.

Box 15: Concerns regarding long term sustainability from the case studies

The benefits of very small inputs may be harder to sustain. For example, in the Botswana local authority project, short term overseas training was provided to a small number of people. The depth of training provided was not enough to allow those trained to become trainers themselves or to master the system so that regular use of consultants for more difficult tasks would no longer be needed. The limited number of people trained meant that when individuals left the impact was significant. This was anticipated in the Sierra Leone project, in which training was used as a golden handcuff, to retain staff.

Continued reliance on technical assistance is a problem. In Sierra Leone, the way in which the Ministry of Finance has built capacity and improved performance is highly reliant on long term local technical assistance. Local TA are paid on a different scale from local staff, and this has been subsidized by the Bank and other donors support. The current two tier system is not sustainable, but addressing this requires boarder public service reform. In Botswana, the small Bank project to support local authorities has not allowed the local authorities to significantly reduce their reliance on consultants for regular tasks and trouble shooting.

Source: case studies

Conclusions

The analysis in this Chapter has highlighted the following patterns in terms of performance and results:

- While the performance of these projects has been moderately satisfactory in terms of delivering the majority of planned outputs, when it comes to delivering outcomes (in terms of increased institutional capacity and performance) achievements are very mixed – with less than half of those assessed achieving satisfactory ratings.

- Efficiency in implementation, specifically in terms of time overruns, is a concern, since the context for this type of project changes rapidly and delays are adding as much as 50% to planned duration.

- Capacity development and improvements in institutional performance take time. In addition, projects which are initially designed with more realistic time frames in mind tend to perform better that quick fix attempts.

- Results data shows that projects spread across a large number of institutions or sub-sectors tend to perform less well than those with more focus. The case studies indicate that this relates to the transaction costs involved in implementation and the effect of spreading limited funds too thinly.

- The Bank has contributed to enhancements in institutional capacity and performance, though to varying degrees. The clearest cases of progress are those where the Bank has been engaged over a longer period and where support to key institutions is comprehensive (whether from the Bank or in coordination with others' support).

Chapter 4: Lesson learning: identifying the factors that help or hinder success in Bank support to governance institutions

Given the focus of this evaluation on learning, this Chapter is devoted to pulling out lessons in terms of what factors enable or hinder results. The first part sets out five overarching lessons, aligned with good practice and relevant for the Bank specifically. The second part identifies a further four lessons at a more practical level, and anchored in Bank-specific experiences. The information comes from interventions in the governance sector; however, many of the lessons are generic and applicable to efforts to support institutions in other sectors as well.

Lessons drawn from international experience are relevant for the Bank

As part of this evaluation, a review of evaluation literature focused on drawing out lessons regarding what hinders and helps results in this area. Looking across 61 evaluations of efforts to support capacity or institutional development in the governance sector (see Annex 5), the review identified five thematic lessons which were most frequently highlighted in the literature (Box 16).[56] Most of these lessons confirm evidence from elsewhere and are largely aligned with aspects of established good practice.[57] Other important factors highlighted in a smaller proportion of evaluations include the existing capacity of partners, the quality of technical assistance provided, coordination, incentives, and problems with donor funding mechanisms.

These five lessons are relevant to Bank projects specifically. Closer examination of two Bank project evaluations validated the pertinence of these generic lessons for Bank projects.[58] (Table A3.3 in Annex 3 summarizes how each of the five factors proved relevant for both a satisfactory and a poorly

performing Bank project). Evidence from the case studies also supports the relevance of each of the five lessons and the nuances within broad themes such as "ownership", understanding the context (including local political economy, the role of individual relationship and leadership, the impact of reshuffles, government restructuring and reforms) and the importance of being flexible in implementing plans.

Box 16: Summary of the top five factors associated with results based on international experience

Understanding the context. This was highlighted as important in terms of understanding both the context within and beyond the institution supported. Successful projects tended to be based on solid needs assessments, and a design that recognizes the complex political economy in which the institution operates. In the governance sector, political economy is especially important. For example, enhancements in institutional capacity and performance results not only in winners, but some stakeholders lose out from changes to the status-quo, such stakeholders can therefore block reforms and capacitation efforts.

Country ownership and leadership. High level ownership and leadership, particularly where projects seek to support reforms, are crucial. Political blocks can derail projects. Aligning ISPs to broader capacity development or sector strategies supports ownership. Similarly, ownership and leadership at working levels supports project success – including in design and procurement stages.

The realism of the time period. Agencies are often unrealistic about the time it takes to develop institutional capacity. They want to demonstrate results quickly, and while outputs may be delivered quickly, capacity development is a longer term process. Short term projects with transformational objectives frequently fail to live up to expectations. Further, in the rush to deliver the outputs on time, longer term sustainability concerns can be de-prioritized. This problem is exacerbated by the problem of late start-up –reducing often already limited time for implementation.

Clarity of objectives alongside flexibility in implementation. Successful interventions are characterized by objectives which are clear to all, both at strategic and at operational level. At the same time they include a degree of flexibility both in the design and approaches available and during implementation. The review of evaluations revealed that opportunities to enhance project performance were missed because of limited flexibility in the implementation phase. Capacity development is a complex process, and institutions are constantly changing – both in terms of needs and context, supporting projects also need some flexibility to ensure they are still relevant. In the governance sector specifically, contexts and political economy and change quickly, and projects at the centre of governance reform efforts may be the first affected by political change.

Sound monitoring and evaluation. Poor monitoring frameworks are associated with under-performance for two reasons. First, where a framework to establish a logical link between activities, outputs and outcomes, and to underwrite the theory of change behind an intervention, has not been developed, there is less assurance that the planned activities and outputs will indeed lead to the desired outcomes. Second, the main role of monitoring is to track progress and to use the information to make adjustments where necessary. This means that poor monitoring, or monitoring focused on financial accountability rather than progress towards results, strips project managers of the tools they need to identify problems and to correct projects that are heading off course.

Source: Review of evaluation literature

Understanding factors affecting delivery of outputs and outcomes

This section draws particularly on the eight projects covered in the case studies to understand the factors associated with project success or failure as well as the portfolio review. The case studies were designed to focus on identifying such factors, a backward outcome mapping approach was applied, to identify the enabling conditions individually necessary and collectively sufficient for the project to reach its final objectives. This included factors identified at different points along the result chain, and those related to the design and management of projects as well as the context in which those projects operate. (Annex 4 provides examples of the outcome mapping of the individual projects examined.)

As figure 14 illustrates, contextual factors become increasingly relevant at later stages of the results chain.

Figure 14: Types of factors along the results chain

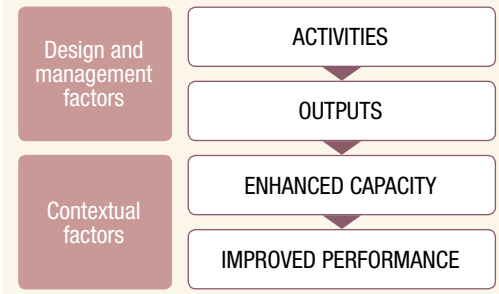


Table 3: Factors affecting results

	Factors affecting activities and outputs	Factors affecting contribution to enhanced capacity and performance
Factors relating to context	Government commitment and domestic policies Familiarity with Bank procedures in beneficiary institutions Capacity and availability of local providers Use of multi-donor PIUs within host institution Balanced relationship with host and user institutions involved in implementation.	Leadership Staffing Role of the human resources team Government commitment to support beneficiary institutions Coordinated donor support State of partnerships between key institutions Improvements or delays elsewhere in the system Demand Pace of wider public service reforms
Factors relating to design and management	Knowledge of Bank procedures in PIU or coordinating body Size or capacity of the PIU team Choice of conditions prior to disbursement Support from ADB HQ and presence of field offices Procurement procedures Breadth of projects Project duration	Diagnostic studies Flexibility in use of funds and mid-term review Inclusion of end users in design and management Good quality of consultancy output Sustainable training Sustainable equipment Monitoring soft outputs Length of Bank engagement Multi-stakeholder approach Complementary use of budget support Effective use of conditions to address contextual constraints.

Source: Case study reports and case study synthesis

The case studies identified and explored factors associated with both success and failure. Table 6 summarizes the enabling and hindering factors and categorizes them into (i) those most associated with delivering activities and outputs and (ii) those affecting performance and capacity outcomes. It also subdivides the factors into those relating to project design and management as opposed to context. In reality, the lines between these categorizations are blurred, with some factors affecting delivery right along the results chain.

While all of the factors set out in table 3 have played a role, it is useful to explain some of the factors which were observed to have most influence and why. Complementing the five high level lessons already identified through the review of evaluation literature, the following four lessons extracted from the case studies are at a practical level and are specific to the Bank's approach.[59] All of the lessons help to explain the mixed picture in terms of project efficiency and effectiveness.

The implementing team: size, capacity, experience and placement matter

In most of the cases examined, PIU teams were small; in two cases they were overstretched. A single vacancy has a major impact on their ability to deliver. In most of the cases a new PIU was established each time a project started, and dissolved when projects were completed. The recruitment processes take time and training in use of Bank procedures often has to start afresh, so getting new PIUs ready to implement can be time consuming. The extent to which training was timely varies.

The poor sustainability of the stand-alone PIU model most often used by the Bank is a concern. For relatively small projects (as opposed to major investment projects) setting up stand-alone project implementation units for each project has less support from partners.[60] One variation is the integrated PIU in Sierra Leone's Ministry of Finance. A decision by the Ministry to refuse separate PIUs and use a single PIU to implement all donor projects, has allowed that unit to develop greater experience in project implementation and also to recruit and retain staff. While important to ensure integrated units are not overstretched, stakeholders agree that this approach is preferable to the plethora of stand-alone PIUs for the relatively small projects that littered the Ministry previously. Reducing the number of parallel PIUs is also aligned with Bank commitments under the Paris Declaration.

For many small projects, including those funded through the MIC TAF, instead of a PIU, existing government structures are used. The effectiveness of this approach also varies depending on the capacity and familiarity with Bank procedures in those structures. Where this is lacking, and where it is not offset by additional support from Bank staff, both efficiency and effectiveness can be affected. The cases also demonstrate that existing capacity is not only a constraint in fragile contexts and that small grants from the Bank have not been associated with low transaction costs.

Understanding and appropriateness of Bank procedures and conditions

Bank procedures were associated with many of the delays suffered by ISPs, and these delays are damaging for projects seeking to support governance institutions, since they are relatively small inputs in a fast changing context (see chapter 2). Apart from the small grants through instruments like the MIC-TAF, FSF pillar 3 and FAPA, institutional support projects, are subject to the same procedures as major infrastructure projects. Yet, they are fundamentally different. They are prime candidates to benefit from streamlining of approval and procurement processes. However, the case studies also

underline that it is not only a question of what the procedures are, but also ensuring that they and the flexibility that they do provide are understood upfront. Such understanding is crucial not only on the partner side, but, also the extent to which staff are familiar with Bank procedures matters, particularly in relation to procurement.

The case studies also help to explain how additional conditions have caused delays. Five of the eight ISPs examined included additional conditions beyond the standard conditions applied to all Bank projects, such as appointing a project coordinator, opening Bank accounts etc. Of a total of ten conditions, five were concerned with the drafting/adoption of new laws or in one case the adoption of a new structure, three with the recruitment of additional staff, one with member states' contributions, and one with ensuring retention of trained staff. While all conditions appear reasonable – especially as attempts to address wider constraints in the governance context - some were not possible for partners to fulfill. In Sierra Leone, the problems associated with additional conditions in the older project – which were never met but for which a waiver was eventually granted - were avoided in the successor project, for which implementation began much more quickly. This does not infer that additional conditions are not helpful – they can be important tools to support an enabling environment for both institutional capacity development and reform – but, their exact content needs to be appropriate and feasible to that context and timeframe.

Bank staff engagement: field offices and quality engagement make a difference

The case studies highlight Bank staff engagement as a factor associated with the mixed picture on project efficiency and effectiveness. From project conception, substantive engagement and discussion has helped staff to design successful interventions. Such engagement is not typified in acquiescing to shopping lists from partners, but genuine discussion about the overall strategic approach to build stronger governance institutions and how the Bank can add most value to a broader effort. When it comes to implementation and monitoring, the institutional support projects which aim to support institutional capacity development, in particular, require an iterative approach and regular monitoring and adjustment (see Chapter 2). They are exactly the type of project that benefits from having staff based in country, able to engage in dialogue and coordinate Bank engagement more broadly.

The case studies and interviews with headquarters based staff pinpoint project launch missions as important opportunities to establish good engagement and shared understanding. However, such launches are not commonly practiced for smaller projects, such as those by the MIC TAF or FSF Pillar III. The case studies indicate that such small projects may also suffer from lower levels of engagement and attention from both Bank staff and also recipient governments. A stark illustration of this is provided by the Institutional Support to Local Authorities project in Botswana, the benefitting ministry reported that it has received no Bank supervision missions until a visit seeking to close the project.

In contrast, in Sierra Leone stakeholders at political and working level reported a positive impact from greater engagement by the Bank's field office in the past 2-3 years, resulting from better engagement from the resident representative and his team. This engagement was seen as appropriately focused on keeping the project on track with improved coordination between the sector department and the field office. The ongoing challenge is to ensure the field office is able to coordinate the various departments' engagement, since not only the governance but also the fragile states and other teams are involved – in an array of interventions in the governance sector alone.

The breadth of some Bank projects: there is a trade-off between responding to complexity and spreading support too thinly

Project completion data indicates that more focused projects tend to perform better (see chapter 3). The case studies help explain why this may be the case. For implementation, the sheer number of institutions supported is challenging to manage both for the Bank and for project implementation units. In terms of achieving outcomes, fragmenting projects into small parts means that numerous institutions receive small inputs, as opposed to one or two institutions receiving a more comprehensive package of support. The smaller inputs are frequently insufficient to contribute to a transformational change in institutional capacity and performance, though they may be able to remove key blockages or have a catalytic effect. In addition, components that are peripheral to the core of a project may lag behind, as was seen in both the completed and ongoing projects in Sierra Leone and Benin. Although ISPs exist in complex environments and seek to support systems with multiple institutions involved, supporting complex systems requires sufficient funds - whether from one source or in coordination with other players - to ensure the sum of different inputs support the system as a whole. Under the TYS and new GAP II, the Bank's work in governance is set to broaden out, so there is a risk that the Bank will spread its support too thinly in order to support the various sub-sectors and institutions involved.

Conclusions

This Chapter has highlighted that helpful lessons are emerging from the Bank's efforts to support institutions in the governance area. Many of these lessons are also relevant to Bank efforts to support capacity development processes in other sectors. Some of the lessons are well known already – such as the importance of partner commitment and ownership. Awareness around some others is less, for example regarding the duration and focus of the Bank's engagement. Others highlight the potential positive impact of streamlining procedures for this type of project, which – to be effective – should be nimble not sluggish; and flexible, not immovable. Figure 14 summarizes nine important lessons drawn from experience within and beyond the Bank. While the evidence is drawn from the governance sector, many lessons are relevant to the Bank's work in other sectors too.

Figure 15: Summary of main factors associated with results in institutional support in governance



Annexes

Annex 1: Methodological Approach

This is an evidence based evaluation; it looks back over a decade of Bank experience but with a forward looking perspective in order to gather lessons for how the Bank works in future. This final synthesis report is based on evidence drawn from four main methodological components. Each was complementary and interlinked, and in combination designed to answer the evaluations questions. Table A1.1 summarizes the main methodological components and what each was used to establish. Table A1.2 sets out the evaluation questions.

While components A and B were conducted internally, components C and D were led by independent consultants, with involvement from OPEV. The consultants worked through a consortium of Particp GmBH and ECDPM, managed by the OPEV Task Manager, according to clear terms of reference. Involving consultants on these two specific components had the added advantage of (i) increasing independent input and an external/comparative perspective (ii) bringing in specific expertise relating to capacity development and case study analysis.

The reports from each of the main methodological components of the evaluation, as well as the design of the evaluation itself (including the approach paper) was subjected to quality assurance processes. Specifically:

- OPEV internal peer review (Jessica Kitakule-Mukungu, Hajime Onishi and Herimandimbi Razafindramanana)
- External peer review (Navin Girishanka, World Bank Independent Evaluation Group) at approach paper stage.
- External expert review (Dr. Anthony Land)
- Review, consultation and feedback from Bank and external stakeholders
- In addition to the four main components, OPEV conducted supplementary interviews and focus groups. These were used in three main ways:
- During the initial scoping stage, in order to identify key issues to focus on.
- Throughout the course of the evaluation, to triangulate and validate evidence identified elsewhere.
- Towards the end of the evaluation and before drafting of the final synthesis report, to consult and discuss emerging findings, in order to validate the findings and identify most useful recommendations.

One piece of research that was planned, but not in the end conducted, was a survey of consultants who had implemented relevant Bank projects. This was not possible, though consultants involved in ongoing projects were consulted in some of the case studies.

Table 1.1: Four methodological components: the approach, limitations and objectives

Portfolio review		
Method	**Limitations**	**Objectives**
The methodological approach adopted for the portfolio review combined quantitative and qualitative analysis. It focused on projects identified as institutional support in the governance area approved between 2002 and 2012. It comprised five specific steps. ▪ Setting up an ISP database by triangulating information extracted from the Bank's information system (SAP), OSGE, OSFU and other departments databases, all this supplemented by the analysis of project documentation collected from the Bank's documentary Database (DARMS); ▪ Statistical analysis with the use of tables and charts to describe the portfolio's trend and structure; ▪ Analysis of a sample of 20 ISPs, approved during the last four years of the evaluation period, to assess design issues. ▪ Analysis of supervision data to analyze implementation rates. ▪ Analysis of Project Completion Reports (PCRs), PCR review notes and available Project Performance Evaluation Reports (PPERs) to gather information on results and performance.	Data limitations include the scope and the quality of the available information, specifically: ▪ Activities integrated as components of other investment projects or PBOs were not included in the database. ▪ Among finance sector operations, only those directed to public or public-owned institutions in governance were retained. ▪ The quality and inadequacy of information extracted from SAP or in the PCRs is a concern. ▪ The limited number of PCRs (38) does not allow for rigorous comparative analysis between periods or sub-sectors.	The portfolio review played an important role in the evaluation, contributing evidence for each of the four main EQs. The specific objectives of the portfolio review were as follows: Collect and analyze Bank data on in order to establish: ▪ Trends in spending over time, across sub-sectors, regions and instruments. ▪ Trends in project design ▪ Trends in project supervision and implementation. ▪ Trends in project performance and lessons associated with success and failure.
Review of Evaluation Literature		
Method	**Limitations**	**Objectives**
This literature review was focused on evaluation literature. This focus was chosen because (i) the area of study has been addressed in other evaluations with valuable lessons already identified (ii) the institutional comparison review would look at broader literature. ▪ The review's methodological approach involved six steps: ▪ A comprehensive search for relevant evaluations to establish a database containing 115 evaluations. ▪ A quick review of the documents to ensure relevance, reducing the number to 61 evaluations. ▪ A more detailed review to (i) identify and extract relevant lessons and recommendations; (ii) record the frequency of different types of lessons; and (iii) categorize the evaluations into those with high, medium and low relevance to the objectives of the review. 45 were categorized as either high or medium relevance. ▪ Analysis of the data extracted, to establish the frequency with which different types of lessons were observed. ▪ Extracting detail relating to the most frequently identified types of lesson. ▪ Validating the relevance of lessons identified for Bank projects, by focusing on two Bank project evaluations.	It is not possible to ensure that the evaluation universe is 100% complete, since this depends on publication. The review also focused on evaluations published in English, though many covered non Anglophone countries. The review relies on informed judgments and categorizing of lessons. The process of categorizing lessons can be affected by the reviewer's pre-conceived ideas or views and individual reviewers can be inconsistent. To ensure consistency in these judgments and categorizations the same individual reviewed all of the documents, and reviewed five initial documents before establishing any categorization for lessons.	▪ To extract lessons learned from other evaluations and existing research, on what works and does not work, to help inform possible lessons for the Bank's approach. ▪ To highlight important issues and challenges, to help inform the focus of the evaluation's primary data collection and analysis. ▪ To provide a source of evidence that can be triangulated with other sources.

<table>
<tr><th colspan="3">Institutional Comparative review</th></tr>
<tr><th>Method</th><th>Limitations</th><th>Objectives</th></tr>
<tr>
<td>The review was organized in a sequence of three main phases:
Mapping of the Bank;
Mapping of comparators;
Synthesis, benchmarking and drawing of conclusions for the Bank.
The mapping of the Bank began with desk review and was followed by a series of semi-structured interviews conducted in Tunis, and later by telephone and skype, including other locations such as regional resource centres.

The two comparators were selected based on maximum potential for learning. The World Bank was chosen since it has a similar way of working and portfolio, the UNDP because it has established a reputation as a leader in the capacity development field.

The review of comparators was also based on desk review and selected interviews, though no visit was made to the comparators headquarters.

In addition, a pool of emerging or established good practice was collected in key areas of comparison, to complement the UNDP and World Bank experiences.</td>
<td>A selection had to be made on which area to focus comparison, this was based on judgment of the expert consultant engaged and evidence collected during the scoping stage.
Strong reliance on interviews with bank staff, particularly but not exclusively in Tunis, during a busy period of year. It drew on only a small number of interviews with other stakeholders.
Only two comparators were used, though many other organizations may provide useful lessons. For this reason the good practice comparator was also added.
Accessing comparator data was time consuming. Judgment had to be used which information to pursue and which to drop.</td>
<td>Compare the AfDB's approach to strengthening governance institutions to those of other development agencies and established good practice. Specific objectives were to:
Map Bank policy, strategy and guidance in this area and compare it to that of others.
Map Bank institutional set up, human and other resources in this area and compare it to that of others.
Map Bank approval and implementation processes in this area and compare it to that of others.</td>
</tr>
<tr><th colspan="3">Case studies</th></tr>
<tr><th>Method</th><th>Limitations</th><th>Objectives</th></tr>
<tr>
<td>The case studies was explanatory – to help explain patterns seen in the quantitative data. This type of case study requires cases to include different types of context, but not a representative sample. All four case studies follow the same evaluation approach and methodology, combining theory of change (ToC), political economy analysis, and focus on results. This approach consists of three steps:
A ToC is constructed by stating all enabling conditions for the project to reach its intermediary and final objectives in a given context. The objectives concerned with improved capacity and enhanced performance are described in detail using the McKinsey 7 S framework.
Evidence is collected to review trends in the capacity and performance of the beneficiary institution(s) over the duration of the project and test the validity and status of some of the key enabling conditions as part of the context analysis. The focus on the role, responsibilities and incentives of key actors in the ToC is the entry point to some essential political analysis.
The Bank's contribution to institutional strengthening is assessed by gathering evidence on the causal links between the project activities / outputs on one hand and enhanced capacity and improved performance on the other.
Desk review was followed by field visits which involved semi-structured interviews and focus groups with project stakeholders, Bank staff and partners. The evaluation team strived to ensure a thorough triangulation process – mixing data sources and collection methods – to ensure that the findings identified in the case study component are based on robust evidence.

For the synthesis report combining the four case studies, the emphasis was on drawing out key lessons. The method involved discourse analysis to extract comparative data of key features including project design output achievement and factors affecting results</td>
<td>The limited time available in-country to interview stakeholders. In those cases where projects aimed to support a larger number of institutions this was particularly challenging as the number of stakeholders was much increased.
Incomplete records and data available from the Bank and also from some of the beneficiary organizations.
Limited information about completed projects, given high turnover of staff alongside limited output information about the ongoing projects.
While successfully covering variation in country contexts the case studies are not a tool for generalization.</td>
<td>The aim of the case studies was to support the evaluation as a whole by:
Providing important evidence for EQ 3(on results) and 4 on (lessons).
Providing evidence to be triangulated with evidence from other components on EQs 1 and 2.
Gathering primary data from stakeholders on the ground including Bank staff in field offices and Regional Resource Center, other donors, partners and civil society, the beneficiary organizations and their own stakeholders.
Provide evidence from very different contexts (fragile state, LIC, MIC and regional organization) to observe difference and commonalities in the Bank's approach and achievements.</td>
</tr>
</table>

These four main component pieces of work, plus the additional research and analysis mentioned above, were then shared with stakeholders and formed the basis of discuss for identifying the most important themes, messages, lesson and recommendations for this final synthesis report.

The evaluation matrix was used as a tool to collect evidence against the main evaluation questions. Table 2 shows the original evaluation matrix. The evaluation matrix breaks down the evaluation questions into component parts, or sub-questions. This version of the matrix includes an additional column summarizing the extent to which the evaluation was able to address the individual sub-questions.

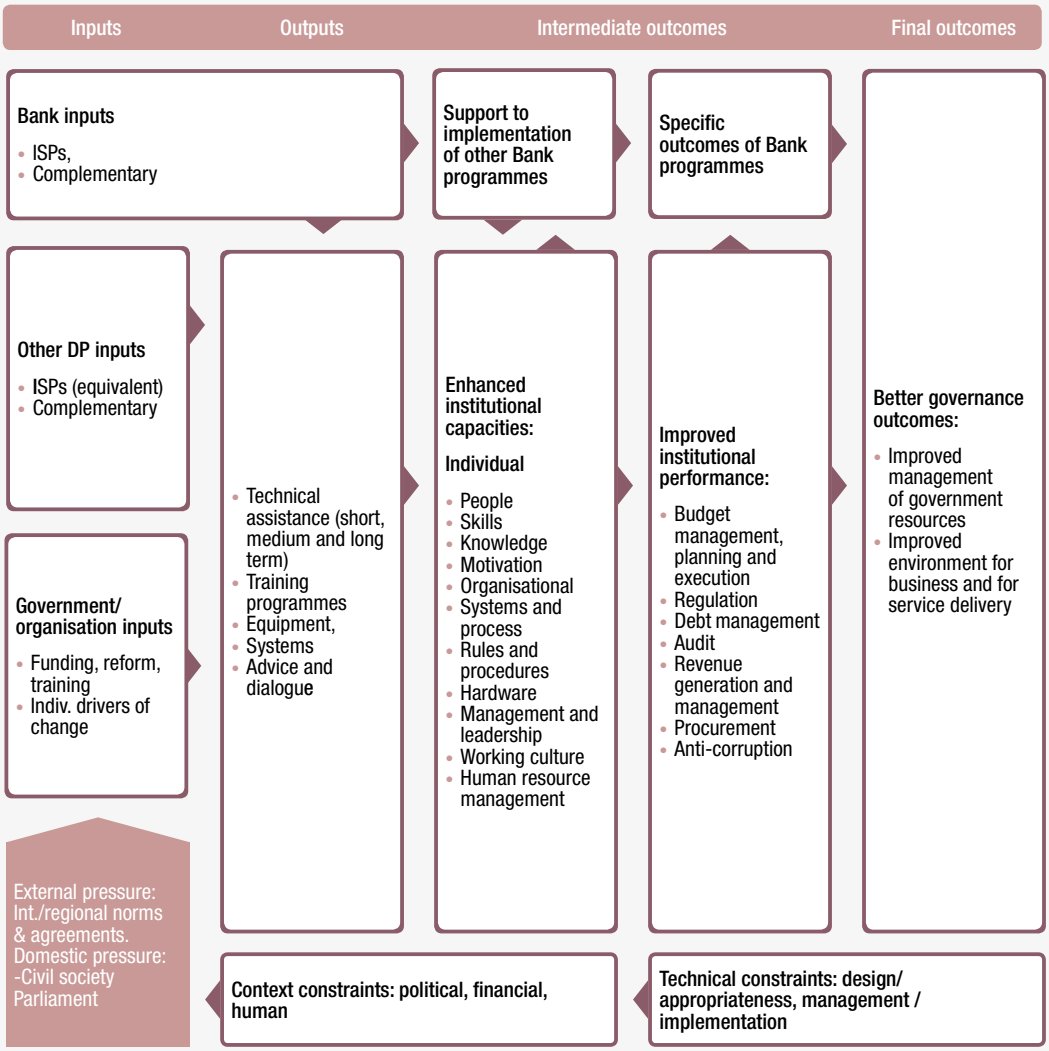
Table 1.2: Addressing the evaluation questions

Evaluation question	Sub-question	How the evaluation addressed the question
1. What role do ISPs play in the Bank's efforts to support economic and financial governance?	What is the Bank investing and what tools is it using to strengthen institutions in the governance area? To what extent are ISPs relevant to the achievement of Bank objectives and partner priorities in the governance area?	The portfolio review established the volume and trends in spending, as well as the tools that it is using. The comparative institutional review was able to compare the Bank's tools with those of others. While it is possible to compare spending on technical assistance across agencies, spending on institutional strengthening in governance is not consistently collated, so a strict comparison is not possible. The relevance of ISPs in general (as opposed to individual projects) to both the Bank's and RMCs' objectives was confirmed in the portfolio review, the institutional comparative review and the case studies. The extent to which individual projects were relevant to country specific objectives and needs was also examined in the case studies and in the analysis of the design of ISPs in the portfolio review.
	To what extent are ISPs linked with and complementary to other activities associated with (i) capacity development and (ii) broader development?	The portfolio looked at the proportion of ISPs which were explicitly linked to investment projects and PBOs. The comparative institutional review drew on interviews understand the intentions for complementarity. The case studies looked at individual projects to establish how complementary they were in practice.
2. Are Bank ISPs well designed, managed and impleme-nted?	To what extent does the design of Bank ISPs reflect good practice?	The portfolio review examined a sub-set of recently designed ISPs to examine key features of design. The institutional comparative review summarized good design practice and drew comparisons between the Bank and others approaches. The case studies looked at the design of individual projects.
	Are ISPs well monitored and evaluated and are lessons-learned applied?	The institutional comparative review looked at the Bank's approach to monitoring and learning, compared with established good practices and the approach of other organisations. The case studies looked in detail at monitoring and lesson learning in the individual cases.
	To what extent are the design, management and implementation of ISPs supported by the necessary skills/expertise and guidance?	The institutional comparative review looked at the Banks skills, expertise and guidance in this area. The case studies also brought out some issues relating to skills and expertise.
	To what extent do Bank & partner procedures facilitate the design and implementation of Bank ISPs?	The institutional comparative review looked and some key Bank procedures and compared them with those of others. The case studies were able to examine in detail how procedural issues played out in practice.

Table 1.2: Addressing the evaluation questions

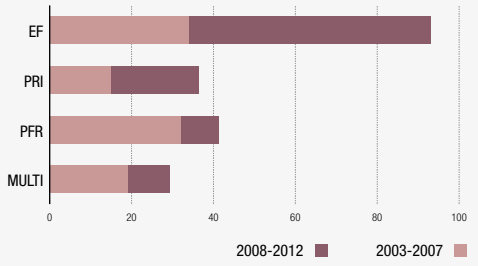
Evaluation question	Sub-question	How the evaluation addressed the question
3. To what extent have the Bank's ISPs succeeded in producing the desired results	Have Bank ISPs proved effective, in achieving their intended outputs and outcomes?	The portfolio review was able to use self-evaluation data to examine levels of success, and trends in project performance data. The case studies were able to verify reported results and go into more detail on what results were and were not achieved.
	Have the results of Bank ISPs proved sustainable after completion?	This question has proved difficult to answer: there is insufficient information in the self-evaluation reports and the case studies were not numerous enough to draw wider conclusions, particularly given the very mixed picture they provide on sustainability. The review of evaluation literature and the comparative institutional review, point to practices which support sustainability which are not always evident in Bank projects.
	Is there evidence that Bank ISPs have had a positive impact on target institutions' ability to contribute to better governance outcomes?	The information in self-evaluations on performance is limited; therefore the portfolio review could not draw clear conclusions on performance. However, the case studies were able to address this issue.
4. What factors have enabled or hindered the success of Bank ISPs?	What factors are already known to affect success in these areas?	The review of evaluation literature identified five key themes regarding hindering/enabling factors. The comparative institutional review also drew on existing research regarding good practices.
	What lessons can be learnt about the way in which the Bank's approach, design and management of its ISPs influence success?	The portfolio review, the review of evaluation literature, the comparative institutional review, and the case studies all identified information regarding lessons on what works and does not work in relation to the Bank's design and management of projects.
	What lessons can be learnt about the role of partners and context in influencing success of Bank ISPs?	The portfolio review, the review of evaluation literature, the comparative institutional review, and the case studies all identified information regarding lessons on what works and does not work in relation to partners.

Generic theory of change for institutional support projects designed to support capacity and performance in the governance area

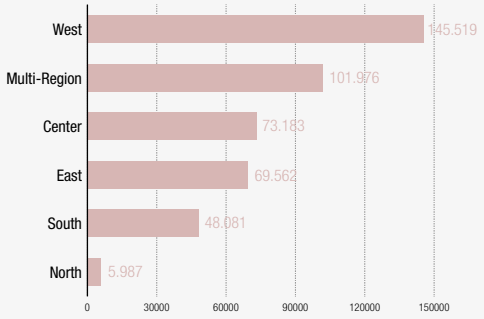


Annex 2: Data from the portfolio review

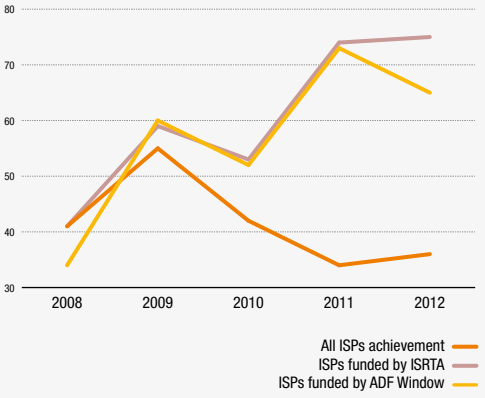
Percentage of ISPs approval by country category



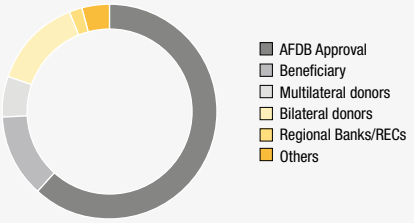
Geographical focus of ISPs



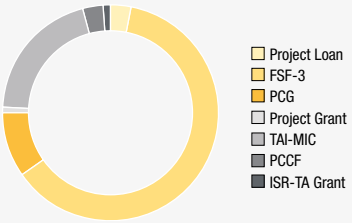
ISP Co-financing, 2002–2012



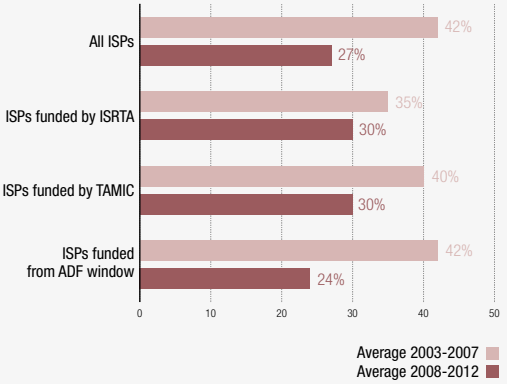
ISP Co-financing, 2002–2012



AfDB Approval by financing instrument, 2002–2012



ISP Co-financing, 2002–2012



Per cent of projects receiving satisfactory ratings in PCRs						
Country category	Relevance	Outputs	Outcomes	Timeliness	Bank performance	Borrower performance
FS	82	53	41	59	47	44
LIC	81	69	38	63	88	69
MIC	100	100	100	-	100	100
Multi	80	80	60	80	80	75
Total	82	64	44	62	69	59

List of projects included in the database

The database was constructed by triangulating information extracted from the Bank's information systems, from databases held by specific departments (OSGE, OPSM, OSFU) and the Bank's document repository. To be included, a project had to be (i) approved in 2002 or later; and (ii) focused on supporting state institutions in the area of economic and financial governance (as opposed to governance within specific sectors, or within the private sector).

Following discussion with EADI at design stage of the evaluation, it was agreed that EADI organized training programs – which often train both RMC officials and Bank staff – were not included since they were not institutional support projects as such and required a different method of assessment.

The database was originally compiled in 2012, but later updated at the beginning of 2013 to ensure all eligble 2012 approvals were included.

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
1	Côte D'Ivoire	Appui Bonne Gouvernance & Renforcement des Capacités	OSGE	CLSD	2002	FS	West	ADF	PCG	1 3,793.8
2	Burkina Faso	Appui à la Bonne Gouvernance & à la Décentralisation	OSGE	CLSD	2002	LIC	West	ADF	PCG	2,350.0
3	Multi national	OHADA Registre de commerce et de Crédit Mobilier	OSGE	COMP	2002	Multi	Multi-Region	ADF	PCG	150.0
4	Democratic Republic of Congo	Projet Appui Institutionnel Multisectoriel	OSGE	CLSD	2002	FS	Center	ADF	ISRTAG	3,230.0
5	Senegal	Appui à la Direction de la Prévision et à la Cellule CSPLP	OSGE	CLSD	2002	LIC	West	ADF	PCG	1,550.0
6	Mali	Appui à la Bonne Gouvernance	OSGE	CLSD	2002	LIC	West	ADF	ISRTA	2,100.0
7	Chad	Projet d'Appui à la Gestion Economique	OSGE	CLSD	2003	FS	Center	ADF	PCG	2,320.0
8	Multinational	Appui Institutionnel à la Cour Commune de justice et d'arbitrage	OSGE	CLSD	2003	Multi	Multi-Region	ADF	PCG	795.7
9	Congo CG	Projet d'Appui à la Gestion Economique	OSGE	CLSD	2003	FS	Center	ADF	ISRTA	500.0

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
10	Niger	Programme d'Ajustement Structurel IV - Appui Institutionnel	OSGE	CLSD	2003	LIC	West	ADF	PCG	1,200.0
11	Multinational	Proposition Contribution AFRITAC - I	OSGE	CLSD	2003	Multi	Multi-Region	ADF	ISRTA	2,095.3
12	Benin	Programme d'Appui à la Stratégie de Réduction de la Pauvreté	OSGE	CLSD	2003	LIC	West	ADF	ISRTA	1,000.0
13	Dem Rep Congo	Appui à la Relance Economique et à la Réunification	OSGE	CLSD	2003	FS	Center	ADF	ISRTA	3,000.0
14	Multi national	EADB Support Project	OPSM	OnGo	2003	Multi	East	ADF	ISRTA	900.0
15	Burundi	Renforcement des Capacités Institutionnelles	OSGE	CLSD	2004	FS	East	ADF	ISRTA	2,130.0
16	Gabon	Programme National de Bonne Gouvernance	OSGE	CLSD	2004	MIC	Center	MIC	MICTA	100.0
17	Multi national	Statistical Capacity Building ICP-Africa	ESTA	OnGo	2004	Multi	Multi-Region	ADF	ISRTA	14,750.0
18	Sierra Leone	Strengthen Public Financial Management & Energy Sector	OSGE	CLSD	2004	FS	West	ADF	ISRTA	2,790.0
19	Uganda	Institutional Support for Good Governance	OSGE	CLSD	2004	LIC	East	ADF	ISRTAG	9,000.0
20	Multinational	Projet de Renforcement des Capacités de la CEEAC	OSGE	CLSD	2004	Multi	Center	ADF	ISRTAG	2,590.0
21	Lesotho	Institutional Support - MOFDP & MOPWT	OSGE	CLSD	2004	LIC	South	ADF	ISRTAG	790.0
22	Burundi	Programme d'Appui aux Réformes Economiques et à la Gouvernance-PAREG I	OSGE	CLSD	2004	FS	East	ADF	ISRTAG	1,500.0
23	Madagascar	Projet de Renforcement Institutionnel pour la Bonne Gouvernance	OSGE	CLSD	2004	LIC	South	ADF	ISRTAG	5,860.0
24	Tanzania	Institutional Support Project for Good Governance	OSGE	CLSD	2004	LIC	East	ADF	ISRTAG	4,797.0
25	Guinea-Bissau	Projet de Renforcement des Capacités de Gestion Economique	OSGE	CLSD	2005	FS	West	ADF	ISRTAG	1,350.0
26	Senegal	Projet de Modernisation du Cadastre	OSGE	CLSD	2005	LIC	West	ADF	ISRTAG	2,500.0
27	Mozambique	Institutional Support for Public Sector Reform	OSGE	CLSD	2005	LIC	South	ADF	ISRTAG	2,126.0
28	Benin	Appui aux Institutions de Contrôle (PAIC)	OSGE	CLSD	2005	LIC	West	ADF	PCG	2,500.0
29	Mozambique	Financial Sector TA Project (FSTAP)	OSGE	OnGo	2005	LIC	South	ADF	ISRTAG	6,800.0
30	Chad	Projet d'Appui aux Réformes en matière de Gouvernance PARG I - Appui Institutionnel	OSGE	CLSD	2005	FS	Center	ADF	ISRTAG	2,930.0
31	Mauritius	MIC Grant in Support of Reform Program	OSGE	CLSD	2006	MIC	South	MICF	MICTAF	186.9
32	Central Africa Republic	Projet d'Appui à la Réhabilitation des Capacités de Gestion Economique	OSGE	CLSD	2006	FS	Center	ADF	ISRTAG	3,300.0

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
33	Multinational	Enhancing Procurement Reforms - COMESA	OSGE	CLSD	2006	Multi	Multi-Region	ADF	ISRTAG	5,660.0
34	Togo	Appui au Renforcement des Capacités	OSGE	CLSD	2006	FS	West	ADF	ISRTAG	2,200.0
35	Kenya	Institutional Support for Good Governance	OSGE	CLSD	2006	LIC	East	ADF	ISRTAG	5,520.0
36	Guinea	Projet d'Appui au Renforcement des Capacités (PADIPOC)	OSGE	CLSD	2006	FS	West	ADF	ISRTAG	2,500.0
37	Burkina Faso	Projet d'Appui aux Institutions Chargées	OSGE	COMP	2006	LIC	West	ADF	ISRTAG	2,460.0
38	Liberia	ISP for Economic Management & Good Governance	OSGE	CLSD	2006	FS	West	ADF	ISRTAG	3,000.0
39	Cape Verde	Appui à la Réduction de la Pauvreté (Composante Appui Institutionnel)	OSGE	CLSD (PBO)	2006	MIC	West	ADF	ISRTAG	750.0
40	Swaziland	Establishment of Swaziland Revenue Authority	OSGE	CLSD	2006	MIC	South	MICF	MICTAF	492.7
41	Niger	Projet d'Appui à la Décentralisation	OSGE	CLSD	2006	LIC	West	ADF	PCG	3,000.0
42	Cameroon	PARG- Appui Insttutionnel	OSGE	CLSD	2006	LIC	Center	ADF	ISRTAL	4,000.0
43	Multinational	WAEMU Support of Public Procurement Systems Reform Phase II	OSGE	COMP	2006	Multi	West	ADF	ISRTAG	4,000.0
44	Congo CG	Appui Institutionnel au Circuit de la Dépense - PACDIP	OSGE	CLSD	2006	FS	Center	ADF	Project Grant	2,550.0
45	Multinational	African Regional Technical Assistance Centers AFRITAC-II	OSGE	CLSD	2006	Multi	Multi-Region	ADF	Structural Adjust-ment	3,020.0
46	Botswana	Support for Implementation Vision 2016	RD	OnGo	2007	MIC	South	MICF	MICTAF	245.6
47	Botswana	MIC - Corporate Gov-ernance Code	OSGE	COMP	2007	MIC	South	MICF	MICTAF	151.6
48	Sudan	Capacity Building for Poverty Reduction	OSGE	OnGo	2007	FS	East	ADF	ISRTAG	9,620.0
49	Algeria	Projet d'Assistance Technique à la CNED	RD	OnGo	2007	MIC	North	MICF	MICTAF	600.0
50	Mali	Projet d'Appui à la Décentralisation (PADDER)	OSGE	COMP	2007	LIC	West	ADF	Project Loan+PCG	10,000.0
51	Angola	Appui à La Gestion Financière (PAGEF)	OSGE	OnGo	2007	FS	South	ADF	Project Loan	5,900.0
52	Gambia	ISP for Economic Management	OSGE	CLSD	2007	FS	West	ADF	ISRTAG	1,400.0
53	Multinational	EADB Support Project	OPSM	TERM	2007	Multi	East	FAPA	PCG	628.9
54	Botswana	Strengthening Local Authorities For Effective Service Delivery	RD	OnGo	2008	MIC	South	MICF	MICTAF	283.6
55	Multinational	Appui Institutionnel BOAD	OPSM	OnGo	2008	Multi	West	FAPA	ISRTAG	633.7

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
56	Multinational	Support to African Capacity Building Foundation	EADI	OnGo	2008	Multi	Multi-Region	ADF	ISRTAG	10,290.0
57	Multinational	Payments Systems Development Project in WAMZ + Supplementary	OSGE	OnGo	2008	Multi	West	ADF	ISRTAG	19,000.0
58	Eq Guinea	Appui à la Gestion des Finances Publiques	OSGE	OnGo	2008	MIC	Center	ADB	Project Loan	14,615.6
59	Multinational	Statistical Capacity Building in RMCS	ESTA	CLSD	2008	Multi	Multi-Region	ADF	ISRTAG	17,850.0
60	Madagascar	FAPA Initiative pour la Transparence dans les Industries Extractives ITIE	OSGE	TERM	2008	LIC	South	FAPA	ISRTAG	419.7
61	Rwanda	Competitiveness and Enterprise Development Project	OSGE	OnGo	2008	LIC	East	ADF	PCG	5,000.0
62	Sudan	Drafting Regulations on PFM	OSFU	COMP	2009	FS	East	FSF	FSF-3	36.4
63	Eq Guinea	Appui à la Mise en Oeuvre du PNDES	RD	OnGo	2009	MIC	Center	MICF	MICTAF	395.5
64	Multinational	Appui Institutionnel au SG de l'UMA	RD	OnGo	2009	Multi	North	MICF	MICTAF	500.0
65	Togo	Support to PFM Public Financial Management	OSFU	COMP	2009	FS	West	FSF	FSF-3	33.8
66	Liberia	Supplement for PFM Reform Support	OSGE	CLSD	2009	FS	West	FSF	PCCF	3,386.0
67	Comoros	Projet Appui aux Renforcement des Capacités + Don Suppl. PRCI	OSGE	OnGo	2009	FS	East	ADF	ISRTAG	5,855.0
68	Comoros	Révision du Code Fiscal (134 188 ua)	OSFU	COMP	2009	FS	East	FSF	FSF-3	133.3
69	Zimbabwe	Central Statistics office and Comptroller & Audit general	OSFU	OnGo	2009	FS	South	FSF	FSF-3	127.2
70	Rwanda	The Support to Policy and Strategy Development	OSGE	OnGo	2009	LIC	East	ADF	ISRTAG	1,000.0
71	Guinea-Bissau	Plan to support Public Administration. in Partnership with UNDP in September 2009	OSFU	OnGo	2009	FS	West	FSF	FSF-3	2,000.0
72	Zimbabwe	Support to Comptroller & Auditor General for Staff training courses to enhance the Skill of Accounting and Audit Staff and to certify auditors in SAP	OSFU	COMP	2009	FS	South	FSF	FSF-3	89.707
73	Libya	Capacity Building Support For Export Promotion	RD	APVD	2009	MIC	North	MICF	MICTAF	480.0
74	Burundi	Don pour le Financement du Recrutement d'un Expert en Prévisions Macroéconomiques et Production des documents de référence (330739 UC)	OSFU	OnGo	2009	FS	East	FSF	FSF-3	330.739
75	Burundi	Don pour l'AT en faveur du Ministère du Plan et de la Reconstruction en Renforcement des Capacités de ses Cadres	OSFU	OnGo	2009	FS	East	FSF	FSF-3	486.0

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
76	Somalia	Technical Assistance on Rebuilding Financial Management in Somalia	OSFU	OnGo	2009	FS	East	FSF	FSF-3	1,340.0
77	Liberia	Liberia EITI Secretariat Financing for 2009-2011	OSFU	OnGo	2009	FS	West	FSF	FSF-3	301.6
78	Tunisia	Appui à l'ITCEQ	RD	OnGo	2009	MIC	North	MICF	MICTAF	198.8
79	Tunisia	Etude d'Evaluation du Système de Microcredit BTS	RD	OnGo	2010	MIC	North	MICF	MICTAF	139.484
80	Multinational	BDEAC - FAPA Grant	OPSM	OnGo	2010	FS	Center	FAPA	ISRTAG	664.9
81	Mauritius	MIC Grant Supporting Competitiveness (CPSE)	OSGE	OnGo	2010	MIC	South	MICF	MICTAF	300.0
82	Zimbabwe	PFM System (Frolgate Technology for Suply and Delivery of Network Equipment. Financial Programing and Policy Course)	OSFU	OnGo	2010	FS	South	FSF	FSF-3	1,286.8
83	Liberia	Macro Fiscal Analysis Unit & Debt Management Training	OSFU	OnGo	2010	FS	West	FSF	FSF-3	192.0
84	Liberia	Macrofiscal Training and Capacity Building	OSFU	OnGo	2010	FS	West	FSF	FSF-3	65.4
85	Liberia	Capacity Building Training to the Departement of Revenue and on Cash	OSFU	OnGo	2010	FS	West	FSF	FSF-3	70.8
86	Dem Rep Congo	Don pour le Financement d'équipements et d'Etudes pour le Renforcement des capacités Institutionnelles (Projet Diaspora et Intranet Sécurisé)	OSFU	OnGo	2010	FS	Center	FSF	FSF-3	338.0
87	Dem Rep Congo	TA PFM reforms and Study on long term development prospect and Study on Decentralisation	OSFU	OnGo	2010	FS	Center	FSF	FSF-3	478.4
88	Comoros	Assistance Technique Ministère des Finances Gestion PFM et Plan d'Action Triennal de Reforme de Finance Publique	OSFU	OnGo	2010	FS	East	FSF	FSF-3	169.7
89	Togo	Support to Budget and Treasury Departments, Implementation and monitoring of DSRP and Strengthening the secretariat for youth and employment. the Ministry of agriculture and the Ministry of local development (UA 483 210)	OSFU	OnGo	2010	FS	West	FSF	FSF-3	483.2
90	Mozambique	Mozambique MIREM EITI FAPA Grant Project	OSGE	CLSD	2010	LIC	South	FAPA	ISRTAG	227.6
91	Multinational	AFRITAC III	OSGE	APVD	2010	Multi	Multi-Region	ADB	Project Grant	4,700.0

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
92	Comoros	Assistance Technique pour l'Appui à la DGI dans la Réforme du Système Fiscal et la Mise en œuvre de son informatisation (560 000 Euros) // UC 495 575.22	OSFU	OnGo	2010	FS	East	FSF	FSF-3	495.6
93	Zimbabwe	Grant on the Implementation of the Emergency Institutional Support Project – ZIMSTAT Component(regarding the goods and services required for conducting National Account surveys)	OSFU	COMP	2010	FS	South	FSF	FSF-3	485.3
94	Tanzania	ISP for Good Governance II	OSGE	OnGo	2010	LIC	East	ADF	Project Grant	5,200.0
95	Botswana	Capacity Building NBIFIRA	OSGE	OnGo	2010	MIC	South	MICF	MICTAF	600.0
96	Tunisia	Etude Préparatoire au Projet de Renforcement de l'Intégration Commerciale avec l'ASS	OSGE	OnGo	2010	MIC	North	MICF	MICTAF	323.4
97	Togo	APPUI au Renforcement des Capacités Institutionnelles en Gouvernance Economique et Financière (PARCI)	OSGE	OnGo	2010	FS	West	ADF+FSF	ISRTAG	9,210.0
98	Congo CG	Projet d'Appui au Climat des Affaires	OSGE	OnGo	2010	FS	Center	ADF	ISRTAG	3,440.0
99	Botswana	Technical Assistance to Privatization	OSGE	OnGo	2010	MIC	South	MICF	MICTAF	600.0
100	Togo	Renforcement des Capacités en Planification Stratégique & Suivi-Evaluation	OSFU	OnGo	2010	FS	West	FSF	FSF-3	481.9
101	Cameroon	Projet de Modernisation du Cadastre	OSGE	OnGo	2010	LIC	Center	ADF	Project Loan	7,000.0
102	Togo	Renforcement des Capacités en Développement	OSFU	TERM	2010	FS	West	FSF	FSF-3	449.4
103	Benin	Projet d'Appui à la Gestion Finances Publiques	OSGE	OnGo	2010	LIC	West	ADF	Project Loan +ISRTAG	9,360.0
104	Dem Rep Congo	Institutional Support Project: Expert and Senior advisors to assist from the Diaspora and the private Sector to assist the ministry of Finance (USCAP) for 12 Months UA 591 818	OSFU	OnGo	2010	FS	Center	FSF	FSF-3	591.9
105	Congo CG	Capacity building and TA	OSFU	OnGo	2010	FS	Center	FSF	FSF-3	845.6
106	Côte D'Ivoire	Projet d'Appui au renforcement de la gouvernance	OSFU	OnGo	2010	FS	West	FSF	FSF-3	2,000.0
107	Libya	Technical Assistance for SME Development	RD	APVD	2010	MIC	North	MICF	MICTAF	579.8
108	Mauritius	MIC Grant Supporting Debt Management	OSGE	OnGo	2010	MIC	South	MICF	MICTAF	296.0

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
109	Morocco	Appui au Renforcement du Cadre de Régulation et du Contrôle du Marché Financier	OSGE	OnGo	2010	MIC	North	MICF	MICTAF	480.3
110	Rwanda	TA Rwanda Development Bank	OPSM	APVD	2011	LIC	East	FAPA	ISRTAG	485.9
111	Morocco	Système de Garantie au Maroc	OSGE	OnGo	2011	MIC	North	MICF	MICTAF	465.0
112	Central Africa Republic	Projet d'Appui Institutionnel - (PARCGEF)	OSGE	OnGo	2011	FS	Center	ADF+FSF	FSF-3	4,500.0
113	Guinea	Projet d'Appui au Renforcement des Capacités de Gestions Economiques et Financieres (PARCGEF)	OSGE	OnGo	2011	FS	West	ADF	ISRTAG	7,544.0
114	Togo	Renforcement des Capacités Institutionnelles des Unités de Gestion de Projet	OSFU	TERM	2011	FS	West	FSF	FSF-3	179.9
115	Comoros	Support to the Finalization of the PRSP	OSFU	TERM	2011	FS	East	FSF	FSF-3	383.3
116	Togo	TA and Capacity Building in Strategic Planning	OSFU	TERM	2011	FS	West	FSF	FSF-3	236.0
117	Liberia	Support for PFM Reforms	OSFU	TERM	2011	FS	West	FSF	FSF-3	636.1
118	Multinational	Mano River Union Capacity Building	OSFU	TERM	2011	Multi	West	FSF	FSF-3	557.4
119	Dem Rep Congo	Budget Support + Supplemental Support for PIU	OSFU	TERM	2011	FS	Center	FSF	FSF-3	152.4
120	Congo CG	Grant to Finance PIU in Congo	OSFU	TERM	2011	FS	Center	FSF	FSF-3	127.9
121	Central Africa Republic	Grant to Finance Budget of CAR'S PRSP2	OSFU	CLSD	2011	FS	Center	FSF	FSF-3	110.5
122	Dem Rep Congo	Capacity Building for National Bureau of Statistic	OSFU	OnGo	2011	FS	Center	FSF	FSF-3	259.0
123	Sierra Leone	Support to the Tripartite Investment	OSFU	TERM	2011	FS	West	FSF	FSF-3	31.5
124	Zimbabwe	Multi-Donor Trust Fund-Support To Government of Zimbabwe for the Services of a Procurement Agent	OSFU	OnGo	2011	FS	South	FSF	FSF-3	1,000.0
125	Guinea	Support TP PRSP III Process	OSFU	OnGo	2011	FS	West	FSF	FSF-3	1,337.0
126	Guinea	Support to the National Statistics SNDS	OSFU	OnGo	2011	FS	West	FSF	FSF-3	1,136.0
127	Zimbabwe	Technical Assistance in ZADMO	OSFU	OnGo	2011	FS	South	FSF	FSF-3	192.8
128	Gambia	ISP for Economic & Financial Governance	OSGE	OnGo	2011	FS	West	ADF	ISRTAG	2,000.0
129	Sierra Leone	PFM and Business Enabling Support Project	OSGE	OnGo	2011	FS	West	FSF	ISRTAG	4,000.0

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
130	Swaziland	Technical Assistance for Public Financial Management Reforms	OSGE	APVD	2011	MIC	South	MICF	MICTAF	478.4
131	Chad	ATRC Statistiques	OSFU	OnGo	2011	FS	Center	FSF	FSF-3	1,000.0
132	Multinational	TA for SADC Development Financial Institutions	OPSM	APVD	2011	Multi	Multi-Region	FAPA	ISRTAG	664.9
133	Sierra Leone	Support to Central Bank of Sierra Leone	OSFU	APVD	2011	FS	West	FSF	FSF-3	807.0
134	Guinea-Bissau	Renforcement des Capacités Institutionnelles	OSFU	APVD	2011	FS	West	FSF	FSF-3	655.6
135	Sao Tome	Recensement Général de la Population	OSFU	OnGo	2011	FS	West	FSF	FSF-3	477.9
136	Multinational	Renforcement des Capacités Opérationnelles du Secrétariat Général IOC	OSFU	OnGo	2011	Multi	South	FSF	FSF-3	567.5
137	Multinational	SCB III - MDGS & Results Measurement	ESTA	APVD	2012	Multi	Multi-Region	ADF	ISRTAG	20,000.0
138	Togo	Institutional Audits for (6) Ministries	OSFU	OnGo	2012	FS	West	FSF	FSF-3	476.9
139	Niger	Projet d'Appui à la Mobilisation des Ressources Internes et à l'Amélioration de la Gouvernance	OSGE	OnGo	2012	LIC	West	ADF	Project Loan	10,000.0
140	Swaziland	SCB - II Swaziland	ESTA	APVD	2012	MIC	South	MICF	MICTAF	490.6
141	Togo	Elaboration du Document Complet de la DSRP II	OSFU	OnGo	2012	FS	West	FSF	FSF-3	702.5
142	Sudan	Capacity Enhancement for Debt Management & Resources Mobilization	OSFU	APVD	2012	FS	East	FSF	FSF-3	1,050.1
143	Dem Rep Congo	Public Finance Modernization Support Project (PAM-FP)	OSGE	APVD	2012	FS	Center	ADF	PCG	10,000.0
144	Algeria	Appui Modernisation du SI des Banques	RD	APVD	2012	MIC	North	MICF	MICTAF	750.0
145	Ghana	ISP to Oversight and Business Support	OSGE	APVD	2012	LIC	West	ADF	ISRTAG	9,590.0
146	Liberia	Institutional Support for the IPFMRP	OSGE	OnGo	2012	FS	West	FSF	ISRTAG	3,000.0
147	Senegal	Projet d'Appui à la Promotion du Secteur	OSGE	OnGo	2012	LIC	West	ADF	Project Loan	4,040.0
148	Morocco	Projet Code Monétaire	OSGE	APVD	2012	MIC	North	MICF	MICTAF	489.3
149	Central Africa Republic	Projet d'Appui en Statistique et à la Mise en Œuvre du DSRP2	OSFU	APVD	2012	FS	Center	FSF	FSF-3	1,348.0
150	Chad	Projet d'Appui à l'ITIE	OSGE	APVD	2012	FS	Center	FSF	FSF-3	1,350.0
151	Chad	Projet d'Appui aux Finances Publiques	OSGE	APVD	2012	FS	Center	FSF	FSF-3	1,445.0
152	Burundi	Renforcement des Capacités de Collecte des Données MO&PS	OSFU	APVD	2012	FS	East	FSF	FSF-3	400.9
153	Burundi	Projet Renforcement Capacité Gestion Finances Publiques	OSFU	APVD	2012	FS	East	FSF	ISRTAG	1,244.7

N°	Country	Long name	Division	Status	Approval year	Category	Region	Window	Instrument	AfDB Approval (in UA'000)
154	Burundi	Projet d'Appui au Développement du Secteur Privé	OSGE	APVD	2012	FS	East	FSF	ISRTAG	884.7
155	Burundi	Renforcement des Capacités Institutionnelles et Entrepreneuriales	OSFU	APVD	2012	FS	East	FSF	FSF-3	1,347.8
156	Burundi	Renforcement des Capacités Statistiques en S&E de la Pauvreté	OSFU	APVD	2012	FS	East	FSF	FSF-3	1,921.0
157	Djibouti	Projet de Renforcement des Capacités Institutionnelles (PRCI)	OSFU	APVD	2012	FS	East	FSF	FSF-3	1,296.5
158	Djibouti	Appui Structurelles à l'Elaboration des Données de Suivi-Evaluation (PASED)	OSFU	APVD	2012	FS	East	FSF	FSF-3	1,063.5
159	Sudan	Grant for Debt Policy Dialogue	OSFU	APVD	2012	FS	East	FSF	FSF-3	50.0
160	Zimbabwe	Capacity Building Project for Public Finance and Economic Management	OSGE	APVD	2012	FS	South	FSF	ISRTAG	16,120.0
161	Multinational	East African Community (EAC) - Payments	OSGE	APVD	2012	Multi	Multi-Region	FSF	ISRTAG	15,000.0
162	Multinational	Projet d'Appui au Renforcement des Capacités	OSGE	APVD	2012	Multi	Multi-Region	ADF	ISRTAG	7,000.0
163	South Sudan	Institutional Support for PFM and Aid	OSFU	APVD	2012	FS	East	FSF	FSF-3	4,800.0
164	Botswana	SCB - II Botswana	ESTA	OnGo	2011	MIC	South	MICF	MICTAF	490.6
165	Egypt	SCB-II Egypt	ESTA	APVD	2011	MIC	North	MICF	MICTAF	490.6
166	Mauritius	SCB - II Mauritius	ESTA	OnGo	2011	MIC	South	MICF	MICTAF	490.6
167	Namibia	SCB - II Namibia	ESTA	APVD	2011	MIC	South	MICF	MICTAF	490.6
168	Seychelles	SCB - II Seychelles	ESTA	OnGo	2011	MIC	East	MICF	MICTAF	490.6
169	Tunisia	SCB - II Tunisia	ESTA	OnGo	2011	MIC	North	MICF	MICTAF	490.6
170	South Africa	SCB - II South Africa	ESTA	APVD	2011	MIC	South	MICF	MICTAF	490.6

Sub-sectors of economic and financial governance, based on OSGE developed coding system	
Public Financial Management	Revenue Management (Including EITI, tax and customs
	Budgeting, Accounting and Reporting
	Public Procurement
	Local Governance and Decentralization
	Internal Audit, Financial Control and Inspections
	External Oversight (Audit and Parliament)
	Aid management
	Other PFM
Economic Management	Economic Policy Capacity Development
	Macroeconomic Policy Management
	Debt Management
	Financial Sector Development
	Private Sector Environment (including competitiveness)
	Trade Competitiveness
	Statistics
	Economic Research
	Other Economic Management
	Economic Recovery from Crisis
Other Governance	Legal and Judicial Development
	Support to Civil Society
	Sector governance
	Anti-Corruption
	Others

Annex 3: Additional comparative analysis

Table A3.1: Project complementarity with other operations		
ISP	**Planned complementarity**	**Issues in practice**
Benin: **Projet d'appui aux institutions de contrôle (PAIC)** Instrument : ADF Grant	Yes – budget support operation PASCRP I and II	PAIC was approved during the 1st PASCRP (PBO) and effective when the 2nd PASCRP was approved, it therefore had time to support institutions before PACRP II started disbursing. Improved performance of key institutions was relevant to GBS targets.
Benin: **Projet d'appui à la gestion des finances publiques et amélioration du climat des affaires (PAGFPACAF)** Instrument : ADF Grant & loan (loan later cancelled)	Yes – budget support operation PASCRP III	PAGFPACAF was approved when PASCRP II was already effective. Nevertheless the case study indicated that for those aspects which were continued from the earlier ISP, support was already in place and aligned with needs of the PBO.
Botswana: **Institutional Strengthening of Local Authorities (ISLA)** Instrument: MIC TAF	None evident	Not applicable
Botswana: **Capacity building of Non-Banking Financial Services Regulatory Authority (NBIFIRA)** Instrument: MIC TAF	Yes – planned to complement $1 billion Economic Diversification Support Loan (PBO). (A second ISP for the privatization agency)[61]	The ISP was not approved until after the first tranche of the EDSL was disbursed and did not start disbursing until the EDSL was completed [62].
Sierra Leone: **ISP to strengthen PFM & the energy sector** Instrument: ADF grant	Yes – with consecutive budget support operations; the energy component was to complement a stalled energy investment.	Although delays meant that the project began later than the existing PBO, this was followed by a new PBO (EGRP1) to which the ISP was also complementary.Poor performance of the energy component undermined planned complementarity on that side.
Sierra Leone: **PFM and business enabling support project** Instrument: fragile states facility	Yes – budget support operation EGRP II. Clearly discussed in appraisal documents.	Because delays in operationalizing the ISP were minimal, prospects for complementarity are good - the institutions supported play a role in meeting PBO performance indicators and other partners' work dovetails.
ECCAS: **ISP for the Secretariat General of ECCAS** Instrument: ADF grant	Partially - with regional infrastructure projects funded by the Bank via ECCAS.	Poor performance of the project meant in practice the lose idea of complementarity was not achieved in practice.

Source: Case study reports and AfDB project documentation

Table A3.2: Relevance of institutional support and capacity development to Bank and RMC priorities

	Bank	RMCs
General state capacity development	Bank policy and strategy documents have highlighted the capacity development challenge as a priority. For example, the Bank's 2003-2007 Strategic Plan63, and the High Level Panel report place a strong emphasis on the need for the Bank to play a role in "building capable states". The Bank's Medium Term Strategy states that a "premium" should be placed on capacity building (AfDB 2008). The challenge also features in the forthcoming Ten Year Strategy (AfDB 2013). Consecutive ADF replenishment reports also cite capacity development or institution building as priorities. Seventy per cent of Bank CSPs examined64 also identified capacity constraints as an issue the Bank's support should seek to address.	From an RMC perspective, capacity development has been pushed as a priority in international forums and agreements such as in the High Level Forums on Aid Effectiveness (OECD 2005, 2008, 2012) and the African Union (AU/NEPAD 2009). This prioritization was also evident in all four case studies – whether in fragile states, middle income countries or elsewhere – support for institutional strengthening was seen as high priority by RMC officials. This view is also reflected in the Bank's recent Client Assessment which indicates that stakeholders feel it is in capacity development where the Bank has the potential to add most value, compared to other partners (AfDB 2013).
Specifically in the governance area	The 1999 Governance Policy, 2001 guidelines and 2008 Governance strategy and Action Plan (GAP) provide a strategic framework for work in the governance area. Each cites the importance of institutional strength for better governance. The 1999 Policy identified capacity building as the central method for Bank support to good governance. Institutional capacity also features in the GAP, though focused on economic and financial governance and emphasizing support to policy based operations65. The GAP II will broaden the range of sub-sectors, in line with the TYS. Good governance is a stated priority in the Bank's capacity development support for MICs66. Governance/capacity was identified as one of two strategic priorities for the Bank's enhanced engagement in fragile states67. Capacity is also crucial for the implementation of the Bank's aid for trade and regional integration priorities.	Feedback from RMCs and REC's in this evaluation68 also underlines the importance placed and high level of need for capacity development amongst governance institutions. In particular, as budget support has become a more widely used instrument, RMCs' interest in ensuring they have the institutional capacity to manage it, has heightened. The case studies also highlighted that the Bank's ability to provide whole projects focused on supporting key governance institutions, rather than only small pieces of technical assistance, is appreciated69. For fragile states in particular, the importance of state-building in key government functions has been emphasized in numerous good practice guidance and internal forums70.

Source: AfDB policy, strategic and guidance documents; Paris Declaration, Accra Agenda for Action, Busan Global Partnership for Development, Bank Client survey 2012.

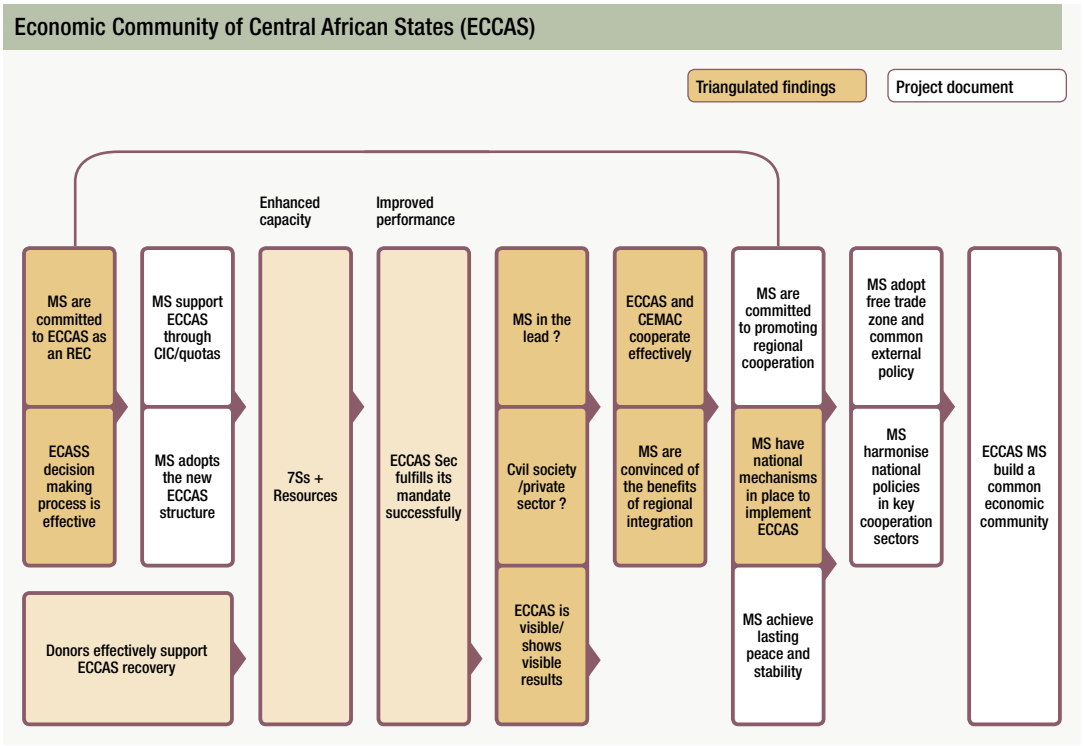
Table A3.3: The top five factors in the Democratic Republic of Congo and Equatorial Guinea

	Democratic Republic of Congo National Capacity Building Support Programme	Equatorial Guinea Institutional Support Programme to Ministry of Planning & Economic Development
Ownership and leadership	Strong ownership from design stages was considered a key success factor for the project. The project was conceived to align under a broader national programme for capacity development.	The project suffered from an absence of commitment on the government side. Lack of ownership is cited as a key reason for slow implementation. Appropriate governance structures/oversight structures were not in place; and competent national counterparts not available.
Understanding the context	The project design included some basic analysis on the risks to the project in a post conflict environment, which helped guide implementation when risks materialised. Inappropriate choices of technology/ equipment caused some problems, however.	The failure to analyse and adapt to context was identified as key lesson in this evaluation. It was not based on any assessment of real needs or grounded in the specific socio-economic context of the country.
The realism of the time period	The project took nearly twice as long as planned. Six months delay related to getting the conditions in place for first disbursement, 2.5 years delay related to implementation.	The project lasted 9 years longer than planned. However, it is not clear that extending the time period improved final results. Why it was not closed sooner, admitting failings and cutting losses is not clear.

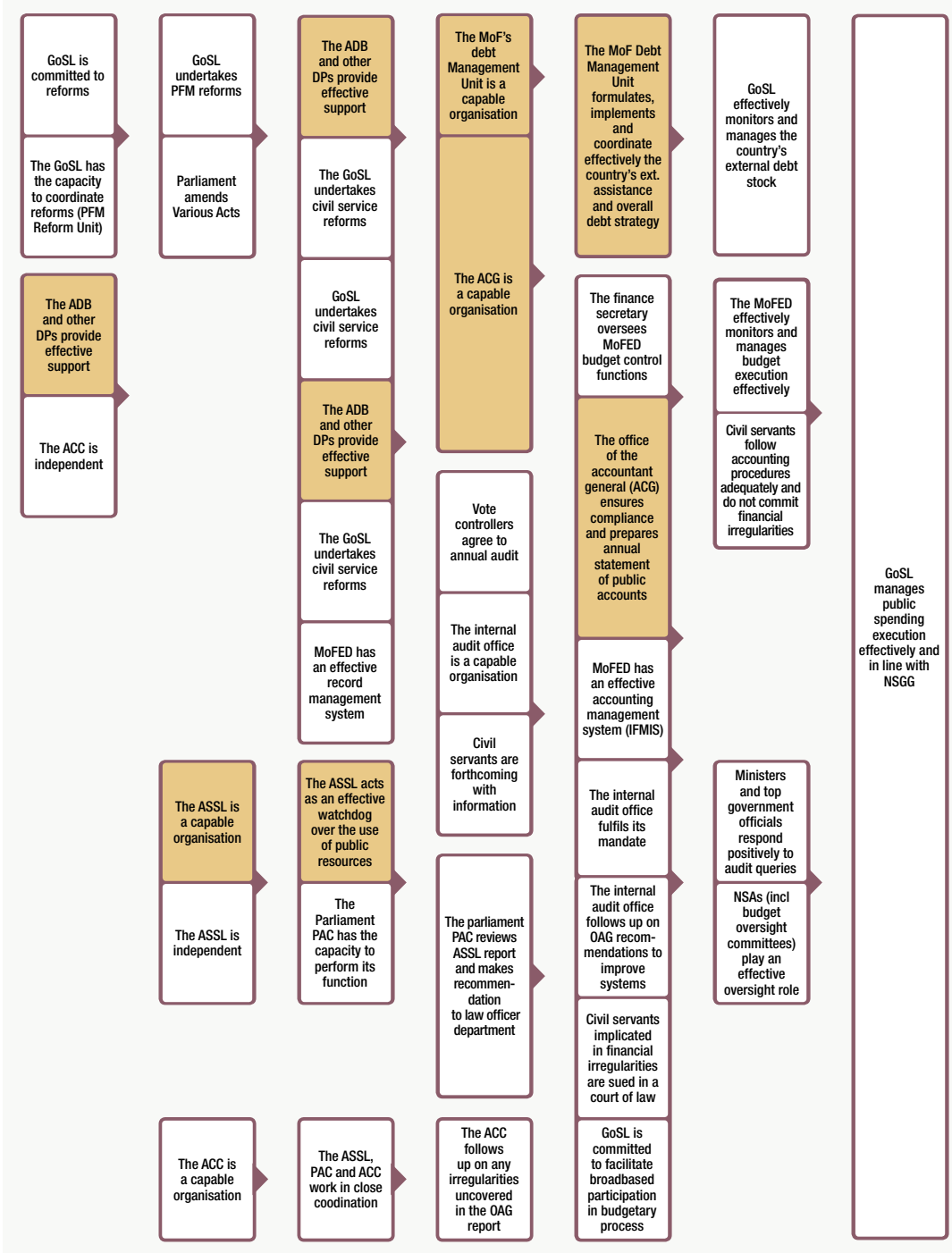
Table A3.3: The top five factors in the Democratic Republic of Congo and Equatorial Guinea		
	Democratic Republic of Congo National Capacity Building Support Programme	**Equatorial Guinea Institutional Support Programme to Ministry of Planning & Economic Development**
Clarity of objectives but flexibility in implementation	The evaluation noted clear objectives in one area and a lack of clarity/too much breadth in objectives in another.	The objectives for this single project were extremely broad, covering a wide range of areas. The project was reformulated a number of times and extended but this was not enough to put it back on track.
Appropriate monitoring and evaluation	The evaluation lamented the poor quality of the results framework and indicators used. Although it welcomed a steering committee role in monitoring, it pointed out that the steering committee failed to meet as often as planned.	During 13 years the project saw 17 supervision missions and an audit, though reports of these missions were not submitted and there is no evidence of any visits in the first 3 years. Despite the existence of a Bank coordination and monitoring unit and then a PIU, these failed to monitor fully.

Source: Review of evaluation literature and PPERs of Democratic Republic of Congo National Capacity Building Support Program and of Equatorial Guinea Institutional Support Program to Ministry of Planning & Economic Development

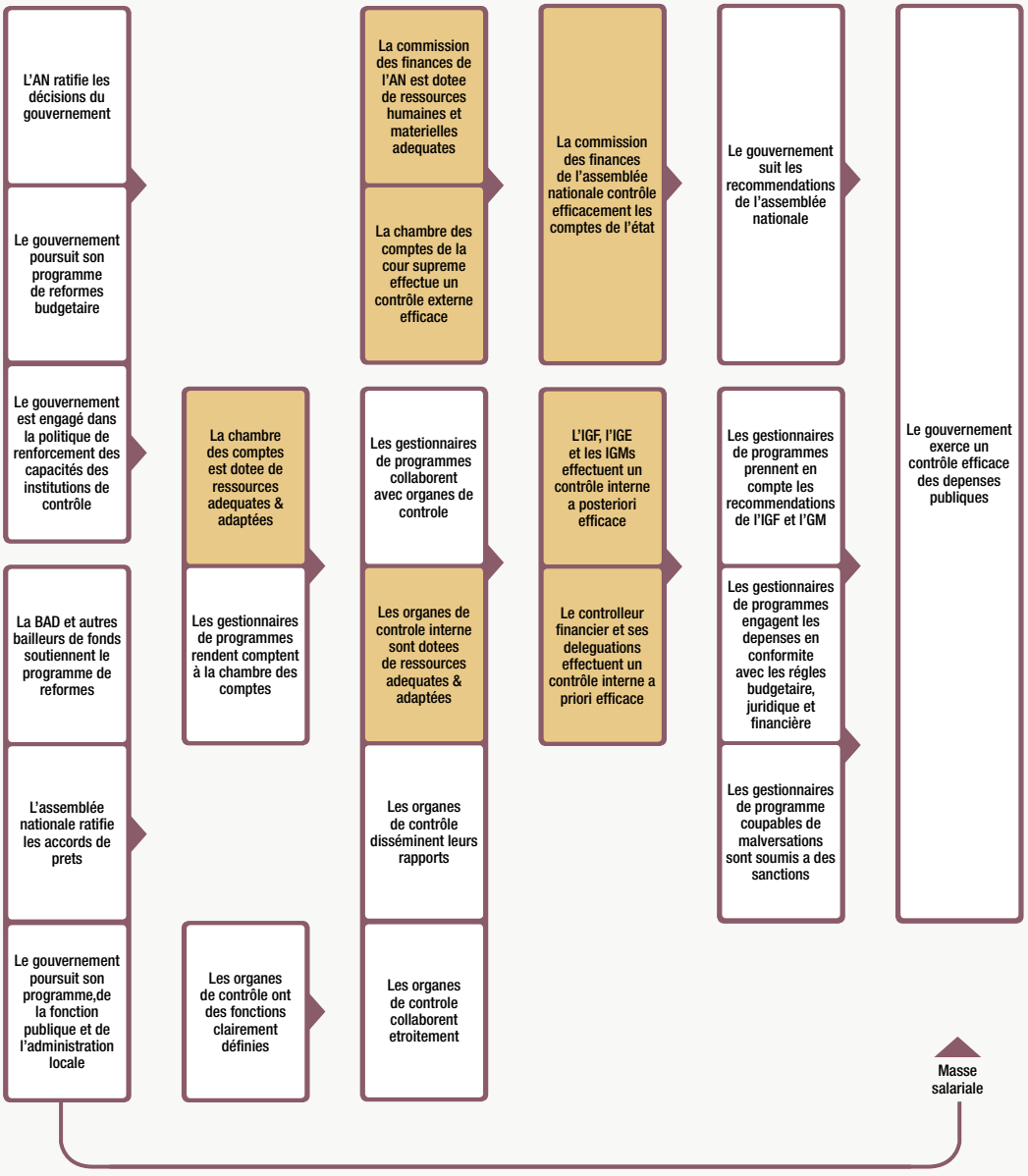
Annex 4: Example outcome-mapping from the case studies



Sierra Leone PFM Energy



Benin PAIC


L'AN ratifie les décisions du gouvernement
Le gouvernement poursuit son programme de reformes budgetaire
Le gouvernement est engagé dans la politique de renforcement des capacités des institutions de contrôle
La BAD et autres bailleurs de fonds soutiennent le programme de reformes
L'assemblée nationale ratifie les accords de prets
Le gouvernement poursuit son programme,de la fonction publique et de l'administration locale
La chambre des comptes est dotee de ressources adequates & adaptées
Les gestionnaires de programmes rendent comptent à la chambre des comptes
Les organes de contrôle ont des fonctions clairement définies
La commission des finances de l'AN est dotee de ressources humaines et materielles adequates
La chambre des comptes de la cour supreme effectue un contrôle externe efficace
Les gestionnaires de programmes collaborent avec organes de controle
Les organes de controle interne sont dotees de ressources adequates & adaptées
Les organes de contrôle disséminent leurs rapports
Les organes de controle collaborent etroitement
La commission des finances de l'assemblée nationale contrôle efficacement les comptes de l'état
L'IGF, l'IGE et les IGMs effectuent un contrôle interne a posteriori efficace
Le controlleur financier et ses deleguations effectuent un contrôle interne a priori efficace
Le gouvernement suit les recommendations de l'assemblée nationale
Les gestionnaires de programmes prennent en compte les recommendations de l'IGF et l'GM
Les gestionnaires de programmes engagent les depenses en conformite avec les régles budgetaire, juridique et financière
Les gestionnaires de programme coupables de malversations sont soumis a des sanctions
Le gouvernement exerce un contrôle efficace des depenses publiques
Masse salariale

Annex 5: Evaluations included in the review of evaluation literature

Reference number	Publishing organization	Title	Year
1	Asian Development Bank	Technical assistance performance audit report on strengthening audit capability in the Pacific	2002
2	Sweden - Sida	Contract Financed Technical Co-operation and Local Ownership	2002
3	Australia Ausaid	Capacity Building in Public Finance: An evaluation of activities in the South Pacific	2004
4	Joint DAC	Lessons Learned on Donor Support to Decentralisation and Local Governance	2004
5	World Bank	Mainstreaming anti-corruption activities in World Bank assistance	2004
6	IMF	Evaluation of the technical assistance provided by the IMF	2005
7	World Bank	Capacity building in Africa: An OEC evaluation of World Bank support	2005
8	Asian Development Bank	Technical Assistance in Support of the Pacific Financial Technical Assistance Centre in Pacific Island Countries	2006
9	EU	Thematic evaluation of EC Support to Good Governance	2006
10	UK - DFID	Developing capacity? Evaluation of DFID funded technical cooperation for economic management in Africa	2006
11	Joint (Belgium, Danida, AusAid)	Joint evaluation study of provision of technical assistance personnel	2007
12	Asian Development Bank	Performance of Technical Assistance	2007
13	EU	Commission Support for Statistics in Third Countries	2007
14	EU - Court of Auditors	Effectiveness of technical assistance in the context of capacity development	2007
15	France - AFD	AFD-funded Resident Technical Assistance	2007
16	Asian Development Bank	Effectiveness of ADB's Capacity Development Assistance: How to Get Institutions Right	2008
17	Asian Development Bank	ADB's Poverty Reduction Technical Assistance Trust Funds	2008
18	Japan - JICA	Joint study on effective Technical cooperation for capacity development	2008
19	UNEP	Evaluation of institutional strengthening projects	2008
20	World Bank	Using training to build capacity for development: Evaluation of the World Bank's project based and WBI training	2008
21	World Bank	World Bank support to public sector reform	2008
22	World Bank	Using knowledge to improve development: Evaluation of world bank ESW and technical assistance	2008
23	World Bank	Decentralization in Client Countries: An Evaluation of World Bank Support, 1997-2007	2008
24	Asian Development Bank	ADB Technical Assistance for Justice Reform in Developing Member Countries	2009
25	Asian Development Bank	ADB Support for Public Sector Reforms in the Pacific: Enhancing results through Ownership, Capacity, and Continuity	2009

Reference number	Publishing organization	Title	Year
26	NORAD	Synthesis study on best practices and innovative approaches to capacity development in low income African countries	2008
27	IMF	Independent Evaluation of the Pacific Financial Technical Assistance Center	2009
28	IMF	Afritac MTR	2005
29	Germany BMZ	External Audit – Supreme Audit Institutions (SAIs) - Synthesis Report	2009
30	NORAD	Anti-Corruption Approaches: A Literature Review	2009
31	UK - DFID	Thematic study of support to statistical capacity building	2009
32	UK - DFID	Review of public financial management reform literature	2009
33	Germany BMZ	InWEnt's International Leadership Training	2010
34	Inter-American Development Bank	Evaluation of the Bank's processes for managing technical cooperation	2010
35	UNDP	Evaluation of UNDP contribution to strengthening national capacities	2010
36	UNDP	Evaluation of UNDP contribution to strengthening local governance	2010
37	USAID	ACT, anti-corruption country threshold program : evaluation report, final	2010
38	Joint (OECD DAC)	From more effective aid to more effective states: strengthening state institutions for sustainable development	2011
39	Asian Development Bank	Asian Development Bank's Support for Promoting Good Governance in Pacific Developing Member Countries	2011
40	Asian Development Bank	Performance of the Asian Development Bank Institute: Research, Capacity Building and Training, and Outreach and Knowledge Management	2011
41	Finland	Finnish support to development of local governance	2011
42	Joint (Norad +)	Joint Evaluation of Support to Anti-Corruption Efforts (2002-2009) - Synthesis report	2011
43	Netherlands MFA	Facilitating resourcefulness: Synthesis report of the evaluation of Dutch support to capacity development	2011
44	NORAD	Support to Legislatures – Synthesis study	2011
45	Switzerland - SECO	Economic Development Cooperation in the Financial Sector	2011
46	USAID	Evaluation of the Les Aspin Center for Government anti-corruption and good governance in Africa grant program : final report	2011
47	USAID	Evaluation of the Les Aspin Center for Government anti-corruption and good governance in Africa grant program : final report	2011
48	World Bank	Country level engagement on governance and anti-corruption	2011
49	Australia Ausaid	The Pacific Technical Assistance Mechanism (PACTAM) Independent Progress Report and Management Response(2012)	2012
50	EU	Thematic global evaluation of the Commission support to decentralisation	2012
51	Japan - MOFA	Evaluation of Training and Dialogue Programs	2012
52	Sweden - Sida	Development of Institutions is Created from the Inside - Lessons Learned from Consultants' Experiences of Supporting Formal and Informal Rules	2004
53	World Bank	World Bank assistance for financial sector reform	2006
54	IMF	Final Report of the Independent Evaluation of the African Technical Assistance Centers	2009
55	Joint (Afdb, Sida, Danida)	Evaluation of PFM Reform in Burkina Faso, Ghana and Malawi	2012
56	World Bank	Financial Sector Technical Assistance Project - Niger	2011
57	African Development Bank	DRC - National capacity building programme support project	2010
58	African Development Bank	Equatorial Guinea - ISP to min of planning and economic development	2010
59	African Development Bank	Evaluation of the Joint Africa Institute	2008
60	African Development Bank	COMESA: public procurement reform and capacity building project	2012
61	World Bank et al.	Public financial management reforms in post conflict countries	2012

Management response

Management welcomes OPEV's Evaluation of the African Development Bank's Institutional Support Projects (ISPs) in the governance sector (2002–2012) and is encouraged by the finding that the design of ISPs has generally improved over the last decade. Nonetheless, the evaluation found that funds for ISPs were limited and that the strategic framework to guide work in this area was incomplete. Areas for improvement have been identified and useful lessons will be drawn for the development of sector framework papers and strategies in governance, capacity development, regional integration and fragile states.

Significant progress has been made in governance in Africa. Public finance management systems have been strengthened to improve budget execution and target corruption. Tax administration reforms have resulted in increased revenue collection and the environment for doing business has improved. Over the last ten years, sound macroeconomic management, low budget deficits and stable exchange rates have become the norm. There has also been a focus on government effectiveness which has contributed to improvements in service delivery, e.g. the dramatic increases in primary school enrolment.

However, progress is uneven and insufficient. RMCs continue to face challenges in leadership, building effective institutions and capacity development. For this reason, there are still areas of improvement in promoting good governance and accountability. Fragile states, in particular, still have significant capacity gaps which need to be addressed to ensure improvements in revenue mobilization and public service delivery. These are key elements to ensure a successful transition from fragility to sustainable development and broad based growth.

Strategic objectives of ISPs

ISP's are an important part of the Bank's activities. From 2002–2012, the Bank invested UA 444 million in stand-alone projects designed to offer support in strengthening economic and financial governance. From 2002–2007, fragile states and middle income countries (MICs) accounted for 34% and 15% respectively of all approved Bank projects. The number increased significantly to 59% for projects in fragile states and 21% for projects in MICs from 2008 to 2012. The funds were used primarily for capacity development and, to a lesser extent, filling capacity gaps in ministries of finance, audit offices, regulation agencies and other relevant units.

Stand-alone ISPs also have a strategic objective beyond that of building capacity. For example, in fragile states where Bank engagement is limited due to arrears, ISPs funded under Pillar III of the Fragile States Facility are used as a platform to continue the dialogue with national authorities and facilitate key actions towards normalization of relations and full reengagement. At the same time, ISPs provide the opportunity to gain in-depth country and sector knowledge needed to initiate investment projects once arrears have been cleared. In middle income countries, ISPs are used to gain insights and initiate dialogue with the strategic objective of creating new business opportunities.

It is within this wider context that ISPs will continue to be used by the Bank for selectively supporting reform objectives in

parallel with PBOs, building of capacity, promoting dialogue, knowledge on specific sectors and gaining strategic insights for future Bank operations.

The evaluation focuses on economic and financial governance, which includes public financial management (including audit, procurement, debt management, and revenue management), business enabling environment and decentralisation. It examines the Bank's assistance through stand-alone projects that explicitly seek to support institutional strengthening or capacity development.

Management acknowledges the issues highlighted in OPEV's evaluation. Many of these issues have already been taken into account in the design and implementation of new projects and the formulation of the new Governance Strategic Framework (2014–2018). Key observations of the evaluation and management's responses are summarized as follows.

Fragmentation of limited resources

The evaluation raised concern about the fragmentation of limited funds, both in terms of the portfolio as a whole and within individual projects. Spreading limited resources thinly across many institutions has repercussions for the transaction costs for the Bank and for partners as well as for results.

The importance of reducing fragmentation is recognized by management and is already being taken into account in the design of new operations. The Bank's new governance strategy also highlights the importance of prioritization, and in line with the principle of selectivity, the Bank will continue to strengthen analysis of country needs, collaborate with other partners, and operate in areas where it has comparative advantage. Collaborating with other partners that are investing in ISPs will allow the Bank to concentrate resources in specific areas, thus reducing fragmentation. Management also highlights the opportunity offered by the new Governance Strategic Framework (2014–2018) in which prioritisation (based on the Bank's comparative advantage) is recognized as an important issue.

While in most cases it might be useful to concentrate resources, each situation needs to be assessed on its own merit. Take, for example, the case of operations aimed at improving public financial management. These typically involve extending support across a range of different administrations and institutions so as to ensure that they work in a joined up, effective and coherent way. In practice, this often means providing small amounts of support to a range of administrative units. In some cases, for example, in Public Financial Management (PFM) projects, it is important to consider the management of public finances as a comprehensive chain, where a range of institutions need to work together and a coherent methodology in processes and systems are enforced. Focusing on too few institutions might turn out to be too narrow an approach in some areas. This is particularly relevant in fragile states, where a comprehensive approach is needed and where a small amount of resources can make a significant impact.

Development of a strategic framework

Management agrees with the need to address the gaps in the current strategic framework — the Capacity Development Strategy (CDS) 2010–2014. For this reason, EADI will develop a successor in 2014, incorporating new developments in the Bank's approach to capacity development.

The new CDS will take into account lessons learned in the implementation of the current CDS and will be aligned to the Bank's Strategy. In addition to being comprehensive, it will strive to create better linkages with operational departments by focusing on results and real experiences in the Bank's priority sectors.

Strategic alignment of ISPs will continue to be undertaken within the Country Strategy

Papers (CSPs) and Regional Integration Strategy Papers (RISPs). More specifically, ISPs will be an integral part of the knowledge and non-lending operations sections of CSPs. This approach will ensure that the ISPs are complementary to PBOs, national investment projects, multinational operations, advisory services and knowledge products. In this way, the Bank will increase efforts to coordinate and liaise with other development partners. A remaining challenge is that some funding sources depend on the approval of trust funds, which makes strategic alignment difficult.

Given the strategic nature of ISPs in comparison with other investment projects and PBOs, it is the view of management that the ISP instrument should remain flexible so that it can be aligned with the portfolio of the countries. This approach ensures that ISPs can support a wide range of sector strategies and meet actual demand in RMCs.

Support project design and management

Management welcomes the finding that the design of ISPs has generally improved. The improvements in design of all projects including ISPs, has been achieved through a range of actions by management including improvement of quality at entry through the readiness review. Readiness reviews address many of the issues raised by the evaluation, including alignment to national priorities, the quality of the design of the projects and improving logical results frameworks.

Management is committed to supporting improvements in the design and implementation of projects, including ISPs, across the Bank as well as placing a greater focus on analytical work to underpin the design of projects for the delivery of concrete results. To consolidate progress made, the Department for Quality Assurance and Results (ORQR) and the Department for Human Resources (CHRM) will work with relevant departments to develop a 'task management academy' that will train staff on improving the design and implementation of all Bank projects. This will be complemented with some specific guidance through a capacity development toolkit designed by EADI and including a specific ISP section in in the new Operations Manual and guidelines by the Programming and Budget Department (COBS).

Management agrees that the frequency of project supervision should be tailored to individual projects and country contexts. For example, there may be a need for more supervision in fragile states than in middle-income countries where more robust systems are in place. The newly established Delivery and Performance Management Office (COPM) is expected to review supervision frequency to specific risk of projects and countries as part of improving the overall Key Performance Indicators (KPIs).

Building in-house capacity

Management recognizes the need for improvements in-house expertise with regard to analysis and new areas of engagement within governance. In order to strengthen interventions in governance, the Bank established the Governance, Finance and Economic Management Department (OSGE) in 2006. As part of building in-house capacity and in line with the new governance strategic framework, the Bank will continue to strengthen its capabilities in a number of areas including: undertaking robust diagnostics, e.g. political economy analysis; business enabling environment; sector governance in key areas such as natural resource management and infrastructure.

To improve in-house capacity to address some of the weakness specific of ISPs, the EADI will develop a comprehensive toolkit to improve capacity development. In addition, the 'task manager academy' will, for example, provide on-line training to Bank staff on all elements of the project cycle, including, logical results frameworks, interim progress report and project completion. Finally, to strengthen capacity on the procurement process, management is encouraging regional departments and field offices to organize fiduciary training with implementing partners.

Streamlining of Bank procedures and use of country systems

The evaluation noted that approval is slow and procurement not aligned with Bank commitments to use country systems or with its own risk assessments for PBOs.

Management notes, however, that progress has been made in streamlining Bank procedures and increasing the use of country systems Procurement is one area, for example, where the Bank is increasingly using country systems. The Department for Procurement and Fiduciary Services (ORPF) has completed reviews on the procurement systems of 46 countries. As a result, the Bank is now adopting an approach where the use of these procedures is systematically recommended except where special justifications for not doing so are provided. This applies to more than 90% of procurement contracts under Bank funded projects. In addition, Letters of Agreements to facilitate the use of country systems are under negotiation with about 12 countries across regions with the objective of having them signed by year end or early 2014.[71]

In addition ORPF has developed documents on 'Promoting the Use of Country Public Financial Management Systems' and 'Country Fiduciary Risk Assessment User Guide' which were cleared in October 2013. The former will be presented to Committee on Operations and Development Effectiveness (CODE) in January 2014 while the latter will be approved by management. The two documents provide concrete steps on how financial management staff could make greater use of country PFM systems based on the country fiduciary risk assessed at early stage of CSP and progressively updated during the operations cycle.

Management action record	
Recommendation	**Management's response**
Recommendation 1: Reduce fragmentation	
Reduce fragmentation by: (i) making clear in CSPs and RISPs the level of prioritisation given to this work and ensuring selectivity in which sub-sectors the Bank intends to engage in, based on analysis of country needs, the Bank's added value compared to other partners, and complementarity with other Bank investments;	**AGREED** – Management agrees that CSPs and RISPs should be the platform to coordinate ISPs at country and regional level. These tools are already being used to ensure coherence of the Bank interventions. This will ensure that ISPs are aligned with the country portfolio. The process of decentralization is enabling the Bank to undertake more robust analysis of partner needs, and assess how institutional support complements other Bank investments at the country level. Management also highlights the opportunity offered by the new Governance Strategic Framework (2014–2018) in which prioritization (based on the Bank's comparative advantage) is recognized as an important issue. **ACTIONS:** ▪ OSGE will present GAP-II to the Board by Q1 2014 to guide the strategic selection of themes for ISPs, concentrating resources in specific areas of the bank's comparative advantage. ▪ ONRI will present the RIS to the Board by Q4 2013 which will identify areas of ISP interventions, in particular in the area of the regional dimensions of a business enabling environment. ▪ ORFS will present to the Board by Q1 2014, a new strategy for Bank Group engagement in fragile states, which will identify strategic areas of support and approaches for delivering institutional capacity building in fragile and conflict-affected countries/regions.
(ii) designing individual projects which are focused, particularly when funds are limited, rather than fragmenting funding into small parts.	**AGREED IN PART** – Management agrees in principle, that consolidating interventions is best practice. However, judgment will need to be applied on a case-by-case basis. The nature of some interventions means that focusing on too few institutions might turn out to be too narrow an approach in some areas. This is particularly relevant in fragile states, where a comprehensive approach is needed.

Management action record	
Recommendation	**Management's response**
Recommendation 2: Address the gap in the strategic framework	
Address the gap in the strategic frame-work when it comes to the role of Bank operations in supporting capacity development, beyond training, in RMCs and RECs.	**AGREED** – Management acknowledges the need for the development of a sucessor to the current Capacity Development Strategy [CDS] (2010–2014). The new CDS will be informed by the lessons learned in the implementation of the current CDS and will be aligned to the Strategy 2013–2022. **ACTIONS:** ▪ EADI to develop a Bank-wide framework for analysing and meas-uring capacity development by Q4 2014.
Recommendation 3: Develop technical guidance for staff and partners designing and managing projects to support instittional capacity	
Develop technical guidance for staff and partners designing and managing projects to support institutional capacity in the governance area, which is practical and also provides criteria which can be used to inform the quality assurance process and which covers the following key areas: ▪ Context, in terms of needs and political economy. ▪ Objective setting and appropriate indicators. ▪ Value for money, guidance should include an idea of unit costs (for training, equipment and TA). ▪ Preference for coordinated or integrated implementation arrangements and of using of country systems. ▪ Linkages with Bank guidance on working in fragile contexts, including the 10 fragile states principles.	**AGREED** – Management fully recognizes the need to strengthen capacity in areas where the Bank is intending to engage in line with the Strategy and the GAP II and steps have already been taken in this direction. Recent structural changes in the Bank, including the creation of a financial sector department and the African Natural Resources center contribute to stepping up the Bank's capacity in the new areas identified by the GAP II. Management will continue to promote the development of sector specific guidance on the technical design of operations. **ACTIONS:** ▪ EADI to develop by Q4 2014, a comprehensive toolkit for capacity development, including specific guidance on Institutional Support Projects, governance and support to regional member countries. ▪ ORFS to review and update the Operational Guidelines for implementing the Bank Group strategy for engaging in fragile states by Q1 2014, which will include some reforms on the implementation of the Targeted Support Window (Pillar III) of the Fragile State Facility. ▪ COSP to ensure guidance for ISP are mainstreamed in the new Operations Manual which is to be completed by Q4 2014.
Recommendation 4: Develop in-house expertise through staff development	
The Bank should invest in its existing staff by developing further inhouse expertise in the following key areas crucial to project design and management: ▪ Assessing country capacity gaps and needs and identifying objectives and indicators that enable measurement of progress towards capacity related objectives. ▪ Political economy analysis and the new sub-sectors where the Bank is intending to engage, according to the TYS and GAP II.	**AGREED** – Management agrees with this recommendation and recognizes that there is a need to undertake a review of staffing and invest in staff training (including on the job training) in order to deliver on the Strategy and GAP II. Identifying objectives and indicators are part of improving the implementation and design of ISPs are integrated in third recommendation. **ACTIONS:** ▪ EADI will assess the gaps and needs of the Bank by Q4 2014, as part of the new Capacity Development Strategy. ▪ OSGE staffing needs are being reviewed in the context of the new governance strategic framework by Q4 2014. ▪ ORSF will review and address staffing gaps (level and skills) by Q4 2014, in the context of the recent organizational fine-tuning (Q1 2014) and the new fragile states strategy (Q4 2014). ▪ ORFS will roll out staff training program on core skills required for working effectively in situations or contexts of fragility from Q2 2014. ▪ OFSD will review staffing needs by Q1 2014 of the newly Financial Sector Department.

Management action record	
Recommendation	**Management's response**
Recommendation 5: Reduce inconsistency in the quality of design and of supervision	
Re-focus on regular and substantive engagement with partners rather than periodic supervision of institutional support efforts by (i) re-assessing whether bi-annual supervision remains the most useful indicator to drive monitoring practices; and (ii) devolving over-all coordination and leadership for design and implementation to field offices and regional resource centers, wherever possible.	**AGREED** – Management agrees that there should be minimum quality standards. A key area that needs to be reviewed is to tailor the frequency of project supervision to the risk of projects and RMCs. Project design issues, such as robust logical framework and clear objectives, will be integrated in the third recommendation. **ACTIONS:** ▪ COPB will review by Q2 2014 the Key Performance Indicators of project supervision and indicate if this can be tailored to individual project and country risks.
Recommendation 6: Improve the bank's procedures and practices and supporting the of country systems	
Use institutional support projects to pilot: (i) streamlining of Bank procedures and practices, particularly the long approval process; (ii) using partners' procurement systems wherever possible and, particularly where they have been assessed as adequate for PBOs.	**AGREED** – Management agrees with the principle that the Bank procedures and practices should be streamlined for greater efficiency and that country procurement and financial management sys-tems should be used in RMCs where they have been assessed as adequate. Management is adopting a phased approach for the use of Country Procurement Systems. The first phase is based on the understanding that the use of country procurement procedures is acceptable for all non-ICB contracts for goods and works if a country's systems for domestic procurement are judged acceptable and provide for the progressive use of these systems. Management will continue to track progress in the use of country systems in the Results Measurement Framework as part of its commitment to Paris Declaration. **ACTIONS:** ▪ ORPF will present to CODE/ AUFI an approach to 'Promoting the Use of Country Public Financial Management Systems' and issue related guidelines upon its approval by Q1 2014.

Endnotes

[1] As explained in the methodology section, the evaluation focused on these projects and did not study either capacity development efforts hidden inside investment projects, or the program of training provided by EADI to both Bank staff and RMC officials.

[2] The data shows an increase in investment in 2012, but it is not yet possible to say if this is the beginning of a longer term pattern or a fluctuation related to the end of the ADF cycle.

[3] The evaluation period of 2002-12 does not include the introduction of the IPR in 2013, which in aprt seeks to address some of these challenges, as noted in the main report.

[4] All projects in the database for which a PCR was available (39) are included in this analysis.

[5] The scope of the evaluation was discussed with relevant departments at planning stages. EADI advised that the timing for assessing its training programs was too early given the lack of data.

[6] OPEV evaluations covering policy based operartions, assistance ot fragile states and multinational operations all raised concerns over the capacity building challenge of assistance in such contexts.

[7] The purpose and objectives are set out in full in the OPEV approach paper (September 2012).

[8] OECD DAC evaluation criteria, 1991.

[9] The economic and financial governance sector is a Bank categorization. The sub-sectors included are listed in Annex 2.

[10] The Bank is also involved in policy dialogue which may be considered to have an impact on governance outcomes as well as support for building key institutions. However, policy dialogue was not the focus on this evaluation.

[11] Stakeholders consulted during the case studies, emphasized this issue. See for example the Sierra Leone case study, where stakeholders were in a strong position to compare input type, having received a mixture from the Bank.

[12] If a typical projects such as the ESTA projects to support statistical capacity building and the support to ACBF are removed, some of the peak in 2008 is slightly lessened.

[13] It should be noted that there are not an even number of countries in each region, so allocations should not be uniform. For example there are 16 counties in the western region compared to 7 in the centre.

[14] The priority areas were established in the 2005 revisions to the MIC TAF guidelines.

[15] The 2012 OPEV evaluation of the Bank's assistance to fragile states, clearly highlighted challenges for the FSF and particularly the pillar 3.

[16] OPEV Evaluation of Bank assistance to fragile states 2012, and Bank management response.

[17] During the field visit for the Botswana case study, officials who dealt with the smaller of the MIC grants said they would not go through the same procedures for such a small grant again in future. Mauritius has told OSGE that it is not interested in using the MIC TF for future ISPs.

[18] The Benin Project d'appui a la gestion des finances publiques et a l'amelioration du climat des affaires.

[19] The Paris Declaration (OECD, 2005) emphasizes the importance of supporting capacity development and of partner countries establishing capacity development strategies and objectives, it also states that capacity development support should be better harmonized (paragraph 24) and establishes an indicator to monitor this, based on the TA proxy. The Accra Agenda for Action (OECD, 2008) also places a strong emphasis on the importance of country led capacity development. In fragile states it commits donors to "provide demand-driven, tailored and coordinated capacity-development support for core state functions and for early and sustained recovery." that are appropriately sequenced and that lead to sustainable local institutions.

[20] OECD 2011 Survey on monitoring of the Paris Declaration. In 2005 38% and in 2011 68/69% of capacity support was reported as coordinated. However, it should be noted that limitations in this data were acknowledged internally and externally.

[21] In Sierra Leone, in contrast, the Bank decided not to take part in a similar joint PFM support program, choosing instead to run its own stand-alone project in the same sub-sector.

[22] Based on the comparative institutional review which compared the Bank's practices to peers as well as feedback from bank staff and stakeholders.

[23] Sample of 20 projects from the latter half of the evaluation period. 10 of which showed evidence of complementarity in design stage, 7 of those 10 were designed to complement PBOs.

[24] The OSGE commissioned mid-term review of the GAP (2012 unpublished) questioned progress in improving the complementarity between and added value of, different OSGE managed instruments. It was not possible for this evaluation to verify or dispute this finding.

[25] See for example the 2005 Paris Declaration on aid effectiveness and the 2008 Accra Agenda for Action.

[26] Woods and Martin, 2012. The preferred partner: a client assessment of the African development Bank. Commissioned by the African Development Bank

[27] Comparative Institutional review.

[28] A draft mid-term review was conducted by EADI in 2012 and presented to the Senior Management Coordination Committee in December 2012. A final document was submitted for presentation to the Board in September 2013.

[29] Anderson, M. 1999. Do No Harm: How aid can support peace or war. Lyne Reiner Publishers, London. OECD, 2007, Principles for Good International Engagement in Fragile States and Situations. OECD Paris

[30] The New Deal is a partnership agreement to which the Bank along with other MDBs and donors signed up to in 2011 to change the way support is delivered to fragile states.

[31] Portfolio review page 16.

[32] For example, the FS facility pillar 3 and the MIC TAF do not require 6 month supervision missions. The MIC TAF projects are expected to be supervised as part of missions to supervise other projects, rather than separate dedicated missions for these small projects.

[33] Such a specialism is different from the group of staff who are specialized in organizing training events, based in EADI, though within this group there are also individuals with experience in broader capacity development.

[34] The comparative institutional review looks at incentives issues and concludes that incentives in the Bank are not well aligned with staff investment in small capacity development projects.

[35] This recognition appears to have been spurred by both internal feedback, including the evaluation of the Bank's support to fragile states, and international discussion and good practice, including around the "New Deal" agreed at the Fourth High Level Forum on Aid Effectiveness in 2011.

[36] The Bank is not the only institution that has found it difficult to get knowledge networks to work in practice, as noted in the comparative institutional review.

[37] The institutional comparative review focused on the UNDP and World Bank but also compared with the Asian Development and the EU.

[38] Fragility lens work is ongoing and the extent to which is will cover issues of capacity development and state-building is not yet finalized. Refs: OECD, 2011, State-building in situations of fragility. Anderson, M. 1999. Do no harm.

[39] Calculation based on completed projects. Average planned duration 32 months compared to actual 50 months.

[40] The average planned duration of 2.7 years hides outliers that are 1 or 4 years in duration. 80% of the completed projects were planned to last between 2 and 3 years.

[41] Figures are calculated using planned and actual duration data taken from the 39 ISPs. For these 39 average planned duration is 32 months (note this excludes the smaller project which do not require PCRs and are generally planned for short periods).

[42] Noted in portfolio review, original reference in the 2011 APPR.

[43] Five of the 8 projects covered in the case studies included "additional" conditions i.e. those beyond standard disbursement conditions. Out of 10 additional conditions, five related the drafting and/or adoption of new laws, four the recruitment of new staff, one adoption of a new organogram and one member funding.

[44] This level of detail at planning stage is greater than comparators examined.

[45] May 2013 Presidential Directive 03/2013 Concerning Bank Group Operations Review Process. This Directive became operational in July 2013.

[46] ESTA internal staff manual.

[47] OPEV validates a sample of PCRs with an PCR Evaluation Note (PCR EN). Less than 10% of the PCRs included here have a PCR EN

[48] A fourth project, supporting COMESA, had already been subject to a Project Performance Evaluation by OPEV in 2012, and so was not looked at in detail here.

[49] It is not possible to compare with MICs or multi-national projects since there are too few data points (i.e. project completion reports) to make any comparison reliable.

[50] Given the nature of the data it was considered not reliable to conduct a regression analysis to look for clear relationships between duration/complexity and performance. This simpler technique shows trends worth considering in design, but statistical significance is not assessed.

[51] Projects were divided into two groups or levels of complexity based on the number of sub-sectors each covers. Sub-sectors are based on OSGE coding. A weighted average was then calculated. Level 1 projects are those below the weighted average and level 2 are those above it.

[52] A wide range of approaches to understand organizational capacity exist (see for example Task A report). The 7 S framework was identified as useful in this context because of its simplicity and because it focuses on looking at organizational or institutional change, which is the focus of Bank ISPs.

[53] See for example, OCED 2006, The challenge of capacity development: working towards good practice.

[54] Strategie de communication.

[55] Debt management strategy.

[56] A full report of this review of evaluation literature is available separately.

[57] Some of these good practices are also set out in the Comparative Institutional Review.

[58] These two project evaluations fell within the scope of the review of evaluation literature. However, they were approved before 2002 and were therefore not included within the list of Bank projects covered in the evaluation more generally, which included only project approved between 2002–12.

[59] It should be noted that, with only one exception, the case studies looked at the more standard type of institutional support project, managed by OSGE and using standard ADF instruments and the fragile states facility. They included examples of smaller projects funded through the MIC TAF, but not smaller interventions funded through other instruments such as the fragile states facility's third pillar or the FAPA. The Fourth and fifth lesson are less

relevant for small projects, especially where they do not seek to develop capacity long term, but simply substitute for it to fill a gap temporarily.

60 Partners in Sierra Leone and Benin had mixed experience of stand-alone PIUs and cautioned against their proliferation. Under the Paris declaration the Bank, and other signatories, committed to reduce the number of PIUs and to coordinate capacity support in particular.

61 The EDSL (PBO) completed in late 2011. The Non-Banking Financial Regulatory Authority support project and the project to support the Public Enterprises Evaluation and Privatization Agency did not start disbursing until 2012.

62 This is acknowledged in the Bank's PCR for the EDSL which states: "In response to the capacity needs, the Bank provided support through MIC grants to NBIFIRA and PEEPA. However, these were delivered after the EDSL had disbursed its first tranche, and are only now starting to be implemented. So they could not contribute towards the targets of the EDSL within the timeframe of the program." AfDB 2011

63 The Strategic Plan included 4 pillars, and capacity building was part of one of the pillars.

64 The portfolio review included an examination of 20 CSPs, to establish anchorage of ISPs in the country level strategic framework.

65 PBO – Policy based operations were renamed program based operations in the Bank's 2012 PBO strategy (AfDB 2012).

66 See the MIC TF 2011 revised guidelines.

67 AfDB 2008, Strategy for Enhanced engagement in fragile states. Page 11. The other priority was rehabilitation/reconstruction of basic infrastructure.

68 Direct feedback from RMCs and RECs through the four case studies: Benin, Botswana, Sierra Leone and ECCAS/COMESA.

69 Input from RMC officials also include reflections on the potential of comprehensive projects compared to small pieces of technical assistance. Notwithstanding the problems encountered in practice (see parts 3–6).

70 See for example the Principles for good international engagement in fragile states (OECD 2007), and Supporting State-building in situations of conflict and fragility (OECD 2011)

71 A letter of Agreement was signed with Morocco (May 2013) stating that use of country procedures apply by default for all works contracts up to € 6 million across the portfolio starting January 2014.

References

- AfDB (African Development Bank). 2013. May 2013 Presidential Directive 03/2013 Concerning Bank Group Operations Review Process. Tunis.
- 2013. At the Center of Africa's Transformation: Strategy for 2013–2022. Tunis. www.afdb.org
- 2013. "Governance Strategic Framework and Action Plan (GAP II), 2014-2018." Draft report. www.afdb.org
- 2012. Development Effectiveness Review 2012: Governance. Tunis: AfDB.
- 2012. Evaluation of the assistance of the African Development Bank to fragile states. Tunis: AfDB
- 2012. Fostering regional integration in Africa: An evalaution of the Bank's multinational operations in Africa 2002-10. Tunis: AfDB
- 2011. Evaluation policy based operations in the AfDB 1009-2009. Tunis: AfDB
- 2008. "Strategy for Enhanced Engagement in Fragile States." Tunis.
- 2008. Governance: Strategic Directions and Action Plan, GAP 2008-2012. Tunis: AfDB.
- Unpublished. Identifying lessons from experience on institutional strengthening in the governance area: a review of evaluation literature. December 2012.
- Unpublished. Strengthening Economic and Financial Governance: Lessons from the Bank's Institutional Support Project Portfolio, 2002-2012
- Unpublished. Comparative Institutional Review. April 2013
- Unpublished. Regional case study: ADB support to ECCAS and COMESA. April 2013.
- Unpublished. Benin case study: PAIC & PAGFPACAF. February 2013. April 2013.
- Unpublished. Botswana case study: ADB support to MLG and NBFIRA. April 2013.
- Unpublished. Sierra Leone case study: ADB support to PFM-Energy and PFM-BESP.
- Anderson, Mary B. 1999. Do No Harm: How Aid Can Support Peace or War. London: Lynne Reiner.

- AsDB (Asian Development Bank). 2007. Integrating Capacity Development into Country Programs and Operations: Medium-Term Framework and Action Plan. Manila: AsDB
- 2011. Capacity development action plan annual progress report. Manila: AsDB
- EC (European Commission). 2008. A Backbone strategy: Reforming technical cooperation and project implementation units for external aid provided by the European Commission.
- GIZ (Deutsche Gesellschaft fur Internationale Zusammlnarbeit). 2011. Capacity Works: The management model for sustainable development. GIZ: Bonn
- McKinsey and co. 2008. Enduring ideas: the 7S framework. First published in Peters and Waterman. in 1982. In search of excellence.
- OECD (Organization for Economic Cooperation and Development).
- 2011. Supporting State-building in Situations of Conflict and Fragility: Policy Guidelines, DAC Guidelines and Reference Series. Paris: OECD.
- 2008. “Accra Agenda for Action.” Paris: OECD
- 2007. Principles for Good International Engagement in Fragile States and Situations. Paris: OECD.
- 2006. The Challenge of Capacity Development: Working Towards Good Practice. Paris: OECD.
- 2005. “Paris Declaration for Aid effectiveness.” Paris: OECD
- UNDP (United Nations Development Program). 2009. Capacity Development: a UNDP primer. New York: UNDP.
- 2008. Capacity Assessment Methodology: A User’s guide. New York: UNDP.
- World Bank. 2012. The World Bank’s approach to public sector management 2011–20: Getting better results from public sector institutions.
- WBI (World Bank Institute). 2009. Capacity development and results framework. Washington DC: World Bank
- Woods, N., and M. Martin 2012. “The Preferred Partner: A Client Assessment of the African Development Bank.” Tunis: Commissioned by the African Development Bank.


pev
Operations Evaluation Department
Département de l'évaluation des opérations

This evaluation focuses on a small but important area of Bank activity – projects supporting institutions dealing with good governance. The key message of the evaluation is that this type of support is relevant and appreciated, but, if the Bank wants to be a leading partner for RMCs and RECs as they seek to strengthen the institutions which underpin their good governance, it needs to learn from and reinforce its work to date. This means ensuring the funds and strategic framework are in place, that procedures and practices are appropriate and that lessons gathered about what works and does not work are applied in practice. This summary highlights the key findings from the report, and provides recommendations for the Bank.

About the AfDB

The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs; and providing policy advice and technical assistance to support development efforts.

The mission of the Operations Evaluation Department is to enhance the development effectiveness of AfDB initiatives in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

African Development Bank

Temporary Relocation Agency

Angle de l'Avenue du Ghana et des rues Pierre de Coubertin et Hédi Nouira • B.P. 323

1002 Tunis - Belvédère

Tunisia

www.afdb.org
operationsevaluation.afdb.org

Design: www.belmakett.net

AFRICAN DEVELOPMENT BANK GROUP

Operations Evaluation Department
Département de l'évaluation des opérations