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Evaluation Lessons

Findings and Lessons from AfDB Crisis Response Budget Support Operations

To contribute to a successful delivery of the AfDB's response to the COVID-19 crisis

Findings and lessons at a glance

- Convincingly justify choice of CRBS as a response
- Waiver of eligibility criteria must be transparent
- For structural reforms, CRBS can only be the starting point for multi-year engagement
- CRBS can be a basis for future policy dialogue
- CRBS requires attainable conditionalities
- CRBS results frameworks should be of good quality
- Bank coordination and teamwork on CRBS is key
- Identify CRBS risks and mitigation at design stage
- Donor coordination is critical for emergency support
- Flexibility to changing needs on the ground is crucial
- Ownership and leadership are critical for sustainability
- Budget support is best combined with technical assistance
- Use CRBS to advance social accountability

Introduction

This note compiles relevant findings and lessons from evaluations of Program Based Operations (PBOs), also known as budget support, to inform the African Development Bank (AfDB)'s support to its regional member countries (RMCs) in mitigating the economic and social consequences of COVID-19.

The COVID-19 pandemic is a health crisis with far-reaching economic ramifications. In Africa, it has disrupted countries' economies and the livelihoods of millions of people, and the pace of this disruption is likely to accelerate in the weeks ahead.

While the pandemic is spreading in Africa, the AfDB has introduced initiatives to support the governments of its RMCs as they take measures to mitigate the human and economic impact of this outbreak. As part of its response, the Bank plans to use the Crisis Response Budget Support (**CRBS**) instrument, to respond quickly to crisis situations. The use of this instrument is guided by the Bank's 2014 operational guidelines on the programming, design and management of PBOs and by the simplification measures introduced by the USD10 billion **COVID-19 Rapid Response Facility (CRF)** that the Bank launched in April 2020.

The last evaluation of AfDB PBOs, completed in 2018 by Independent Development Evaluation (IDEV), found that the Bank's budget support showed positive results in creating fiscal space and allowing countries in crisis situations to

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deliver critical basic services to the most vulnerable citizens. In the past ten years, the Bank has used CRBS seven times to provide rapid responses to crises in the Central African Republic, Malawi, Mali (twice each) and Madagascar[1]. In addition, in the context of the Ebola outbreak in 2014, the Bank has used sector budget support to provide rapid response to four West African countries (Guinea, Sierra Leone, Liberia and Côte d'Ivoire). IDEV reviewed the experience with all eight operations and prepared the following lessons. The lessons are meant to support successful responses as the Bank prepares to design CRBS interventions to support RMCs in combating COVID-19 and mitigating its negative effects.

Findings and Lessons

The choice of CRBS as one of the response instruments must be convincingly justified
The PBO evaluation showed that despite the fact that the AfDB's 2012 PBO policy foresaw the use of CRBS in response to crises, the past justifications for using it were not convincing for the majority of CRBS examined.

The waiver of certain eligibility criteria must be done transparently
The PBO policy of 2012 allows flexibility by allowing the Bank to waive some of the five eligibility criteria if using the CRBS. IDEV's 2018 PBO evaluation showed a good example of common assessment of the eligibility criteria for the countries with other development partners. However, in some PBO documents, the non-application of certain eligibility criteria was not transparently explained.

To achieve structural reforms, usually a multi-year engagement is necessary, and a CRBS, which is a short-term intervention, could only be the starting point for such an engagement
Appropriate short-term goals for CRBS in the COVID-19 context could include "saving lives and livelihoods" through health sector interventions and mitigating the economic and social impacts of the preventive measures advocated by the World Health Organization. Specifically: i) Strengthen RMC's preventive measures and health systems; ii) Support the implementation of social safety nets to support the most vulnerable people, including women; and iii) Support measures to support the economy, including the private sector. Finally, it is important for CRBS to focus within each intervention area, because the PBO evaluation showed that the PBOs which were more focused performed better.

Take advantage of CRBS operations to prepare for future policy dialogue on strategic issues
The lack of planning and reporting on policy dialogue was pointed out by the PBO evaluation. As stated in the 2014 PBO guidelines, in times of crisis there is little room for dialogue. Nevertheless, CRBS can serve as a platform for the Bank to agree with the RMCs on reforms that will be the subject of dialogue after the crisis. One example is the case of the Bank's food crisis response in Malawi in 2016. While the CRBS was not tied to any specific policy reforms, the program was effective in opening the door for policy dialogue on agricultural policies and strategies that increased resilience. The Government was also committed to taking short-term actions to protect vulnerable groups during this crisis and implemented critical steps for future reforms in the area of food security.

Although CRBS is a rapid disbursement tool, it must be accompanied by realistic and achievable conditionalities adapted to each country context, ensuring relevant, transparent and efficient use of the resources made available to RMCs
The Bank could condition the single disbursement to each country to the satisfaction of the following criteria: i) having a credible response plan to COVID-19; ii) use of resources made available to RMCs complies with good public financial management practices; and iii) commitment to allocate enough resources to the Ministry of Health to effectively implement the response plan. The existence of a government response plan to COVID-19 is critical to demonstrate the relevance of the Bank's intervention and should be considered as a prerequisite. The two other points could be used as prerequisites or as needed policy actions, depending on the context of each RMC, so that each CRBS could be an opportunity for the Bank to help RMCs improve their governance.

Ensure that CRBS results frameworks are of good quality
The PBO evaluation found that several PBOs had weak results frameworks. Despite the emergency context, the CRBS results frameworks must be of good quality, e.g., i) include an appropriate mix and number of action-based, process based and result based indicators; ii) demonstrate the chain of causality linking key inputs (CRBS funds), direct outputs and intermediate and final outcomes; iii) have monitoring indicators for outcomes and outputs, including specification of baselines, targets and means of verification; and iv) use of sex disaggregated indicators. The quality of the results frameworks also depends on the credibility of the statistical data, hence the need to involve the Bank's statistics department in the CRBS preparation process. Finally, the results frameworks should focus on priority reforms/actions.

Given the cross-sectoral nature of the issues, coordination and teamwork around the design and implementation of operations is key for the success of the Bank's emergency response
IDEV's evaluation of the Bank's PBOs found coordination and teamwork across the Bank to be one of the success factors during preparation and appraisal. The PBO guidelines provide that in the case of CRBS, Bank Management designates a leader according to the nature of the crisis

1 Five out of these 7 CRBS operations were covered in IDEV's 2018 Independent Evaluation of AfDB PBOs (2012-2017). This note focuses on lessons related to CRBS, but lessons and recommendations of that evaluation are also relevant.

and the skills required to coordinate the CRBS preparation processes within the Bank. Given the celerity and the cross-sectoral nature of CRBS, strong coordination is even more important. The regional and country offices will play an important role in maintaining the dialogue with RMCs and need to be backed by sector staff where their expertise is needed.



While designing CRBS operations, proper identification of risks and adequate mitigation measures are important to ensure successful delivery

Given the spread of the pandemic, requests will likely come from most of the RMCs. Since emergency support is a fast disbursing resource, this can quickly increase the risk exposure of the Bank in some countries. Also, in some countries, in addition to the emergency need to respond to the pandemic, there is urgent need for reform to improve both the health sector and the macro-economic situation. In such cases, the Bank must be strategic and consider sequencing its interventions to have more opportunity to encourage necessary reforms in the medium-term. This can help to maintain strong synergy between CRBS and the Bank's future operations in the country. For instance, the experience of the Ebola crisis support shows that emergency support has to be seen in the broader context of improving health systems.

Donor coordination in the context of emergency support is critical

In the context of a crisis response, where demand for quick resources is very high, harmonization of donor responses is very important. IDEV's PBO evaluation showed strong examples of how the Bank coordinated with other development partners, mainly during the identification and appraisal phases. This helps to ensure complementarity and avoid duplication or inefficiency. The importance of donor coordination was clearly mentioned in all the PBOs reviewed. In particular, during the Ebola outbreak in West Africa, the Bank successfully took the lead and engaged with other development partners for a coordinated response to the four affected countries. Dialogue among development partners is required both at the corporate level as well as on the ground (in a specific RMC).

Given the evolving nature of the pandemic, flexibility is important to best meet the changing needs on the ground

In accordance with the Bank's PBO policy, the Bank needs to be flexible on the eligibility criteria for the CRBS operation related to the stability of the macroeconomic framework. During implementation, some actions / measures agreed within the framework of the CRBS during appraisal may prove to be of little relevance as the crisis evolves. The Bank should thus be flexible, without compromising the achievement of the objectives set. Also, flexibility may be required in how the funds will be used in order to best meet the changing needs on the ground.

Ownership and leadership are critical to ensure sustainability

Given the fact that CRBS is an emergency operation and usually stand-alone, it is important that the RMCs keep the momentum of reforms after the program. This could be achieved through the dialogue during the negotiation phase. The Bank has the confidence of RMCs and most governments would likely be willing to pursue certain actions if they see that their merits are demonstrated. The Bank did this well in the example of the Malawi 2016 food crisis response. The Government-led reform actions and ownership during the process, from preparation to implementation, facilitated achievement of the program outcome, and the Government continued the implementation of critical actions in the area of food security after the program. In the Bank's emergency support for Mali and the Central African Republic, competent implementation institutions and stakeholder commitment were key to maintaining the program results.

PBOs are usually more effective and sustainable when complemented by technical assistance

CRBS is a useful and effective instrument in responding quickly, in emergency situations, to short-term needs (additional fiscal space, macro-economic stabilization, etc.). However, the implications of the current COVID-19 crisis will also require medium-term actions to address capacity gaps in RMCs where the health system is weak. In those countries, the Bank should thus anticipate and maintain its engagement with the country through complementary institutional support projects. This emerged as a lesson from the Bank's crisis responses in fragile contexts such as Madagascar and the Central African Republic. The institutional support projects in the context of Ebola showed that despite the emergency situation, the Bank should also focus on building the country's capacity – but bear in mind that this usually takes longer.

Use CRBS to promote greater social accountability

The AfDB's response to the COVID-19 crisis should be supported by a transparent communication strategy towards civil society organizations, the media and the populations of the beneficiary countries so that these actors are able to assist in monitoring the implementation of agreed actions.

Conclusion

To be relevant and effective, the Bank's response must be rapid while remaining in compliance with its directives, rules and procedures. As a development institution, the Bank's emergency response should help manage the crisis while laying the foundation for future economic recovery without compromising the Bank's AAA rating.

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

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