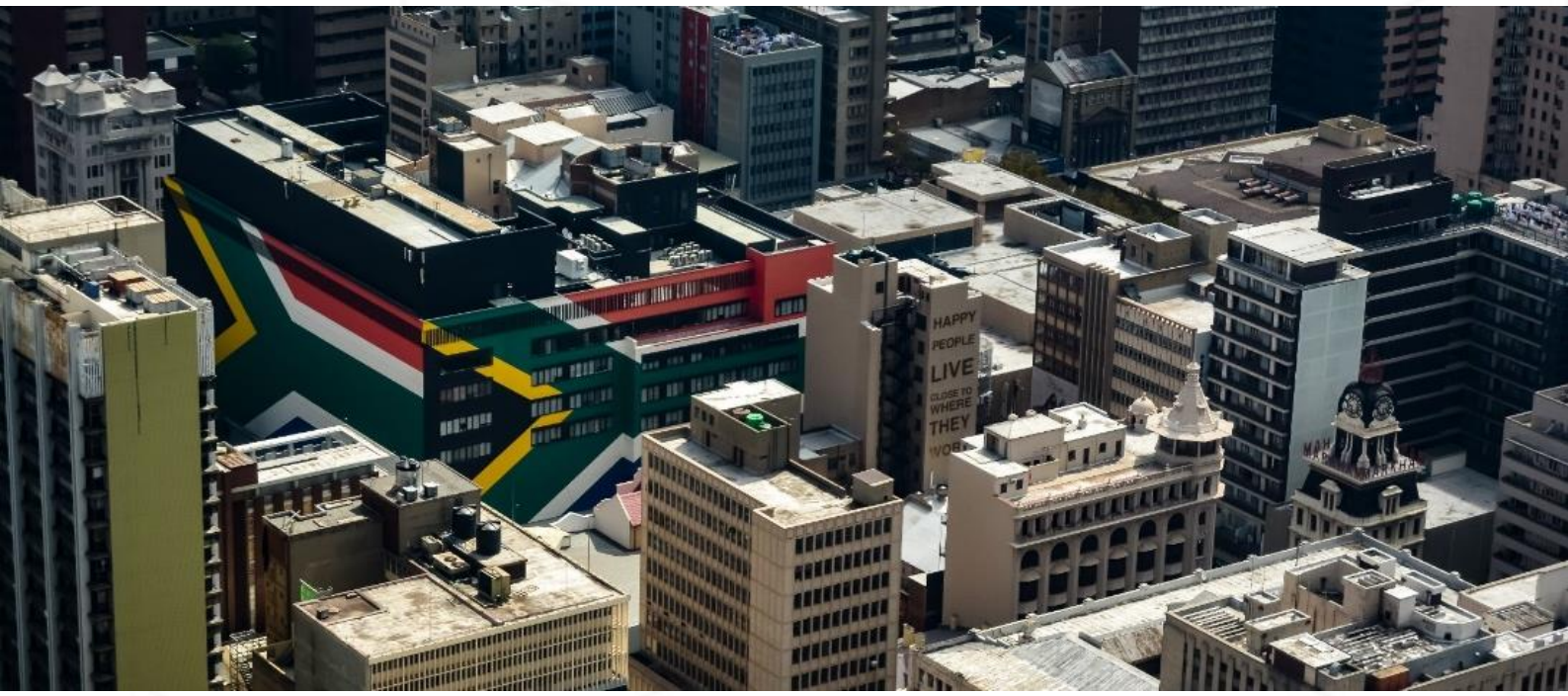
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Independent Development Evaluation
Évaluation indépendante du développement



South Africa: Country Strategy Paper 2013-2017 Completion Report Validation Note

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AFRICAN DEVELOPMENT BANK GROUP

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Table of contents

Executive summary i

1. Strategic orientation 1

2. Program performance assessment 2

2.1. Relevance 2
2.2. Effectiveness 5
2.3. Efficiency 6
2.4. Sustainability 7
2.5. Managing Risks 7

3. Bank's performance 7

3.1. Program of financing 8
3.2. Managing program implementation 8
3.3. Monitoring and evaluation 8
3.4. Partnership and donor coordination 9

4. Summary of overall CSP performance 9

4.1. Overall assessment 9
4.2. Comment on the design, implementation and utilization of the M&E 10
4.3. Comments on CSP CR quality and timeliness 10

5. Evaluation of key lessons learned and recommendations 11

5.1. Lessons learned 11
5.2. CSPCR Recommendations 12

6. Summary of the validation 13

Annexes 15

References 28

Acronyms and Abbreviations

ADB/AfDB	African Development Bank
ADOA	Additionality and Development Outcomes Assessment
ASGISA	Accelerated and Shared Growth Initiative for South Africa
AWF	African Water Facility
BEE	Black Economic Empowerment
CPIP	Country Portfolio Improvement Plan
CPPR	Country Portfolio Performance Review
CSP	Country Strategy Paper
CSPCR	Country Strategy Paper Completion Report
CSPCRV	Country Strategy Paper Completion Report Validation Note
CSPE	Country Strategy and Program Evaluation
ESW	Economic and Sector Work
FD	First Disbursement
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German development Agency)
GSA	Government of South Africa
IDC	Industrial Development Corporation, South Africa
IDEV	Independent Development Evaluation
IPAP	Industrial Policy Action Plan
IRP	Integrated Resource Plan
LoC	Line of Credit
M&E	Monitoring and Evaluation
MIC	Middle Income Country
MTBPS	Medium Term Budget Policy Statement
MTR	Midterm Review
MTSF	Medium Term Strategic Framework
MUS	Multiple Use Water Services
MW	Megawatt
NDP	National Development Plan
OPEV	Operations Evaluation Department
OPSCOM	The Operations Committee of the African Development Bank
PFM	Public Finance Management
PICC	Presidential Infrastructure Coordinating Commission
PIU	Project Implementation Unit
RDGS	Southern Africa Regional Development and Business Delivery Office
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
SADC	Southern African Development Community
SARC	Southern Africa Resource Centre
SDGs	Sustainable Development Goals
SIP	Strategic Infrastructure Projects
SME	Small and Medium Enterprises
SOE	State Owned Enterprises
TCTA	Trans Caledon Tunnel Authority

Glossary

CSP Completion Report (CSPCR): A self-evaluation of the Bank's strategy and program in a given country that establishes the results and performance in contributing as well as highlighting lessons learnt by the country team in the performance of the Bank's intervention in a given country.

CSP Completion Report Validation Note (CSPCRV): An independent, desk-based, critical review of the evidence, results and ratings of the CSP Completion Report by the Bank. In validating the findings and ratings in the CSPCR, IDEV provides an independent view of the Bank's self-evaluation and ratings by assessing the evidence base for findings in the report, its quality and the contribution to CSP objectives through the operations or actions contained in the country strategy. IDEV arrives at its own ratings for the overall CSP program outcome and Bank's performance based on the evidence provided in the CSPCR by using the evaluation criteria for assessing country strategies and programs. IDEV only rates two main aspects: Overall Outcome and Bank's Performance. It does not rate the CSP Completion Report but rather assesses its quality.

Theory of Change (ToC): A theory of change explains how activities are understood to produce a series of results that contribute to achieving the final intended outcomes and impacts. It describes the set of assumptions that explain both the steps that lead to the long-term goal of interest and the linkages between activities and outcomes that occur at each step of an operation or program.

Country Strategy and Program: Basic Information

A. Basic CSP data			
Strategic focus: To support the Government of South Africa (GSA)'s goal of inclusive and sustainable growth to reduce poverty and inequality			
Pillar 1:	Infrastructure Development, most notably in energy sector		
Pillar 2:	Support to Regional Integration		
Country:	South Africa		
Processing Milestones	Core Areas of focus	**Validity of Strategic focus**	
Mid-term review: Yes, CSP Midterm review and Country Portfolio Performance Review Mission Aide Memoire, July 2015	- Infrastructure Development - Support to Regional Integration	**Total Commitments:** UA 1.5 billion of which 76% (UA 1.12 billion) went to Pillar 1 Infrastructure Development, (mainly energy) and 23.5% (UA 345 million) for Pillar 2 Support for Regional Integration, to fund a freight rail infrastructure project and Lines of Credit for cross-border investment.	
CSP cycle extension:	No.		
CSP Completion Report:	Yes, available		
Planned Submission:	November 2017		
Actual Submission:	19 January 2018		
B. Resource Allocations			
Financing source/ instrument	**Approved amount:**	**Amount disbursed:**	**Percentage disbursed:**
Total loans:	UA 764.7 million	UA 337.0 million	**44%**
Grants:	UA 4.8 million	UA 3.5 million	**72%**
Equity investments:			
Technical Assistance:	N/A		
Knowledge Work (Total number, Area of focus):	One, on Manufacturing and Industrialization, focused on a comparison with BRICS	N/A	
Other (e.g. co-financiers, total number & area of focus):	UA 696 million 3 international commercial Co-financing in guarantees and guarantee syndicated loans	N/A	
TOTAL:			
Co-financiers and other external partners: GIZ, World Bank			
C. Responsible Bank staff			
Position	**At approval**		**At completion**
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Country Manager			Ms. Josephine Ngure
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CSP CR Team Leader	Mr. Ernest Addison		Mr. Stefan Muller
CSP CR Team Members	Country Team for SA		Country Team for SA
D. Report data			
Validation Start Date: 15th January 2018			
Validation Mission:	Undertaken as a desk exercise		**Jan./Feb. 2018**
CSPCR Validation Note Date: June 2019			

EXECUTIVE SUMMARY

The purpose of this South Africa 2013-2017 CSP Completion Report Validation Note (CSPCRV) is to provide an independent validation of the Bank's self-assessment of country program performance using the Combined Country Strategy Paper 2013-2017 Completion Report and 2017 Country Portfolio Performance Review for South Africa. The Report also draws on the CSP Mid-Term Review, the Country Strategy and Program Evaluation for South Africa (2004-2015) by IDEV published in March 2017, and available project level documents.

This CSPCRV is the first of its type from IDEV, and was undertaken as a desk review exercise, following the good practice standards among multilateral development banks. The report is primarily expected to contribute to the development of the CSPCRV methodology, which will undergo further changes with the adoption of the new CSP format. IDEV will carry out a second pilot before finalizing the methodology through a consultative process.

Methodology and scope

This pilot validation was a desk review exercise. It provides an independent view of the results and ratings, based on the evidence presented in the CSPCR that can be crosschecked with available evidence from the project documents and other documentary sources. The assessment is based on the evidence provided in the CSPCR, its quality, consistency and candidness with reporting results and CSP objectives proposed for the country's development needs. The assessment criteria was developed considering the CSP format requirements and elements from good practices of similar institutions that is aligned with the OECD criteria (the details are presented in the concept note). An external independent peer reviewer, a IDEV peer reviewer and other Bank's stakeholders reviewed the draft validation note. The various suggestions for improvement is considered in the present note.

Overview of Bank's operations

The Bank's strategy had two pillars: (1) Infrastructure Development; and (2) Support for Regional Integration. Because South Africa is an upper middle-income country (MIC) and not eligible for concessional finance, the Bank's portfolio was selective, given the country context. Operations under pillar 1 focused on loans to State Owned Enterprises (SOEs) and the private sector, especially in power and water sectors. The Bank also contributed to the production of green energy by supporting renewables (wind and solar power) initiated in the previous CSP. Operations under pillar 2 aimed at the provision of regional lines of credit (LOC) through private financial institutions and trade facilitation efforts (one-stop border post and rail transport). Limited non-lending activities were also undertaken.

The strategic orientation of the Bank's CSP was relevant at the start and remained relevant throughout the CSP period. It was consistent with the Bank's own strategic objectives and reflected the Bank's comparative advantages. It targeted key needs of South Africa, which are clearly articulated in the Government's policy and planning documents. The relevance of design, however, posed some concerns.

This review found that, the CSP Completion Report provided a relatively incomplete analysis of CSP implementation. Review of the support for infrastructure (especially the energy sector) was relatively complete, but substantial gaps remained in other parts of the portfolio. It did not provide a sufficiently detailed information on the support to private financial institutions with respect to the Lines of Credit that aimed to finance small and medium enterprises in the region as well as in South Africa itself. Similarly, discussion on the Bank's non-lending operations was limited, largely because implementation was constrained by the scarcity of trust fund and other grants as well as slow disbursements.

The CSP Completion Report highlighted most of the challenges faced by the Bank in implementing the CSP but failed to provide a detailed analysis of these problems. It indicated, however, that the Bank benefited from the establishment in 2012 of the Southern Africa Development and Business Delivery Office (RDGS) with respect to portfolio management. RDGS facilitated improved contacts with government agencies, thereby helping to reduce the number of flagged projects substantially from seven at the time of the Mid-Term Review to three when the CSP Completion Report was prepared. The Office also created opportunities

to enhance dialogue for business development, as noted in the 2017 IDEV evaluation report.

Implementation of the 2013-2017 CSP was limited by weaknesses associated with the formulation of its Results Based Framework. The Results Framework was inadequate in terms of completeness and especially with respect to crosscutting issues such as gender, violent crimes and corruption. The associated results matrix was too aggregate to use as an effective monitoring tool; not all baseline data included in the matrix are SMART (Specific, Measurable, Attributable, Realistic and Time-bound). For example, indicators related to unemployment were too macro to be directly relevant to the Bank's program in South Africa and therefore were not useful for measuring performance.

Performance of 2013-2017 CSP

In conclusion, this assessment considers the overall performance of both Pillar 1 (Infrastructure Development) and Pillar 2 (Regional Integration) as Unsatisfactory, compared to the Bank's assessment in the CSP Completion Report as Satisfactory. The difference in rating is largely attributable to the slow implementation progress achieved in areas other than the energy sector, and the reduced relevance and contribution of the portfolio as a result of the limited coverage of key crosscutting issues (such as HIV/AIDS, gender inequalities and crime).

Going Forward

The CSP 2018-2022 envisages Supporting Economic Transformation for Inclusive Growth and Job creation though a) Promoting Industrialization; and b) Deepening Regional Integration. These objectives are consistent with the goals of the Government and have the potential to link-up well with the SDGs. The Bank has experience in delivering program support of a similar nature, and should put in place a well-developed Results Framework to be used as a key monitoring tool. Its formulation should be based on a clearly articulated Theory of Change, reflecting both South Africa and regional integration policy objectives, and specification of a clear problem tree diagnosis of the inhibitors to growth and employment generation. The Results Framework should be linked to realistic targets, and updated at the midterm review.

Future CSPs should not be overly rigid, as the Bank needs to be 'opportunistic' – within the bounds of focus, and its own policy priorities at regional, sectoral and transversal levels, and subject to effective risk management. In this respect, this review provides four points for management's consideration in future CSPs, as follows:

i) The Bank should revisit its approach to **risk management**, including consideration of greater use of country systems in project management;

ii) The requirement for **results reporting** should be strengthened across all Bank operations, and to ensure that it is done upwards to the Country Results Reporting formats and downwards to project loans, especially but not exclusively, regarding Lines of Credit;

iii) The Bank needs to be more realistic in setting **timelines**. The 2013-2017 CSP proved to be overly optimistic in terms of what could be achieved resulting in numerous project cancellations and incomplete loan/grant disbursements; and

iv) The Bank's proposed focus on infrastructure service delivery to townships etc. would need to emphasize the availability of adequate **counterpart funding** and **cost recovery** to guarantee program sustainability.

1. STRATEGIC ORIENTATION

[a] The extent to which the program supported objectives in focus areas identified as critical for achieving the strategic goals in a sustainable way including further analysis on selectivity and alignment to specific country needs.

The Bank's 2013-2017 CSP targeted key needs, consistent with South Africa's development strategy. It directed resources towards two pillars: 1) Infrastructure development; and 2) Support for regional integration. The pillars are aligned to the Regional Integration Strategy Paper (RISP) 2011-2015 for Southern Africa through the Infrastructure and Capacity Building Pillars. The pillars are also relevant to South Africa's development needs, specified in the National Development Plan (NDP), which articulates South Africa's development vision 2030; the Medium Term Strategic Framework (MTSF) 2014-2019; and the Medium Term Budget Policy Statement (MTBPS), which is an annual rolling plan. The two pillars remained relevant throughout the period of CSP implementation.

The focus of Bank investment in energy within the infrastructure pillar has been highly relevant to South Africa's needs and the regional integration agenda. The focus on energy generation and transmission addressed a prevailing power crisis, which resulted in significant load shedding. The Bank's support aimed to help reduce the adverse effects on both commercial and residential users. In addition, the focus was timely because South Africa is a power exporter, and contributes to energy security within the region. Support to Eskom and private sector energy providers was also consistent with the Bank's orientation to support indigenous African companies and to help them migrate to "mixed" models of generation, with an increasing emphasis on renewables power production, thereby promoting Green Energy production.

Support for the energy sector in South Africa is consistent with the Bank's comparative advantage and its strategic priorities. The Bank's priorities are articulated in its Energy Sector Policy as: (i) sustainable and cleaner energy sector that ensures universal access to modern affordable and reliable energy services by 2030; and (ii) the Bank Group as the leading institution supporting Regional Member Countries (RMCs) and Regional Economic Communities (RECs) in their efforts to achieve and maintain high standard energy services to all. The Bank's comparative advantage derives from the sector's alignment with three of the five operational priorities (also known as the "High Fives") of the Bank's Ten Year Strategy 2013-2022 namely, developing power infrastructure, supporting regional economic integration, and providing a platform for industrialization and private sector development.

The scope of the CSP was diverse, but the design issues and implementation difficulties substantially limited its overall coverage. As noted by the Country Strategy and Program Evaluation, May 2016, the portfolio was heavily concentrated on four Eskom transactions accounting for 58% of total commitment. Efforts to support the water and sanitation sector remained highly relevant but not much was achieved during the 2013-2017 CSP period. Two bulk water projects were planned: Lesotho Highlands Water Phase II and Mokolo Crocodile Project Phase II. Similarly, support for transport, including the rail sector, had potential environmental benefits of migrating some heavy freight from road to rail. The main project was a loan to Transnet to facilitate rail locomotives and rolling stock procurement. The regional trans-Kalahari rail connection to Walvis Bay (Namibia) remains relevant. Finally, in pursuit of the regional agenda (Pillar 2), the Bank provided continuing support to the financial sector, largely through Lines of Credit (LOC) to state owned development banks and major private sector banks for on-lending to businesses within South Africa and the region.

[b] Other activities enabling strategic orientation.

The 2013-2017 CSP clearly articulates the strengths and challenges facing South Africa as an upper Middle-Income Country. It acknowledges that South Africa is a dual economy facing high levels of poverty, unemployment (which rose during the CSP period), inequality (Gini coefficient of 0.65 in 2016) and spatial socioeconomic disparities. It appropriately highlights the Government's continuing prudent fiscal and monetary policies, although also correctly states the challenges with governance and Public Finance Management.

The CSP Completion Report also says little about its contribution to fighting HIV/AIDS. Although the Bank's focal sectors relate to infrastructure and regional integration, this issue remains a pressing challenge in South Africa and in the region. At a minimum, as a major funder of projects, the Bank should (and may) seek to ensure that basic prevention measures are put in place for those employed on projects with which the Bank is associated. It is not clear whether the Bank is proactively supporting such initiatives through other instruments.

2. PROGRAM PERFORMANCE ASSESSMENT

2.1. Relevance

2.1.1. Relevance of the strategic orientation to South Africa's Development objectives.

As stated above, the 2013-2017 CSP channeled resources to support activities under two pillars: 1) Infrastructure development; and 2) Support for regional integration. They are summarized in Table 1.

Table 1: Summary of Portfolio Structure at beginning and end of CSP

	Envisaged at start of CSP	**Portfolio at end of CSP**
Pillar 1: Infrastructure Development	11 Lending Operations: 4 public sector Power/Energy sector projects 2 Private Power/Energy projects 2 non-energy private sector operations 2 Water Supply & Sanitation sector projects 1 Social/Education Sector Project	3 Power/Energy sector projects 1 housing project Lines of credit (LOC) for private financial sector
Pillar 2: Support to Regional Integration	4 loan projects and 1 component of a Private Sector project specified under Pillar 1 Other projects envisaged: Water Supply & Sanitation sector; Road transport /trade facilitation (One-Stop Border Posts) and Rail Transport	Line of Credit (LOC) provided to Nedbank financed projects in Malawi, Uganda, Ghana Madagascar and Mauritius LOC to IDC funded projects in Zambia, Ghana, Nigeria and Mozambique
Non-Lending Operations (MIC Grants and two water sector grants using Trust Fund (AWF) resources)	9 indicative non-lending operations planned: 2 Social/Education sector 2 in Governance (at municipal level) 2 in Water Supply & Sanitation 2 supported enterprise and ICT respectively 1 transport	1 education sector grant 1 enterprise development grant 2 water and sanitation sector grants

2.1.2. Energy sector

In the energy sector, the Eskom Holdings and Medupi projects are well aligned with South Africa's country priorities. These priorities are set out in the 1998 Energy White Paper, the National Development Plan (2010), the Medium-Term Strategic Framework (MTSF 2014–2019), the Integrated Resource Plan (IRP 2010), the Department of Energy Strategic Plan 2011/12–2015/16, and the Presidential Infrastructure Coordinating Commission (PICC) with its Strategic Infrastructure Projects (SIPs). The background to these priorities lies in the significant underinvestment in electricity infrastructure resulting in supply constraints, which contributed to declining economic growth rates.

The Sere Wind Farm (100 MW) project, which was started under the previous CSP was completed in 2015, became Eskom's first large scale renewable energy project and is fully aligned with GSA Strategy. Energy diversification and increasing the use of renewable energy are in line with South African energy policy (1998 Energy White Paper, 2003 Renewable Energy White Paper and the Integrated Resource Plan (IRP) 2010) and its long-term carbon mitigation strategy (2011 National Climate Change Response Policy). The Sere Wind Farm was identified by name in the country's integrated resource plan (IRP 2010) as part of the electricity portfolio that would be developed over the 20-year planning horizon. In addition, the project supports the development of the 'green' economy and 'green' jobs, identified as priorities in the country's New Growth Path Framework (2010) and the Industrial Policy Action Plan (IPAP).

Similarly, the Eskom Upington Concentrating Solar Power project, also approved under the previous CSP in 2011, and the Xina Solar One Power Project were directly aligned to the GSA energy policy direction and electricity planning priorities. This is reflected in the Integrated Resource Plan (2010) targeting greater diversification of energy sources, reduced reliance on fossil fuels by growing the capacity share of renewable energy from zero in 2010 to 21 percent in 2030, climate change mitigation and sustainable development. These projects are also aligned directly with the country's urgent need for building power supply capacity.

2.1.3. Transport sector

The Bank's support for rail transportation is fully consistent with South Africa's policy objectives at national and regional levels. The policy setting was underpinned by the Accelerated and Shared Growth Initiative for South Africa (ASGISA), the 2014 and subsequent Medium-Term Budget Policy Statements (MTBPS), the National Development Plan 2030, the New Growth Path Framework (2010) and the Industrial Policy Action Plan, which also emphasize the importance of improving rail infrastructure and a modal shift from road to rail. These identified the cost, efficiency and capacity of the national transport logistics system as one of the binding constraints for increased economic growth and employment, and the reduction of poverty. Investment in rail transport infrastructure through the Bank's support to Transnet Rail was one of the key interventions to counter this binding constraint.

The Bietbridge One-Stop Border Post Policy project is very relevant to South Africa as it offered the potential to lower transit times in support of regional trade and integration. The country shares border with six countries, which are important markets and sources of imports for South African manufactured exports. Moreover, South Africa functions as transit point for merchandise going to and from the southern African region with seven well-equipped commercial ports.

2.1.4. Water supply and sanitation

The Bank's proposed support for the Lesotho Highlands Water Project Phase II is relevant to the needs of South Africa. South Africa's National Water Resources Strategy, published in 2013, focuses largely on water management within the country and commitments to SADC protocols with respect to regional water management. It does not cover the Lesotho Highlands Water Project Phase II, despite its long gestation. A potential borrower of Bank funds is the Trans Caledon Tunnel Authority (TCTA), a State-Owned Enterprise, which finances and manages the implementation of economically viable projects off budget, and investment costs are repaid from user charges. Given the failure to mention the project in the National Water Resources Strategy, it is therefore not possible to confirm if this Phase II

project is consistent with Government policy. The lack of clarity regarding this project may reflect the sensitive nature of its predecessor, the Lesotho Highlands Water Project Phase I, which was characterized by corruption and left some parts of Lesotho with water shortages.

Two small pilot water projects were promoted using Africa Water Facility (AWF) funding. The Operationalizing Community-driven Multiple-Use Water Services (MUS) project is fully aligned with national priorities, as the MUS concept is anchored in the National Water Resources Strategy of 2013, which recognizes multi-use services as a significant challenge and promotes the smooth integration of the provision of water supplies for domestic use and water for other purposes leading to economic production. The project for the Social Franchising for Operations and Maintenance of School Sanitation Facilities responds to the DWAF Report on the Status of Sanitation Services in South Africa (2012) which includes recommendations for a nation-wide effort to put in place appropriate organizational infrastructure to manage the implementation of the sanitation program.

2.1.5. Financial sector

The Bank's support to the financial sector was relevant in terms of expanding the availability of credit within the country and the wider region for the funding of agriculture and agro-processing. Access to funding by small and medium enterprises in these two sectors has always been problematic. The Bank support is to promote participation of the financial sector through the provision of additional resources, thereby reducing the cost of money to these institutions and building up their capacity in this area.

2.1.6. Communications

The Broadband Infraco project, even though not initially envisaged in the CSP, was financed as a means to support the ICT sector. It is aligned with the priorities of the GSA as the company is tasked with providing broadband infrastructure in line with the vision of the National Development Plan 2030 to make available broadband access available to all citizens by 2020.

2.1.7. Relevance of CSP design (from approval through completion)

The CSP design responded appropriately to the uncertainty surrounding GSA's unwillingness to borrow from multilateral finance institutions because of the perceived risk of aid dependency and likely excess conditionality. Although Pillar 1 included a sector budget support loan – Climate Resilient Green Economy planned for 2013 – it was dropped as no funding request was received. Other factors that constrained the Bank's operations in South Africa included competition from other donors and the Bank's procedures, which were perceived to be cumbersome and acted as an additional layer of costs, as gathered from the evaluation findings. The Bank established its regional office, the Southern Africa Resource Centre (SARC), in South Africa in 2012 as part of its strategy of decentralization. By the end of the CSP period, over 70% of task managers for projects in South Africa was based in SARC.

South Africa's needs remained broadly stable over the duration of the CSP; it was therefore appropriate that the Bank demonstrated continuity of support. As highlighted in South Africa's MTSF and the annual MTBPS the broad thrust of policy direction remained constant during the implementation period. Macroeconomic performance, exchange rates and government revenues were largely volatile during the CSP period, but in a natural resource rich, comparatively open economy the volatility was expected and GSA and Treasury policy was broadly consistent in seeking to achieve economic stability. The lack of concessional finance available to South Africa and considerable expertise available within the country (which implies the need for knowledge products) meant that a focused CSP was appropriate.

The CSP was insufficiently structured towards actions that address South Africa's needs such as income inequality, the housing shortage, black economic empowerment (BEE), violent crime and limited institutional capacity at sub-national levels. However, this depended largely on GSA's willingness to borrow for a broad-based support.

The Bank increased its involvement in the power sector (particularly Eskom) during the CSP period was not the consequence of a planned shift in emphasis but rather the by-product of other projects not becoming effective. The failure to proceed on other projects could be attributed to the Bank requirement for sovereign risk guarantees for which GSA was reluctant to provide because to do so, the government contended, would reduce the incentives for SOEs to act fully commercially in undertaking appropriate due diligence and project appraisal work prior to investing.

2.2. Effectiveness

2.2.1. Effectiveness in achieving objectives

Pillar 1 infrastructure investments under the CSP were partially effective. Investments made under this category succeeded in increasing power generation and transmission capacity, and in assisting Eskom to overcome the extensive load shedding and outages that reduced the performance of the private sector and adversely impacted on households. The Bank's support constituted the largest investment in Eskom and its highest value syndicated loan in Africa (UA 696 million). The support to the power sector furthermore demonstrated the feasibility and viability of renewable energy to contribute to the energy crisis with the successful completion of both wind power and solar power projects. Overall, renewable energy generation in South Africa was boosted by the Renewable Energy Independent Power Producer program through which the GSA aims to deliver 13,327 MW of green power by 2025. Early success on the Xina Solar One Power Project in South Africa should help build momentum towards the use of renewable energy by South Africa, and delivery by private producers to the national grid is also both desirable and consistent with achievement of the independent power producer program strategic objectives. However, the Upington UA 156 million loan planned in the CSP was cancelled due to inordinate delays and technical challenges. On the other hand, a project to provide locomotives and rolling stock was successfully completed, although not yet made effective in terms of increasing the share of goods transport by rail in South Africa. Little headway, however, has been made with the proposed water and housing projects. Similarly, the lines of credit provided within South Africa were only partially effective in supporting the intended development of agriculture and agro-processing.

Pillar 2 investments to support regional integration were overall not effective. The provision of lines of credit helped increase funding availability within the region, but it is difficult to make any linkage to regional integration. It is expected that in due course, the improved availability of power (supported under Pillar 1) should enable greater power sharing between South Africa and its neighboring countries. Other initiatives such as the One Stop Border Post and regional water projects did not materialize as envisaged. The Corporate Loan to Transnet, included under Pillar 2, was utilized but it is not possible to establish any direct impact on regional integration.

2.2.2. Development outcomes

Despite limited outcome impact that could be attributed to Pillar 2 support, under Pillar 1, the implementation of the CSP achieved some of its development outcome objectives. Development outcomes were realized in the energy sector, in terms of increased generating capacity and reduced power shortfall that bedeviled South Africa in the first part of the CSP period (2013-2016). In principle, despite data limitations, this could have led to increased industrial output and ultimately improved income (through employment generation) and welfare (through increased consumption). Similarly, reduced load shedding to households should have improved welfare implications. The development outcomes of rail investments are likely to have been achieved in terms of improved availability and reliability of locomotives and rolling stock, although this has not yet led to the planned increase in rail freight volumes.

The Bank also made a positive contribution to renewable energy in South Africa. The expansion in solar power generation has both outcome effects through enhanced availability of power and helping reduce the negative climate change effect of coal-based generating systems. The CSP Completion Report did not adequately recognize the achievements in this area, and there is inadequate emphasis on renewables in the forthcoming CSP. With respect to the financial sector support, it is reported that the Lines of Credit operations contributed to satisfactory development outcomes, although available evidence is spotty. However, examples such as a Land Bank loan used to finance a board manufacturing plant near Ugie and Maclear, points to positive increases in employment generation and prospects for development of these communities.

2.2.3. Unanticipated additional outcomes

There was a positive externality associated with the high value syndication process that occurred during resource mobilization for the support to Eskom that raised the Bank's profile with commercial banks operating in the region. It also deepened the understanding of the Bank's procedures within the private financial institutions in South Africa, thereby making it easier for follow-up syndication efforts.

2.3. Efficiency

2.3.1. Timeliness

The disbursement rate for the Bank's South Africa portfolio improved during the CSP period. The details are presented in Annex 3. It resulted from the effort put in by the RDGS and others to address the inhibitors to effectiveness and loan drawdown. At the start of the CSP period, the portfolio faced extensive delays; for example, three and a half years in the case of the Medupi power project before effectiveness. Efforts made in terms of improved supervision brought projects such as Medupi and Xina Solar 1 back on track. A number of loans were cancelled, yielding the appearance of a much-improved Bank's portfolio. Yet cancelled projects still represented forgone effort, potentially damaged relations with would-be borrowers, and constituted a substantial opportunity cost.

2.3.2. Implementation progress

Several project loans were cancelled or delayed, suggesting weaknesses in Quality at Entry or poor responsiveness on the part of Government that undermined the relevance of the portfolio from an implementation perspective. A significant concern is the number of projects for which the Bank's periodic reports stated: "No funding request received or dropped." The CSP Completion report would have benefitted from additional information about why projects were dropped. Five infrastructure projects (including Upington), and one regional integration project were cancelled. Two further infrastructure projects (Housing Investment Partners Project and Mokolo Crocodile Water Supply & Sanitation Project Phase II) and a Transnet regional rail project (Swaziland-South Africa) were delayed beyond the CSP period. This raises questions about the realism of the Bank's project preparation. From a Theory of Change perspective, a very high incidence of projects not reaching effectiveness (using OPSCOM criteria), suggests that either the Bank's offering is not sufficiently aligned with the stakeholder's needs to ensure drawdown of funds, or it implies some other concerns regarding the Bank's operations.

2.4. Sustainability

Demand for the electricity generation and transmission capacity funded by the Bank is likely to continue to be strong. On the other hand, the rail freight traffic reduced during the CSP period, largely due to external factors, in particular adverse trends in some minerals production, and competitiveness problems, which affected vehicle production. Overall rising income levels and population growth (both from natural increases and from net inward migration within the region, should continue to drive demand in both power and transportation. Another dimension required to ensure sustainability relates to asset maintenance for which South Africa scores well, as Eskom regularly clears its maintenance and rehabilitation backlog. With respect to the provision of LOC, private sector through lending intermediaries makes it difficult to ascertain sustainability of projects funded. In addition, cross-border lending is inherently challenging to monitor for results, and the use of intermediary funding institutions inevitably dilutes clarity regarding sustainability of the initiatives that have benefitted from support. Based on available evidence, it is therefore not possible to draw firm conclusions regarding sustainability of these beneficiary project and initiatives.

2.5. Managing Risks

The Bank identified key risks, based on a good appreciation of the issues faced by South Africa, but underestimated the impact of delays in project preparation and implementation. As noted by the CSP Completion Reports and Supervision Reports, limited borrower capacity, procurement and construction slippages affected performance. Substantial efforts by the RDGS reduced the number of flagged projects in the portfolio, and there were no ageing projects by the end of the CSP period (in part due to cancellation of non-performing projects). In general, the Bank's cautious attitude to risk contributed to implementation delays and outright cancellation of some proposed projects. Issues such as the Bank's requirement for sovereign guarantees to meet its risk management criteria, in the water and more recently in the energy sector and GSA's reluctance to provide them were not adequately considered during CSP preparation. This was confirmed to the CSPE team in interviews with GSA officials, who emphasized the need for the Bank to find instruments more suitable for South Africa.

3. Bank's performance

The Bank's overall performance is rated unsatisfactory due to the limited progress achieved during implementation in areas other than the energy sector, and the failure to address crosscutting issues including gender equality, HIV/AIDS, and violent crime. The Bank's support contributed to significant progress in overcoming South Africa's major electricity generation deficit. The successful development of renewable energy projects, in both the public and private sectors is also a key achievement. Similarly syndicating a major loan is a significant step forward for the Bank, which should enhance its reputation and profile. By contrast, Bank's contribution in other areas was marginal: progress in the water sector was less than expected, only one rail investment project (locomotives and rolling stock) was financed, and not much was realized with respect to the regional integration agenda and non-lending activities.

3.1. Program of financing

Implementation of the CSP was generally not constrained by the availability of finance from the Bank, barring the GSA's unwillingness to borrow. Slow disbursements and cancellation reflected procedural challenges. However, with respect non-lending activities the reliance on MIC-TAF and AWF Trust Fund grants posed a substantial limitation to implementation. IDEV's evaluation found that cumbersome approval and management procedures have acted as a deterrent to advisory activities funded by MIC-TAF and Trust Fund resources. Out of the nine MIC-TAF and AWF Trust Fund grants included as Indicative Non-Lending Operations for implementation during the 2013-2017 CSP period, none reached a 50% drawn-down (or disbursement rate) during the life of the CSP. In addition, MIC-TAF and Trust Fund resources were limited and not easily available because of undue delay in processing of requests.

3.2. Managing program implementation

Program implementation, following Board approval of specific loans, adhered to Bank's standard procedures for effectiveness, disbursement, financial reporting and auditing, and closure. Each phase encountered substantial challenges during the implementation of the CSP partly because of the limited knowledge of GSA officials on the Bank procedures, and high turnover of staff on the part of both GSA and the Bank. Specifically, the Eskom Medupi Power Project, was approved in 2009, but finally became effective only in 2015. Delays in construction also added about three and a half years to implementation. Similarly, the Sere Windfarm despite some early contractual issues became effective in 2015. Eskom Upington was committed during the 2013-2017 CSP but had not disbursed about five years after approval. Program management issues are more complicated with respect to activities (usually non-lending) funded by MIC-TAF and AWF Trust Fund grants.

Grants had the longest First Disbursement delays with an average of over two years, almost double the average for project loans and LOCs. One of the most likely reasons for some projects having such delays is the Bank's grant processing procedures, which were reportedly cumbersome to deal with.

Despite the generally poor disbursement performance, SARC, in recent years, have made some progress in speeding up disbursements. The IDEV evaluation, however, noted that the progress depended on the cyclical nature of approvals and that low approvals in the run-up to the CSP period provided an opportunity for lagging projects to be brought up to speed.

3.3. Monitoring and evaluation

The South Africa portfolio was subjected to extensive review processes during the CSP cycle, as follows:

- A Country Portfolio Improvement Plan (CPIP) was prepared in 2012 and the Portfolio Improvement plan was updated in 2014 and 2015.
- The Combined Country Strategy paper 2013-2017 Completion Report and 2017 Country Portfolio Performance Report; and
- A Midterm review of the Country Strategy Paper 2013-2017 and Country Portfolio Performance review was undertaken in 2015.

The Midterm Review of the CSP includes a Country Strategy Results Framework. Although it follows the same structure as the 2017 CSP portfolio Completion report, its presentation is clearer, with subsection heads. Both documents could benefit from adoption of a consistent numbering system.

The 2012 CPIP covered three major portfolio issues: i) implementation preparedness and effectiveness; ii) fiduciary management; and iii) environmental and social safeguards. Of the nine actions identified during the 2015 Midterm Review, five were fully implemented, namely quality during implementation, information disclosure deficiencies, inadequate financial reporting delays in procurement approvals and limited follow-up on social and environmental issues. Three actions were still under implementation in 2015, namely quality-at-entry, effectiveness delays, and delays in government approvals together with limited use of national systems.

The 2015 CPIP identified several recurring issues including delays in compliance with conditions prior to entry, poor quality-at-entry in part due to the absence of exhaustive feasibility studies (which in turn reflects the lack of grant funding to assist project preparation). Other issues related to inadequate M&E of some projects, inefficient staffing policies especially in relation to PIUs, inadequate knowledge of Bank procedures and regulations; lack of awareness of ADB loan conditions and availability, and excessive delays from loan approval to signature leading to flagging of Private Sector Operations.

3.4. Partnership and donor coordination

As a MIC, South Africa is not aid dependent, so partnership and donor cooperation processes are less active than in other African countries. The RDGS, however, participates in information sharing and collaborative efforts where appropriate, especially with respect to regional integration. There are also limited opportunities for co-financing, although during the CSP period, the Bank jointly funded the National Integrated Transport Strategy (a non-lending operation) with GIZ.

4. Summary of overall CSP performance

4.1. Overall assessment

This CSPCR Validation Note concludes that whilst the portfolio was highly relevant to South Africa's needs, it did not address crosscutting issues very well. Key investments in the power sector helped to improve electricity availability, reduce load shedding and promote sustainable energy (wind and solar power), but other parts of the planned portfolio (e.g. in the water sector) did not materialize. Similarly, progress on regional integration was unsatisfactory. The Lines of Credit exhibited some achievements, but their development impact could not be established. The sustainability of the active portfolio is promising, given that it is focused on the key sectors (power, transport). Non-lending activities were slow to implement. The validation assessment rates the overall performance as Unsatisfactory, compared to the CSP Completion Report, which assessed the performance as Satisfactory (Table 2):

Table 2: Summary of Performance

Evaluation Criteria	Summary Performance	Rating
Relevance	Highly relevant to South Africa's needs, government strategies, and consistent with Bank's "High 5" priorities and other donors. However, the CSP did not adequately address crosscutting issues including gender, HIV/AIDS and violent crime. There are also concerns with design relevance in view of implementation issues.	Satisfactory
Effectiveness	Investments in energy sector contributed to overcoming South Africa's power deficit, averting production declines and consumer welfare reductions due to load shedding. Supported private sector in financial lending to broaden regional integration of financial services. Contributed to rail transport, although could not contribute to modal switch from road to trail. Progress was slow with respect to bulk water project support and most regional integration interventions, as in most non-	Unsatisfactory

	lending activities. Wide deviation between intended and actual portfolio prevailed.	
Efficiency	The disbursement rate of South Africa's portfolio improved during the CSP period. Disbursement rate for non-lending operations was low. A large number of project loans were cancelled or delayed, which suggest weaknesses in quality-at-entry, responsiveness times or competitiveness issues.	Unsatisfactory
Sustainability	Demand for the electricity generation and transmission capacity is likely to continue to be strong although rail freight traffic did contract during the CSP period. It is expected that rising income levels and population growth should continue to drive demand. South Africa scores well with respect to asset maintenance. Private sector energy providers are driven by efficiency objectives to maintain their assets well. Private sector lending through intermediaries makes it difficult to ascertain sustainability of projects funded under LOC.	Satisfactory
Overall Rating		**Unsatisfactory**

4.2. Comment on the design, implementation and utilization of the M&E

Underpinning a Results Framework should be a robust theory of change. This is not apparent, however in the CSP, so the key linkages between inputs, activities, outputs, outcomes and expected impacts were not available to use for M&E.

As noted earlier, the metric for the Results Based Framework was too macro to adequately address specific crosscutting issues. The Results Framework is also very short of details regarding financial sector loans and the results anticipated from them. The Bank prepared Additionality and Development Outcomes Assessments (ADOA) with respect to its financial sector loans, but were not summarized in the Overall CSP Results Framework. There is no evidence that the results-based framework was used as an active monitoring tool. Whilst the Results Framework was utilized as part of the Midterm Review in 2016, the opportunity was not taken at that time to include more detailed performance indicators, instead at the time of the CSP Completion Report slightly less detailed indicators were included.

Consideration could be given to extending the results framework to include a portfolio risk matrix, to help assess evolving systemic risks. The Bank's high degree of concentration in the energy sector represents a risk, and is the consequence of a relative lack of leverage in other sectors. Whilst there is no easy answer to this, improved funding of non-lending interventions by the Bank, using its own resources in the absence of MIC or Trust Fund resources could be beneficial to extend Bank knowledge of opportunities available. In addition, the RDGS should press for simplification of Trust Fund Operating procedures in order to make them more responsive to the practices of client countries (i.e. promoting client country systems).

4.3. Comments on CSP CR quality and timeliness

The CSP Completion Report, in general, was well prepared, but could benefit from greater attention to results; risk identification and mitigation; timelines and the evolution of the portfolio over the CSP period; and portfolio coherence and cross-learning opportunities. The inadequacy of the results matrix meant that linkages between what was planned and what was achieved were not well articulated. Moreover, there was no evidence that the results matrix was used as a management tool during program implementation.

Treatment of risks was not sufficiently examined in terms of risk type (e.g. political, financial and economic) and level (project, sectoral or macroeconomic). The Country Portfolio Performance Review mechanism provides the ideal opportunity to address risk in a systematic manner. It would have been beneficial if additional analyses were included based on the findings of CPPR reviews undertaken during the CSP period.

The portfolio naturally evolved during the CSP period, but the timelines and key metrics were not reported in a manner that helps the reader understand what the key milestones were, and what implications that had had in terms of Bank exposure for its lending. Examination of delays and the causes of those delays would be beneficial to understand whether they resulted from processes or resources on the Bank's side, constraints in borrower/beneficiary capacity or other causes. While this was done for the Eskom's Medupi Power project, in most other cases no explanation was provided.

A recurring feature of the portfolio was that no funding requests were made by the Government for some agreed projects or operations, and as a result, the proposals were dropped. The CSP Completion Report was largely silent as to the reasons for this. Reasons could relate to poor or inadequate preparation (quality-at-entry), backlogs in task management, slow processing, slow procurement, and uncompetitive terms of financial offering or evolving changes in borrower needs. An important omission related to the difficulties in obtaining sovereign risk guarantees against loans to State Owned Enterprises, which caused delays and may have contributed to a loss of traction in key sectors such as the water sector. Without analysis of why projects needed to be stopped or cancelled, examined on a consistent and comprehensive basis, it is not possible to identify remedial measures to ensure that the next Country Strategy addresses these challenges in order to improve performance.

The basic structure of the report, in particular combining the CSP Completion Report with the 2017 Country Portfolio Performance Review appears appropriate, but the evidence supporting the text is in some cases out of date. For example, Annex 5 provides Key Performance Indicators for the Ongoing Portfolio. Yet the data included are dated March 2017. Given that the CODE presentation was expected to be 28th November 2017, some of the information sources were therefore at least six months or more out of date.

5. Evaluation of key lessons learned and recommendations

5.1. Lessons learned

The CSP Completion Report identifies seven lessons from the implementation of the CSP for the Bank. These are summarized and commented on as below:

1. ***Development challenges of South Africa is characterized by high poverty, unemployment and income inequality.*** A well-balanced mix of macroeconomic, structural and microeconomic policies focusing on improvement of overall business environment is essential to address these challenges. The policy mix should not only facilitate investments in the prerequisite infrastructure but also reforms of legal and regulatory frameworks to remove restrictions preventing private sector actors from entering the market (crowding-in) and provide direct support to transformative industries. The policy mix needs to include regional integration, maintaining macroeconomic stability and skills development. The observation is appropriate and correctly identifies the need at strategic level to pay more attention to the specific needs and challenges of South Africa as an upper MIC, and to accelerating reindustrialization to address overarching challenges of the Dual Economy. However, the role that the Bank can play is in reality limited at policy level, as the South African Government is not considered highly receptive to external policy advice, because of the dynamics of its political economy.

2. ***Syndication, co-financing and private equity participation are innovative financing instruments and have made good progress in South Africa, as rightly noted by the CSPCR.*** However, it is imperative to pay greater attention to the risks emanating from channeling more funds to high risk countries through the South African financial sector while safeguarding the key development objectives of the Bank (such as job creation, support to SMEs and supporting environmental and social responsibility). This is a challenge, as the Bank has little effective oversight or control over intermediary on-lending, especially for portfolios which blend Bank resources with those of others.

3. ***The CSPCR rightly emphasizes the need to ensure that the Bank responds flexibly and swiftly to emerging needs and opportunities***. If pillars are formulated too narrowly, there is a risk that the Bank may face difficulties to respond favorably to requests for funding which may cause significant loss of business to the Bank. It is essential to strike a balance between supporting flexible responses and using a Results Framework defined at the onset as a management tool, which could potentially inhibit innovation and responsiveness to opportunities.

4. ***As the CSPCR has rightly recognized, in order to position the Bank as a true knowledge-based institution, it is essential to ensure that collaboration with development partners, academia, think tanks and government agencies is a key principle for all new ESWs.*** [The CSPCR also recommends that the Bank should be more active in providing high quality policy advice to the Government.]

5. ***Monitoring and results measurement requires identification of baselines and realistic target outputs and outcomes in the CSP Results Based framework based on a robust Theory of Change, as the CSPCR has rightly pointed out.*** It notes that the Framework in the CSP needs to be robust and indicators measureable.

6. ***The CSPCR rightly notes that greater emphasis on quality-at-entry of private sector projects is essential to ensure smooth CSP implementation.*** The use of country systems for procurement will minimize procurement errors and delays.

7. ***For an upper MIC such as South Africa, the use of country procurement system and procedures is desirable and the best solution to achieve efficient procurement outcomes.*** As long as the Bank rules and procedures are used, it is essential to provide adequate training to the PIU staff and procurement staff in executing agencies.

In addition to the above, other lessons are related to the need for greater synergies between different parts of the Bank's operations, which should be clarified in the CSP. It is essential to ensure the complementarity between lending and non-lending operations (current or envisaged). For example, strengthening statistical capability should be complementary to the development of a greater focus on performance and results measurement.

5.2. CSPCR Recommendations

The CSPCR has recommended that the Government should: (a) speed up signature procedures to help address start up delays; (b) accelerate the adoption of a new unified public procurement law and request the use of advance contracting procedures especially for complex infrastructure projects; and (c) impress upon executing agencies the need to justify expenditure on time to avoid disbursement delays and enhance communication between stakeholders. These are procedural issues, and the CSPCR Validation Note agrees with them.

For the upcoming 2018-2022 CSP, the CSP Completion Report recommended that the theme be "Supporting Economic Transformation for Inclusive Growth and Job Creation, anchored on two pillars: (1) Promoting Industrialization; and (2) Deepening Regional Integration. Continuing to support regional integration derives from the high importance of South Africa in the SADC as a regional engine of growth and industrialized country. Despite this, the 2013-2017 CSP showed how challenging it was to implement regional projects. On the other hand, in view of the substantial progress the Bank has made with respect to its support for renewable energy in South Africa, it is surprising that little reference is made to this area of potential focus. It may be necessary to revisit the role the energy sector would play for the Bank support for industrialization in South Africa.

6. Summary of the validation

The CSP Completion Report notes: “The overall performance of the Bank’s public and private sector portfolio is generally satisfactory.” It notes improvements in the Bank’s portfolio management since the RDGS was established, improvement in turnaround time on government requests and closer working relations between the Bank and project implementing staff. Specifically, it highlighted the following performance indicators:

- The overall performance of the portfolio was judged satisfactory with a rating of 3.13 on a scale of 1 to 4.
- The Overall number of flagged projects declined from 11 in May 2014 to 3 in March 2017;
- Commitments at risk represent 5.7% of the portfolio;
- The disbursement rate has risen from 42.4% in 2013 to 81.2% in 2017. However, it must be noted that several projects were cancelled because no drawdown requests were received, so this relates to a slimmed down portfolio.
- The average time from approval to first disbursement is 1.4 years with a minimum of three months for line of credit to Nedbank and IDC, and a maximum of 2.9 years for the Statistical Capacity Building Project II.

These improvements, however, are related to processes rather than results. While this review confirms the positive direction of the Bank’s portfolio performance, it found that in several key areas where performance was unsatisfactory in terms of results when compared with the intentions stated in the CSP at its start in 2013. These include the following:

a) The Bank’s objectives have only been partially met at sector level. In terms of infrastructure, with the exception of the power sector projects and a single rail investment (locomotives and rolling stock), the Bank performed subpar. Interventions in the water sector did not take off as envisaged. In addition, several supervision reports indicated ongoing challenges in the energy sector including with operationalizing the large scale Medupi Power Project.

b) Progress towards regional integration was limited, with key projects, such as the One Stop Border Post initiative being stalled. The Bank has provided lines of credit that have been on-lent within the region, although their development effects could not be ascertained.

c) Support for non-lending operations was unsatisfactory, in part due to the failure to timely capitalize on available limited MIC Grant facilities, together with slow drawdown on projects already approved.

In view of the findings from this review, the CSPCR Validation Note provides the following four points for the consideration of Bank management in future CSPs:

1. ***The Bank should revisit its approach to risk management, as it acted as a constraint to achieving results in a number of cases, and specifically led to the non-approval by Board of a loan to Eskom.*** The GSA has been reluctant to provide sovereign guarantees for State Owned Companies. Although the Bank acknowledges South Africa as an MIC, it has not moved to adopt the country systems, for example in procurement. The World Bank, on the other hand, has been making changes in this regard for well-performing clients.

2. ***The results reporting should be strengthened across all Bank operations, and ensure that this is done upwards to the Country Results Reporting formats and downwards to project loans.*** Lines of Credit requires special attention and effort in this regard.

3. ***The Bank needs to be more realistic about its intentions and timelines. The 2013-2017 CSP proved overly optimistic in terms of what could be achieved, resulting in numerous project cancellations and incomplete loan disbursements.*** The forthcoming CSP should take into account the lead times for project preparation, and incorporate realistic assessment of implementation timelines, recognizing country characteristics.

4. ***The Bank's proposed focus on infrastructure service delivery to townships etc. would need to emphasize the availability of adequate counterpart funding and cost recovery to guarantee sustainability.***

In conclusion, this Validation Note rates the overall performance of both Pillar 1 Infrastructure Development and Pillar 2 Regional Integration as Unsatisfactory, compared to the CSPCR assessment as Satisfactory. The difference is largely attributable to the slow progress of implementation achieved in areas other than the energy sector, and the portfolio's limited contribution to key crosscutting issues (such as HIV/AIDS, gender inequality, and addressing the causes of violent crime).

Follow up action by IDEV: Identify critical issues or lessons to be noted in the next assessment, CSPE, Sector Reviews etc. Request for additional field validation.

ANNEXES

Annex 1: A Note on Methodology

Approach

The validation exercise was based on an assessment framework developed for the pilot exercise (see details below). This will be further revised after the ongoing revisions to the new CSP guidelines are completed. This framework was developed based on the prevailing guidelines for CSP completion, and guided by the core evaluation criteria of relevance, effectiveness, efficiency and sustainability for establishing evaluation outcomes. The guidance focused on four core assessment dimensions, viz. Strategic orientation, Outcome performance focusing on the program's performance, Bank's performance, and overall CSP performance. The validation of the CSP completion reporting involved the following:

- **Assessing overall quality of CSPCR.** Assessing and commenting on adequacy of evidence and information on performance (including lessons) and extent of coverage of CSP objectives in line with the results framework to inform decisions on next CSP cycle. The assessment will seek to identify and provide additional relevant information that may have been omitted in the CSPCR findings.

- **Assessing quality of monitoring and performance reporting** by establishing the appropriateness of program logic and the extent to which activities were aligned to elements within the program logic framework, i.e. based on clear indicators attributable to Bank interventions from not only the investment operations but non-operational activities as well. (The validation reviewed or validated the theory of change, CSP results framework with remarks and proposed recommendation for improvement, where applicable).

- **Assessing relevance of lessons learnt.** The review has identified lessons on elements to assist improve results orientation of the Bank's CSPs.

The validation process did not focus on rating the CSPCR but rather assessing its quality based on the guidelines for its preparation.

Data Collection and Review

The process involved the use of secondary and to some extent primary data through consultations with relevant stakeholders. The sources of information includes a thorough review of all relevant documentation including previous evaluations focusing on South Africa operations, project supervision summaries, CSP mid-term review reports, annual business review reports, statistical country socioeconomic data and other reporting evidence on performance indicators. Task managers of different projects in the portfolio were consulted as well as the country economist through semi-structured interviews for clarifications and validation of data gaps.

CSPCR Validation Assessment and Rating Framework

Assessing Overall Outcome

Rating Scores	Description and judgement criteria	Remarks
Achieved	The assistance program achieved at exceptional progress toward all major relevant objectives and had best practice development impact on one or more of them. No major shortcomings were identified in the assessment of performance reporting on CSP results framework for example safeguard violations or significant unintended negative consequences) were identified in the program All quantitative targets were met.	Standard expectation is to have evidence indicating more than 75% of the assessment descriptions.
Mostly Achieved	Most of the assistance program achieved progress toward all major relevant objectives. No best practice achievements or major shortcomings were identified. Some shortcomings in development outcome in one or more areas. Most quantitative targets were achieved.	Standard expectation is to have evidence indicating 50-75% of the descriptions.
Partially Achieved	Majority of the assistance programs did not achieve or partially achieved its objectives, Did not make acceptable progress towards most of its major relevant objectives, and either (a) did not take into account a key development constraint or (b) produced a major shortcoming, such as a safeguard violation.	Evidence showing partial achievement (less than 50%) of either of the key assessment descriptions.
Not Achieved	The assistance program did not make acceptable progress toward any of its major relevant objectives and did not take into adequate account a key development constraint or produced at least one major shortcoming, such as a safeguard violation or non-performance of a focused crosscutting theme.	Limited or no evidence of achievement related to the expected objectives and results.
UTS	Unable to score.	When information is insufficient or could not be verified to make a judgement.
N/A	Non applicable.	Highlight of Important elements from findings that does not fall under the CSP assessment dimension and criteria for analysis.

Assessment of the Bank's Performance

The rating of the Bank's performance will involve an overall judgement on how well it has performed on two key dimensions: (i) the design of the CSP, and (ii) implementation of the CSP program. The IDEV validation would consider, among other things, the factors below and discuss performance based on those that are relevant

Factors to be considered in assessing **program design**:

- Quality of design of the Bank's interventions for achieving CSP Objectives, including in selection of focus areas and instruments, adequacy and appropriateness of interventions, consistency between financing mechanisms, additionality, synergy across the Bank and coordination with other development partners' programs.

- Tradeoff between risk and development impact (particularly in fragile states).

- Strength of results framework and intervention logic, including realism of the CSP objectives and the relevance of outcome indicators for measuring achievement of CSP objectives.

- Identification of critical risks and mitigation measures.
- Integration of lessons learned from the previous CSP.

Factors to be considered in assessing **Implementation performance**:

- Quality of supervision, including managing program risk, the risk and quality of the portfolio, timeliness of program implementation and adjustments, recourse actions during midterm review and its impact on performance.
- Relevance, quality and dissemination of knowledge services.
- Responsiveness to changing circumstances, country capacity priorities and demands of the country, including introducing mid-course correction when needed and updating the results matrix in the CPS.
- The Bank's efforts for improving alignment with country systems, policies and coordination with other development partners.
- Attention to safeguard and fiduciary issues.
- Extent of consultations with stakeholders, issues requiring close consultation with government on next cycle questions regarding possible recommendations and lessons for next CSP.

Rating Reference	Judgement Criteria	Comments
Highly Satisfactory	The design and implementation of the program successfully contributed to the pursuit of CSP objectives with a strong results framework, timely adaptation to changing circumstance and priorities, exceptionally successful interventions and or innovations. A sound program of ongoing activities in place for the next strategy period.	The validation summarizes the key strength and weaknesses in the design and implementation of the program by referring to elements of the key factors listed above. Where validation ratings is different from the completion report ratings, the evaluator will note the fact and explain the key reasons for the difference with justifiable evidence.
Satisfactory	The program design and implementation successfully contributed to the achievement of key CSP objectives and timely adaptation to changing circumstance and priorities. A sound program of ongoing activities in place for the next strategy period.	
Unsatisfactory	The Bank was successful in contributing to achievements in some areas but the design and implementation failed to contribute to a significant number of CSP objectives (above 50%). The Bank failed to engage to address implementation problems in a proactive way and failed to adapt to changing circumstances.	
Highly unsatisfactory	The design and implementation of the program failed to adequately contribute to the implementation of the CSP. The program of activities need significant improvements.	

Factors considered in assessing **Development Outcome dimension**:

- Relevance, effectiveness of outputs, outcomes, per sector/theme as targeted by the CSP Objectives.
- Achievement of sector/cross-sectoral development outcomes of proposed programs.
- Sustainability of interventions of AfDB, sustainability of other DP's /co-financed programs by sector/theme including impact on MDGs/SDGs.
- Long-term achievements, effectiveness of program to long-term goals.
- Attempts/achievements or performance of policy reforms, changes.
- Extent of harmonization/partnerships of CSP, sector, and country strategies with appropriate modalities to create synergies and avoid duplicative efforts.
- Evolution of country's conditions; emerging from conflicts or transition from war to peace or vice versa (particularly for fragile states).

Factors considered in assessing attribution or **alignment with strategic orientation**:

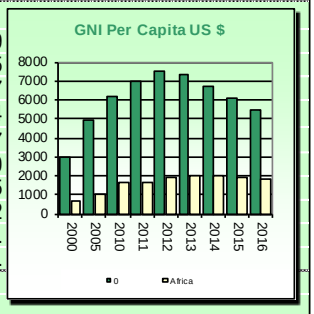
- The extent to which the Bank's program supported objectives in focus areas identified as critical for achieving the strategic goals in a sustainable manner.
- Design quality of the CSP results framework (e.g. adequacy/appropriateness of results indicators, availability of baseline data).
- The extent to which the Bank's program shifted during the CSP cycle towards a greater focus on the most critical areas for achieving the strategic goals, showing evidence that the changes addressed the goals.
- How well the links to the strategic goal and sustainability were articulated in the CSP results framework, and measured with relevant indicators.
- The extent to which the overall program was focused, selective and sustainable, with adequate Bank resources concentrated to have maximum impact on achieving the overall bank's strategic goals.

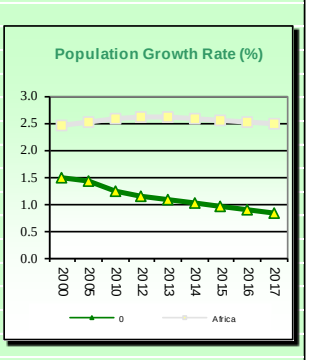
Factors considered in assessing **overall CSP completion reporting**:

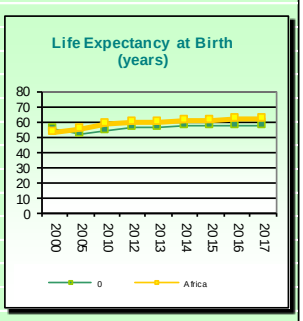
- Timeliness of reporting.
- Quality of results framework: linkages at different phases of CSP document, quality of indicators, measures, risks, consideration of other contextual issues.
- Extent to which the program was monitored adequately.
- Quality of program cycle activities: midterm review; supervision; sector work.
- Compliance of reporting during the CSP cycle; midterm reviews, portfolio reporting, CSP extensions.
- Content: extent to which relevant crosscutting themes were addressed; coverage of gender issues.
- Relevant gender issues that should have been addressed.

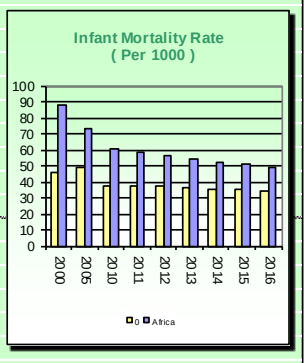
Annex 2: Comparative Socioeconomic Indicators

	Year	South Africa	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2017	1,219	30,067	80,386	53,939
Total Population (millions)	2017	55.4	1,184.5	5,945.0	1,401.5
Urban Population (% of Total)	2017	64.3	39.7	47.0	80.7
Population Density (per Km²)	2017	45.7	40.3	78.5	25.4
GNI per Capita (US $)	2016	5 480	2 045	4 226	38 317
Labor Force Participation *- Total (%)	2017	53.7	66.3	67.7	72.0
Labor Force Participation **- Female (%)	2017	46.6	56.5	53.0	64.5
Sex Ratio (per 100 female)	2017	97.0	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2015	119	...	...	...
Popul. Living Below $ 1.90 a Day (% of Population)	2011	16.6	39.6	17.0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2017	0.8	2.6	1.3	0.6
Population Growth Rate - Urban (%)	2017	1.4	3.6	2.6	0.8
Population < 15 years (%)	2017	28.8	41.0	28.3	17.3
Population 15-24 years (%)	2017	18.8	3.5	6.2	16.0
Population >= 65 years (%)	2017	5.2	80.1	54.6	50.5
Dependency Ratio (%)	2017	51.5	100.1	102.8	97.4
Female Population 15-49 years (% of total population)	2017	26.9	24.0	25.8	23.0
Life Expectancy at Birth - Total (years)	2017	57.9	61.2	68.9	79.1
Life Expectancy at Birth - Female (years)	2017	59.5	62.6	70.8	82.1
Crude Birth Rate (per 1,000)	2017	19.9	34.8	21.0	11.6
Crude Death Rate (per 1,000)	2017	12.5	9.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2016	34.2	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2016	43.3	75.5	47.3	6.8
Total Fertility Rate (per woman)	2017	2.3	4.6	2.6	1.7
Maternal Mortality Rate (per 100,000)	2015	138.0	411.3	230.0	22.0
Women Using Contraception (%)	2017	66.4	35.3	62.1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2016	81.8	46.9	118.1	308.0
Nurses and midwives (per 100,000 people)	2016	522.9	133.4	202.9	857.4
Births attended by Trained Health Personnel (%)	2008	94.3	50.6	67.7	...
Access to Safe Water (% of Population)	2015	93.2	71.6	89.1	99.0
Access to Sanitation (% of Population)	2015	66.4	51.3	57	69
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	18.9	39.4	60.8	96.3
Incidence of Tuberculosis (per 100,000)	2016	781.0	3.8	1.2	...
Child Immunization Against Tuberculosis (%)	2016	74.0	245.9	149.0	22.0
Child Immunization Against Measles (%)	2016	75.0	84.1	90.0	...
Underweight Children (% of children under 5 years)	2008	8.7	76.0	82.7	93.9
Prevalence of stunding	2008	23.9	20.8	17.0	0.9
Prevalence of undernourishment (% of pop.)	2015	4.6	2 621	2 335	3 416
Public Expenditure on Health (as % of GDP)	2014	4.2	2.7	3.1	7.3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2015	102.8	106.4	109.4	101.3
Primary School - Female	2015	99.0	102.6	107.6	101.1
Secondary School - Total	2015	102.8	54.6	69.0	100.2
Secondary School - Female	2015	102.0	51.4	67.7	99.9
Primary School Female Teaching Staff (% of Total)	2015	78.8	45.1	58.1	81.6
Adult literacy Rate - Total (%)	2015	94.4	61.8	80.4	99.2
Adult literacy Rate - Male (%)	2015	95.4	70.7	85.9	99.3
Adult literacy Rate - Female (%)	2015	93.4	53.4	75.2	99.0
Percentage of GDP Spent on Education	2016	5.9	5.3	4.3	5.5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	10.3	8.6	11.9	9.4
Agricultural Land (as % of land area)	2015	79.8	43.2	43.4	30.0
Forest (As % of Land Area)	2015	7.6	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2014	9.0	1.1	3.0	11.6







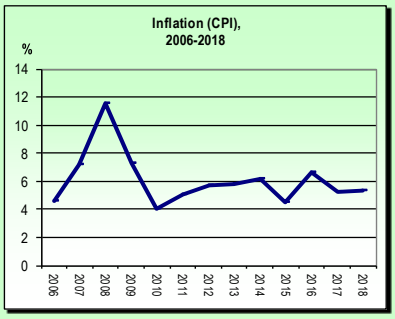


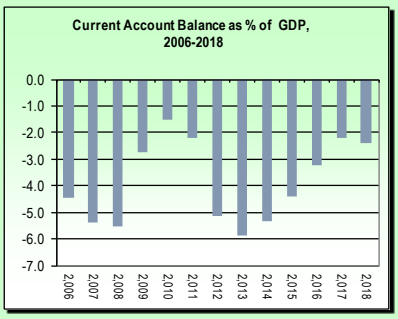
Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators; *last update :* *May 2018*

Selected Macroeconomic Indicators

Indicators	Unit	2000	2013	2014	2015	2016	2017 (e)	2018 (p)
National Accounts								
GNI at Current Prices	Million US $	135,589	392,078	364,291	330,757	301,284	...	...
GNI per Capita	US$	3,020	7,340	6,750	6,070	5,480	...	...
GDP at Current Prices	Million US $	132,964	366,645	350,638	317,509	295,739	324,841	341,095
GDP at 2000 Constant prices	Million US $	132,964	202,243	205,978	208,614	209,793	212,440	215,710
Real GDP Growth Rate	%	4.2	2.5	1.8	1.3	0.6	1.3	1.5
Real per Capita GDP Growth Rate	%	2.6	1.4	0.8	0.3	-0.3	0.4	0.8
Gross Domestic Investment	% GDP	15.9	21.2	20.5	21.0	19.4	18.5	18.7
Public Investment	% GDP	4.3	7.1	6.9	7.4	7.2	6.7	6.6
Private Investment	% GDP	11.6	14.1	13.6	13.6	12.2	11.8	12.1
Gross National Savings	% GDP	15.2	15.3	15.2	16.6	16.1	16.3	15.8
Prices and Money								
Inflation (CPI)	%	7.7	5.8	6.1	4.5	6.6	5.2	5.3
Exchange Rate (Annual Average)	local currency/US$	6.9	9.7	10.9	12.8	14.7	13.3	13.5
Monetary Growth (M2)	%	61.9	5.7	7.9	10.1	4.6	6.3	...
Money and Quasi Money as % of GDP	%	81.7	114.9	115.3	119.2	116.1	124.0	...
Government Finance								
Total Revenue and Grants	% GDP	23.8	27.8	28.3	29.5	29.2	28.8	29.7
Total Expenditure and Net Lending	% GDP	25.8	31.5	31.9	33.1	32.7	33.1	33.4
Overall Deficit (-) / Surplus (+)	% GDP	-2.0	-3.7	-3.6	-3.7	-3.5	-4.3	-3.7
External Sector								
Exports Volume Growth (Goods)	%	70.0	3.7	2.8	4.6	-0.6	-0.1	3.6
Imports Volume Growth (Goods)	%	33.6	6.2	0.0	5.5	-4.0	1.9	4.1
Terms of Trade Growth	%	-20.8	-0.8	-1.4	3.4	1.5	6.9	-2.7
Current Account Balance	Million US $	-172	-21,556	-18,636	-13,942	-9,626	-7,131	-8,098
Current Account Balance	% GDP	-0.1	-5.9	-5.3	-4.4	-3.3	-2.2	-2.4
External Reserves	months of imports	2.3	4.9	5.1	5.5	6.4	5.7	5.2
Debt and Financial Flows								
Debt Service	% exports	56.6	43.5	40.2	56.2	53.7	44.4	51.8
External Debt	% GDP	27.1	37.2	41.3	39.1	48.3	49.8	46.3
Net Total Financial Flows	Million US $	-494	-473	5,974	6,330	3,941	...	...
Net Official Development Assistance	Million US $	486	1,295	1,077	1,420	1,181	...	...
Net Foreign Direct Investment	Million US $	887	8,300	5,771	1,772	2,270	...	...







Source : AfDB Statistics Department; IMF: World Economic Outlook,April 2018 and International Financial Statistics, April 2018;
AfDB Statistics Department: Development Data Portal Database, April 2018. United Nations: OECD, Reporting System Division.

Annex 3: Summary Achievements of CSP Objectives

Focus Area and Indicator	Final Outcome Target by 2017	Outcomes achieved Actual Results as per CSP Completion Report	Final Output targets by 2017	Outputs achieved at CSP completion	IDEV/Independent Review Comments
Pillar 1: **Infrastructure Development** (Energy sub-sector)					
Households connected to the grid.	1.12 m households connected by 2017	On track: 464, 467 households connected (2016)	500 km. transmission lines and 55 substation bays constructed or refurbished	Project is being "processed"	Most of the Bank's focus was on power generation not household connections (different focus in supply chain). Would have benefitted from an additional indicator concerning extent of load shedding which impacted on all consumers (industrial, commercial, residential) Outcome target: It is not evident that this indicator is on track. As stated, as an additional 735,533 connections would be required in the single year of 2017. Output target not achieved (within timeframe).
Power generation	8,550 MW additional generation capacity by 2017	5,370 MW additional generation capacity (2016) from all financiers	794 MW	Target exceeded: 1,588 MW (Medupi – 794 MW*2	Bank Supervision mission report from Medupi (July 17th to 25th 2017) indicates construction quality and operational challenges with these generators, affecting condition and desulphurization. Indicator as specified has been met.
	5,540 MW of renewable energy	On track: 2,350 MW (2016) from Government Funding	100 MW (Sere)	100 MW Sere, achieved in 2015	Achieved. Consistent with Bank's vision to be a "Green Bank"
			100 MW (Xina)	On track: 98% complete	Achieved target (above). Noted that Upingham project (Eskom) has been cancelled. Despite this successes in both wind and solar energy is highly satisfactory
Pillar 1: **Infrastructure Development** (Water sub-sector)					
Access to safe water and hygienic sanitation	89% of households with access to a functional water service	No Bank contribution (WHO Joint monitoring program results suggest target has been met overall)	Lesotho Highlands Water Project Phase II to be completed by 2020	No progress with either project at CSP completion date	Not achieved. Further work could be undertaken to better understand the cause of delays.

	88.8% of households with access to functional sanitation services	No Bank contribution (WHO Joint monitoring program results suggest target has been met overall)	NB Bank documents also note the Mokolo Crocodile Water Supply & Sanitation Project identified in 2016	As above	Not achieved. In the case of Mokolo Crocodile project it would be beneficial to investigate why the Bank has not received funding request (i.e. is it related to the Bank's procedures, competitiveness reasons, need for guarantees etc. or project specific reasons.
Pillar 1: **Infrastructure Development** (Transport & Logistics sub-sector)					
Rail and road infrastructure and services	Rail volume to increase to 266 million tons	Not achieved. Rail volume fell to 215 million tons	Increase in freight tonnage by Transnet by 7.7% from mid-term	Achieved: 211 locomotives and 2700 wagons delivered to Transnet, expressed as project output	Achieved at output level but not yet at outcome level. Whilst capacity has increased, utilization has decreased (due to lower rail volumes). However, as a long-term investment this should contribute to improved reliability and competitiveness of the sector. These performance changes are not captured within the summary data.
	Transformed and more inclusive public transport provision in eThikweni	Not achieved: No project from Bank side	Completed corridor C9 (Bridge City to CBD)	Not achieved: project not implemented with Bank support	Not achieved. Would be beneficial to examine reasons for no uptake, as these findings could feed into the design of forthcoming CSP, which is intended to support infrastructure delivery at community (i.e. township and rural area) levels.
	Rail Link to Richards Bay Port through Swaziland	Not achieved. Network upgrade not done.	South Africa – Swaziland Rail link rehabilitated	Not achieved. Studies and project arrangements to be finalized	Not achieved. Further examination of the lack of traction in this area justified to understand lessons to be learned.
Pillar 2: **Support to Regional Integration**					
Energy/water	At least one major regional hydro scheme approved	Not achieved. No project undertaken		Inga approved but not undertaken	Not achieved. Target appears unrealistic given lack of specificity and long lead times. More analysis required on why Inga was not undertaken.
	Assessment of trans-Kalahari rail connection to Walvis Bay and/or rail loop to Maputo	Not achieved: Project not undertaken			**Not achieved.** As above, there appears to be a lack of realism regarding timeframes for implementing major regional rail investments.
Financial and trade openness of economy increased	FDI inflows to South Africa to reach Rand 192 billion	On track: FDI Inflows US$ 1.8 billion and FDI outflows US$ 5.3 billion	South African Banks participate in Africa region to increase	Achieved Nedbank US$ 100 m LOC financed.	**Partly achieved.** The mix of currencies in CSP Completion summary table shows indicator is not fully SMART (e.g. due to currency fluctuations). Not clear that all inflows and outflows represent bank participation. Target is too high level to be clear whether provision of one relevant LOC represents achievement, (it can only be a contribution). Attribution vis. Contribution issue.

	Value added exports to increase	On track, but not due to Bank's contributions.	No obvious Bank interventions		Not achieved. Indicator too high level
	Border clearance time reduced		One Stop Border post completed at Bietbridge	Project not undertaken	Not achieved. Causes why project was not undertaken are not evident in available documentation including CSP Completion Report
Address structural imbalances by growing sustainable enterprises	Reduction in rural unemployment rate to 41.9%	Not achieved. No reduction Rural unemployment remained at 42%	Equity participation and sector loans	Achieved. Landbank loans to large agribusinesses (potential for value chain strengthening)	**Targets not SMART** (minor changes in rural unemployment are not statistically significant). In addition, targets were too high level to be sufficiently specific. Not evident how this contributes to regional integration.
			Various actions to support SME development – highly specified e.g. 6 district and 31 municipalities; LED support; TVET colleges etc.	Recruitment of consultants under Enterprise Development Pilot Project.	This project was approved in 2014 yet at end of CSP only 6% had been drawn down. **Slow pace of progress not examined or explained in CSP Completion Report. Although indicators are specified, they are not SMART** (e.g., they give information about the spread of beneficiary institutions but not the kind of support to be provided).

Annex 4: South Africa Portfolio 2013-2017

Description	Division	Project SAP Code	Project Description	Age	Explanation	Amount (UAm)	Balance (UAm)	% Disbursed	IP	DO
Flagged	PIFD2	P-ZA-HB0-003	HOUSING INVESTMENT PARTNERS TRUST - HIP2	1.3	Approved and unsigned for 365 days	32.3	0	0	NA	NA
	RDGS4	P-ZA-IE0-003	ENTERPRISE DEVELOPMENT PILOT PROJECT	2.8	Disbursement closing in 12 months and less than 60%	1.2	1.1	11.3	NA	NA
		P-ZA-KA0-002	SOUTH AFRICA MUNICIPAL FINANCIAL MANAGEMENT TECHNICAL ASSIST	1.4	Disbursement closing in 12 months and less than 60%	0.7	0.6	16.3	NA	NA
		P-ZA-F00-004	ESKOM RENEWABLE ENERGY - UPINGTON CSP	6.7	Signed and undisbursed for 2 years	34.7	34.7	0	NA	NA
		P-ZA-EAZ-003	OPERATIONALIZING COMMUNITY-DRIVEN MULTIPLE-USE WATER SERVICE	3.5	No disbursement for 2 years	1.1	0.7	40.0	NA	NA
Close Watch	RDGS4	P-ZA-FAA-001	MEDUPI POWER PROJECT ESKOM (LOAN IN EURO)	8.2	Potentially Problematic Project	789.9	135	82.9	2.50	2.75
				8.2	Potentially Problematic Project	603.2	7.3	98.8	2.50	2.75
		P-ZA-EAZ-004	SOCIAL FRANCHISING OPERATIONS & MAINTENANCE OF SCHOOL SANIT.	3.1	Disbursement closing in 13 to 15 months and less than 60%	1	0.7	27.7	NA	NA
Satisfactory	PESR	P-ZA-F00-001	ESKOM HOLDINGS LTD	10.6		347.1	0	100	NA	NA
		P-ZA-FF0-003	XINA SOLAR ONE PROJECT	3.6		49.9	3.6	92.7	2.80	3
				3.6		28.8	0	100	2.80	3

Description	Division	Project SAP Code	Project Description	Age	Explanation	Amount (UAm)	Balance (UAm)	% Disbursed	IP	DO
	PIFD	P-ZA-HA0-002	NEDBANK GROUP LINE OF CREDIT	9.4		69.4	0	100	2.71	3
		P-ZA-HA0-003	INDUSTRIAL DEVELOPMENT CORPORATION (IDC) LOC II	7.7		138.8	0	100	2.71	2.33
		P-ZA-HAA-009	FIFTH LINE OF CREDIT TO DEVELOPMENT BANK OF SOUTHERN AFRICA	7		208.2	0	100	2.42	2
		P-ZA-HAA-011	LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA			56.7	0	100		
	PIFD1	P-ZA-HAA-014	IDC LINE OF CREDIT III	0.3		73.8	0	0	NA	NA
				0.3		69.4	0	0	NA	NA
	PISD1	P-ZA-F00-005	ESKOM II POWER PROJECT	2.1		300.3	0	100	No SUP	No SUP
		P-ZA-F00-006	ESKOM II - A LOAN	2.1		6.9	0	100	No SUP	No SUP
	PISD2	P-ZA-HA0-001	STANDARD BANK OF SOUTH AFRICA PROJECT FINANCE LINE OF CREDIT	9.4		152.7	0	100	2.70	3
		P-ZA-HAA-006	NON SOVEREIGN GUAR. LINE OF CREDIT TO IDC	13.2		10.1	0	100	2.50	3
		P-ZA-B00-001	KALAGADI INDUSTRIAL BENEFICIATION PROJECT	6.7		102.8	0	100	1.86	2
		P-ZA-DC0-001	TRANSNET EXPANSION CORPORATE LOAN II	3.1		198.6	28.4	85.7	No SUP	NO SUP
		P-ZA-DC0-010	TRANSNET LTD	7.6		153.4	0	100	1.92	3

Description	Division	Project SAP Code	Project Description	Age	Explanation	Amount (UAm)	Balance (UAm)	% Disbursed	IP	DO
	RDGS3	P-ZA-HA0-007	NEDBANK LIMITED	0.2		20.8	0	0	NA	NA
	RDGS4	P-ZA-K00-002	STATISTICAL CAPACITY BUILDING PROGRAM PHASE II (SCB-II)	6.6		0.5	0	100	NA	NA
		P-ZA-IA0-002	MIC - EDUCATION FOR SUSTAINABLE DEVELOPMENT IN NATURAL MINER	1.9		0.2	0	76.3	NA	NA

Annex 5: Portfolio Performance over the CSP Cycle

South Africa: Key Portfolio Performance Indicators Selected Indicators	Dec-2015	Nov-2016	Nov-2017
Portfolio performance (Flashlight Report) % satisfactory	69	71	75
Number of Projects Flagged Red	7	5	4
Average size of projects (UA million)	89.77	125.4	142.7
Average project age (years)	6.7	5.0	5.4
Number of active operations (#)	29	28	23
Average disbursement rate (%)	58.8	61.0	83.3
Number of ageing projects (#)*	4	6	0
Slow disbursing projects (#)	0	2	4
Projects at Risk (#)	7	1	1
Commitments at Risk (UA million)	435.0	478.2	35.6
Average time from approval to effectiveness (years)	1.7	1.7	1.4
Projects experiencing signature, effectiveness and first disbursement delays (#)	5	2	1

* In line with operations manual threshold for project lifespan at least 8 years

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