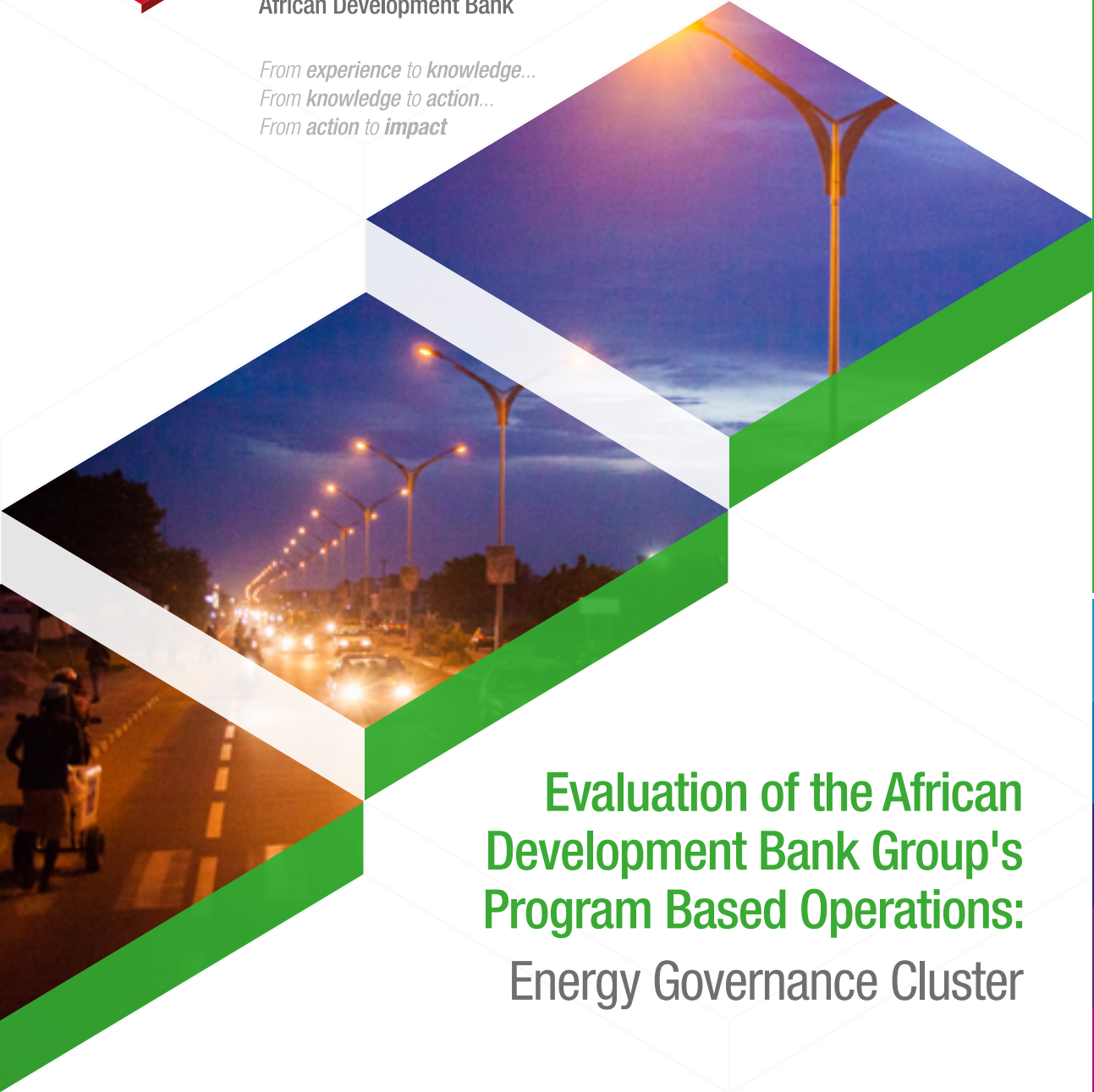


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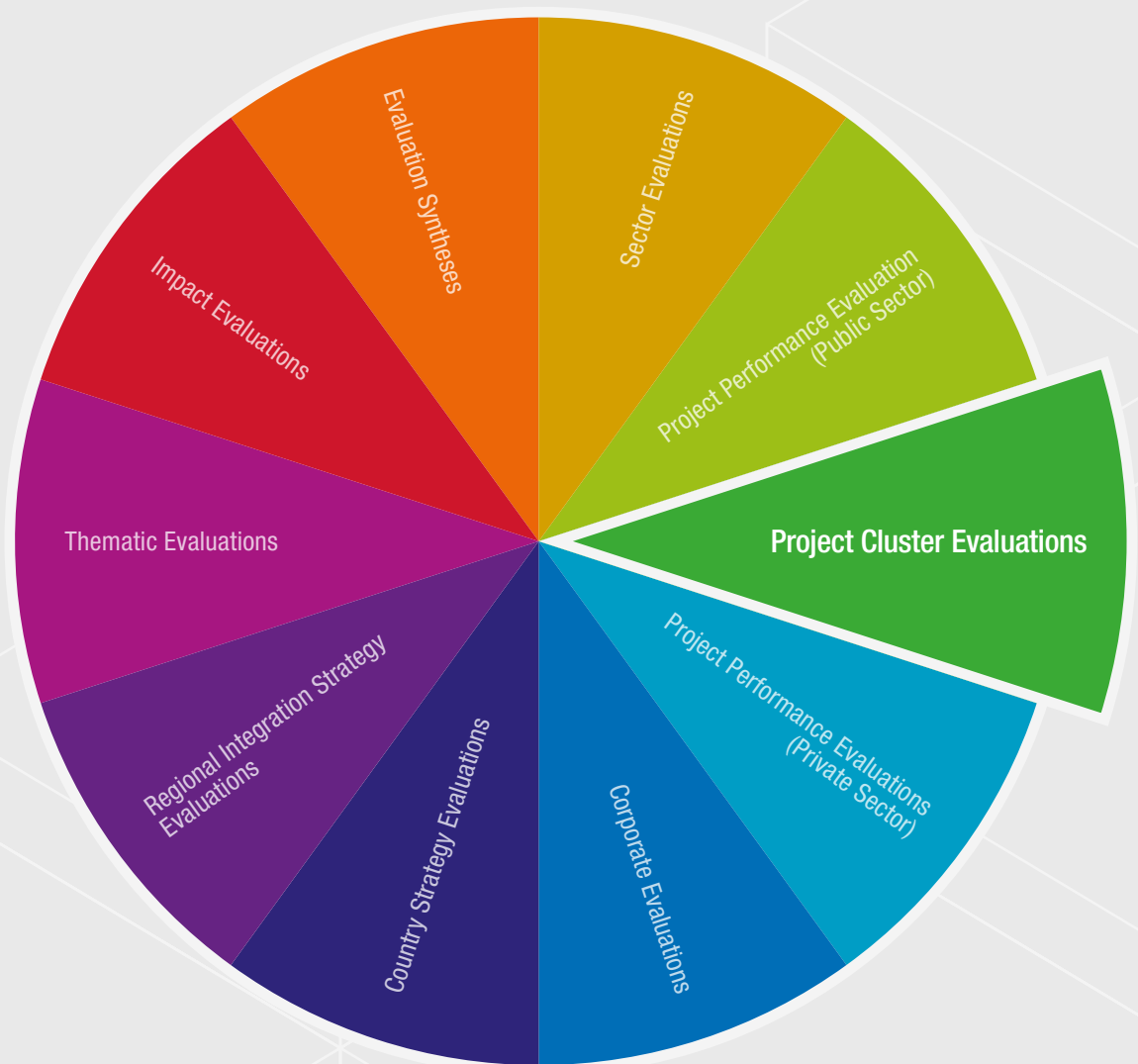
Evaluation of the African Development Bank Group's Program Based Operations: Energy Governance Cluster



AFRICAN DEVELOPMENT BANK GROUP

April 2019

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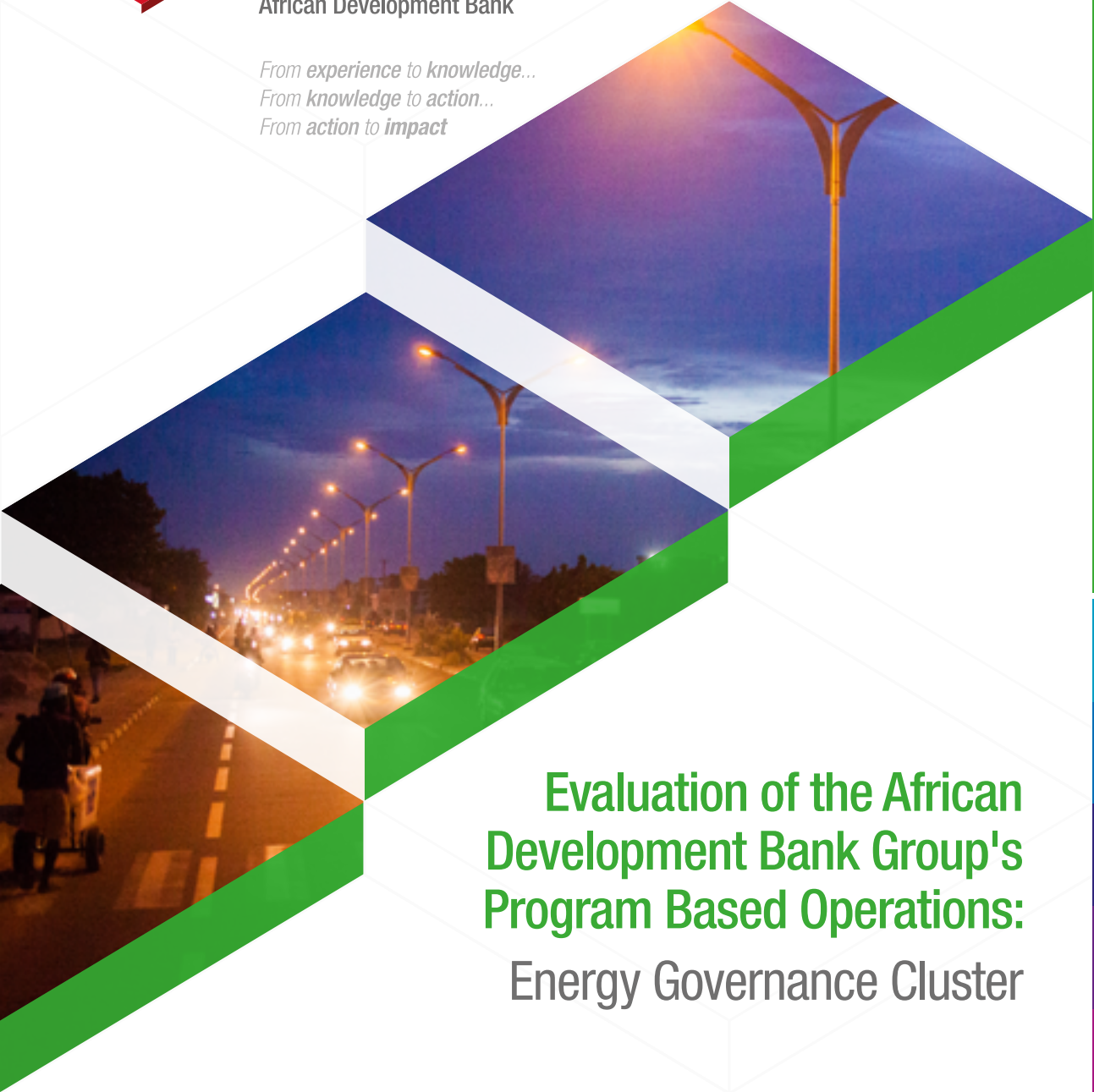




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AFRICAN DEVELOPMENT BANK GROUP

April 2019

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Evaluation of the African Development Bank's Program Based Operations: Energy Governance Cluster

An IDEV Project Cluster Evaluation, April 2019

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

About Independent Development Evaluation (IDEV)

The mission of Independent Development Evaluation at the AfDB is to enhance the development effectiveness of the institution in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

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Contents

Abbreviations and Acronyms	v
Executive Summary	1
Introduction	5
Context	5
Objectives	5
Methodology for the Country Case studies and its limitations	6
Country Context and Quality of PBO mechanisms	7
The Country Contexts	7
The Quality of the PBO mechanisms in the five cases	8
Context-Mechanisms and outcome (C-M-O) combinations	13
The C-M-O combinations in the five country cases	13
Sustainability of the intermediate outcomes and the contribution to final outcomes	15
Observations on the overall Evaluation Questions	19
Programming, Design and Management	19
PBO Performance in Energy and PFM	25
Success Factors and Lessons Learned	26
Annexes	31

Contents

List of Tables

Table 1:	Overview of the Characteristics of the Country Contexts	7
Table 2:	Overview of the Quality of the PBO Mechanisms in the five country cases	9
Table 3:	Overview of the C-M-O Combinations in the five country cases	13

List of Boxes

Box 1:	Provision of PBO in Transition Countries – the Comoros case	21
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Abbreviations and Acronyms

C-M-O	Context-Mechanism-Outcome	PCR	Project Completion Report
CRBS	Crisis Response Budget Support	PFM	Public Financial Management
CSO	Civil Society Organisation	PPDR	Project Portfolio Document Review
DP	Development Partner	PSE	Private Sector Environment
EGDCSP	Economic Governance, Diversification and Competitiveness Support Programme	PSRGSP	Power Sector Reform and Governance Support Programme
GBS	General Budget Support	PSRSP	Power sector reform support programme
HDI	Human Development Index	RMC	Regional Member Country
IDEV	Independent Development Evaluation	SBS	Sector Budget Support
IMF	International Monetary Fund	SONABEL	National Electricity Corporation of Burkina Faso
ISP	Institutional Support Project	SONABHY	National Hydrocarbons Corporation of Burkina Faso
MTR	Mid-Term Review	SSO	Self-Standing Operation
PAR	Programme Appraisal Report	TA	Technical Assistance
PARSEGF	Energy sector reform and financial governance support programme	ToC	Theory of Change
PASE	Programme d'appui budgétaire au secteur de l'énergie or, Energy Sector Budget Support Programme	UNDP	United Nations Development Programme
PBO	Programme Based Operation	WGI	Worldwide Governance Indicators



Executive Summary

Introduction and Evaluation

This report synthesizes key findings of the evaluations of eight Programme Based Operations (PBOs) that focused on Energy, which were approved and implemented in five countries (Angola, Burkina Faso, Comoros, Nigeria and Tanzania) between 2012 and 2017 by the African Development Bank (AfDB, or “the Bank”).

The objective of the Energy Cluster Evaluation is to assess the relevance, effectiveness, efficiency and sustainability of energy-related PBOs conducted in the five countries, synthesize the results and to draw relevant lessons for the future design and management of PBOs by the Bank.

The Energy Sector Cluster Evaluation is one of seven components of a broader evaluation on the use of Programme Based Operations by the Bank.

Quality of PBO Mechanism

The evaluation found the relevance of the Energy-related PBOs to be satisfactory – based on their programming, design and broad adherence to the Bank’s own policy and guidelines and on international best practice.

The overall quality of the PBO mechanisms is rated as satisfactory in four of the five countries, with one (Angola) being rated as unsatisfactory.

On timeliness of disbursements and transaction costs, four of the PBO mechanisms score highly satisfactory, and one satisfactory.

The mechanisms also scored well for the quality of donor coordination, with all five PBOs scoring satisfactory.

However, weaknesses were detected in: (i) the quality of PBO design - notably in the quality of the results frameworks, (ii) the absence of a strong medium-term perspective both in the PBO design itself as well as in the supporting arrangements for dialogue and technical assistance (TA), and (iii) the ambiguity over the role of PBO funds in the achievement of the PBO objectives.

Contribution of the PBOs to landmark reforms

The overall performance of PBOs in achieving the intermediate outcomes is satisfactory, with average ratings in Energy of 2.8 out of 4 and in Public Financial Management (PFM) 2.5 out of 4. The Energy sector generally performs better than the PFM sector. This result is apparently and primarily driven by the high political commitment to Energy sector reforms, as witnessed in Angola, Burkina Faso and Tanzania, during the implementation period of these PBOs.

The influence of PBOs on intermediate outcomes, this is considered modest. The limited influence reflects the fact that targeted intermediate outcomes were drawn from government strategies and plans, for which there was already a strong political commitment and a substantial amount of prior technical design work. Hence, the additional influence of PBOs was generally limited to helping keep reforms “on track”, largely through the choice of prior actions.

In terms of contributions to final outcomes, three PBOs, namely Burkina Faso, Comoros and Tanzania score satisfactory or higher only in relation to Energy.

However, the significantly improved access to electricity in the case of Comoros was not the result of the intermediate outcomes targeted in the PBO, but rather the consequence of a major investment by the government in electricity generation. Also, in Burkina Faso and Tanzania, external factors played positive roles; improved access of Burkina Faso to lower cost electricity imports from Cote d'Ivoire, and favourable rainfall in Tanzania facilitating lower cost hydro generation.

Overall, sustainability of intermediate outcomes and their contribution to final outcomes is rated unsatisfactory. Most scores for sustainability are low – a consequence of the inherent complexity of the institutional contexts.

Based on the Intermediate Outcomes, Final Outcomes and Sustainability, the energy PBO performance in Burkina Faso and Tanzania is a “success story”. The reasons are similar: strong results were achieved by building upon robust programmes of reform, to which there was a high level of political commitment.

Lessons learned

Lesson 1 (Programming): Energy PBO success needs medium-term engagement: Evidence from the case studies suggests the structural reform objectives targeted by PBOs can in most contexts only be attained through continuous and gradual change – consolidating improvements on a year-to-year basis, rather than trying to force rapid change. As a consequence, a lesson on the policy aspect is that, with the exception of Crisis Response Budget Support, PBOs should be structured as medium-term operations, based upon 3-4 tranches over the same number of years and, in most cases, be a part of a sequence of multi-year PBO operations.

Lesson 2 (Programming): Maximising the effects of the PBO's contribution to fiscal space requires PBO design and programming to take into account the country's immediate financial needs, and appropriate medium- and long-term structural reforms: The primary interest of most Regional Member Country (RMCs) when approaching the Bank to undertake PBO operations is short-term and financial assistance – to help protect fiscal space and/or facilitate macroeconomic stabilisation. The lesson drawn from these case studies is that careful attention needs to be given to the way this fiscal space is used, in order to ensure that it helps to address structural constraints as well as short-term needs. PBOs should aim to create a “bridge” between short-term macro relief and medium-to-long term structural reform.

Lesson 3 (Strategic): The contribution to fiscal space is the most obvious benefit of PBOs and should therefore be used strategically to ease structural constraints in support of longer term reforms. PBO Policy & Guidance should reflect this reality and should provide explicit guidance for the assessment of the contribution to fiscal space and for targeting its utilisation.

Lesson 4 (Performance): For successful medium-term PBO operations, the corresponding staffing and TA infrastructure need also to be in place; Country Offices with the appropriate staff mix should be able to conduct a continuous, strategic and analytical dialogue.





Introduction

Context

The **Energy Sector Cluster Evaluation** is one of the seven components of a broader evaluation on the use of PBOs – Programme Based Operations (formerly known as “policy based operations”). This evaluation, conducted by the African Development Bank’s (AfDB, or the Bank) department for Independent Development Evaluation (IDEV) covers eight PBOs, focusing on Energy, as approved and implemented in five countries (Angola, Burkina Faso, Comoros, Nigeria and Tanzania) within the period 2012-17. It also covers all PBO modalities including General Budget Support (GBS), Sector Budget Support (SBS) and Crisis Response Budget Support (CRBS).

The evaluation seeks to address three overarching Evaluation Questions as follows:

- To what extent is the AfDB appropriately programming, designing and managing its PBOs?
- What is the evidence regarding PBO performance, particularly for the AfDB in the priority areas of Energy and the Private Sector Environment (PSE)?
- Looking forward, how can the AfDB optimize its use of PBOs, including its help to achieve the High 5s?

Objectives

The objective of the Energy Cluster Evaluation has been to assess the relevance, effectiveness, efficiency and sustainability of energy-related PBOs conducted in different countries, synthesising the results so as to draw relevant lessons for the future design and management of

PBOs by the Bank. These lessons have relevance both for the organisation of work in the energy sector as a whole – relevant to the first of the Bank’s High 5s – and for the design and management of PBOs in general.

The rationale for focusing on the Energy sector is that the PBOs in this sector are current and highly relevant to the Bank’s strategic priorities for the future – both because they align with the “Light Up and Power Africa” High 5 and because the role of PBOs for energy sector reform is explicitly recognised in the Bank’s new structure. Energy PBOs are also important from a materiality perspective involving 21 operations over 2012-17 (23%) and a large volume of funds (including PBOs for Angola, Egypt, Algeria and Nigeria which alone account for UA 2.6 billion of approvals). Moreover, Board members have expressed an explicit interest in these large energy PBOs.

The thematic focus of the cluster evaluation has thus been on the Energy sector, but case studies have also analysed the results of PFM sub-components. All AfDB PBOs – whether SBS, GBS or CRBS operations – involve an analysis of the PFM situation and the inclusion of prior actions and/or disbursement conditions related to PFM issues. This operational structure allows for a comparison within the same country context of the different approaches and design choices adopted for PFM and Energy, and a comparison of the extent to which results have been achieved. While differences in the sectoral context may play a role, the fact that the country context is the same, makes it more likely that conclusions might be drawn in relation to the specific mechanisms applied to Energy and PFM (i.e. design choices, use of analytical support, quality of dialogue, etc.).

Methodology for the Country Case studies and its limitations

The evaluation is theory based. The starting point was a reconstructed Theory of Change (ToC), which was drawn up based on Bank documentation, consultation and reference to international evaluation guidance for budget support. The ToC helped to identify important evaluation questions based on understanding how the PBO instrument is expected to work, as well as clarify how results are understood.

The methodology is based upon the assessment of the context for each operation (considering both the country and sectoral dimensions of context), the quality of the Mechanism itself (the design and implementation arrangements for the PBO) and the outcomes achieved. The study teams, through document analysis and a range of individual and focus group interviews, have applied a contribution analysis framework to assess the degree of importance of the PBO's contribution to the outcomes achieved. Further detail on the methodology is annexed to this synthesis report, together with a generic ToC developed as a basis for the overall PBO evaluation.

With regard to the limitations of the methodology, in terms of its practical application, three key shortcomings emerged:

- **Firstly, there were some gaps in the availability of supporting documentation.** Specifically, in the cases of Nigeria and Tanzania, this was due to the relatively recent completion of the PBO operations where Programme Completion Reports (PCRs) had consequently not yet been prepared. However, sufficient information was obtained through interviews and reports available in-country to be able to obtain the information normally available in a PCR.
- **A more significant weakness – relevant in all cases – was that the limited time available for fieldwork did not allow sufficient time for a robust Contribution Analysis** to be conducted.

In each case study, field missions were only one week long. Although they were undertaken by 3-person teams (2 consultants and 1 IDEV staff), this did not provide adequate time to define precise hypotheses on the contribution of PBOs, to investigate those and potential alternative hypotheses through adequately triangulated interviews and documentary evidence, and to reach robust conclusions on the contribution of PBOs to identified institutional and policy changes. In order to have conducted a comprehensive contribution analysis, it would have been necessary either to double the time available for field work or to reduce the coverage of the case studies so as to address only energy issues, rather than energy and PFM. Even with these changes to the methodology, contribution analysis might still have been hindered by the absence or non-availability of key resource persons. For these reasons, the assessment of the influence of these PBOs on intermediate and final outcomes has been based exclusively on interviews and, in only one case (Burkina Faso) did it prove possible to ensure full triangulation of those interviews¹. The findings on the relative influence of PBOs should therefore be considered as indicative but not conclusive. Nevertheless, this has not hampered the identification of some clear successes as well as certain shortcomings and, on this basis, the ability to draw out key lessons for the future.

- **The final shortcoming relates to the comparatively small sample and the constraint this represents for the application of the Realist Synthesis methodology.** Although Realist Synthesis is not a quantitative statistical technique but rather a system of structured qualitative analysis, in order to generate robust results, it does nevertheless require a reasonable number of case studies, and therefore different Context-Mechanism-Outcome (C-M-O) combinations.

Country Context and Quality of PBO mechanisms

The Country Contexts

The Country Context for each operation was assessed in relation to four criteria. Performance against each of these was ranked from 1 ('Very difficult') to 4 ('Highly favourable') and the scoring for the Country Context was then derived from a simple average of these scores. The four criteria were as follows: (i) Socio-economic status, as assessed by the ranking against UNDP's Human Development Index (HDI)²; (ii) Political Governance Status, as assessed by the ranking against the three relevant dimensions of the Worldwide Governance Indicators³; (iii) Technical Governance Status, as assessed by ranking against the three relevant dimensions of the Worldwide Governance Indicators⁴; and (iv) the quality of government relations with Development Partners at Country Level⁵.

Table 1 below summarizes the context score of each of the five countries.

The country contexts have generally not been favourable to PBOs, with two ranked

as 'very difficult' (Angola and Nigeria), two as 'difficult' (Comoros and Tanzania), and only one as 'favourable' (Burkina Faso). While this is obviously the result of the particular choice of sample countries, this sample is not unrepresentative of the RMCs benefiting from the Bank's PBOs. Many of the countries in which PBOs are implemented have difficult country contexts - contexts in which government processes are inherently difficult due to the nature of the prevailing political settlements⁶. By implication, these are countries in which it is difficult to implement the sort of institutional, structural and economic reforms commonly supported by PBOs - a factor which seems to be underestimated in PBO programming and design documents.

Of the five countries, Burkina Faso and Tanzania have better scores in relation to Technical Governance and the Quality of Government-Donor relations. Given this fact, it is perhaps not surprising that these are the only two countries in the sample that had ongoing arrangements with the International Monetary Fund (IMF) during the implementation of the assessed PBOs⁷.

Table 1 : Overview of the Characteristics of the Country Contexts

	Angola	Burkina Faso	Comoros	Nigeria	Tanzania
Overall Country Context Rating	1	3	2	1	2
Socio-economic status (HDI)	1	1	1	1	1
Political Governance (WGI)	2	2	2	1	2
Technical Governance (WGI)	1	3	1	1	2
Relations with Development Partners	2	4	2	2	3
Ongoing IMF Programme	NO	YES	NO	NO	YES

The Quality of the PBO mechanisms in the five cases

The Quality of the PBO mechanisms was assessed against five criteria:

- (i). Programming according to PBO Policy & Guidelines;
- (ii). Design in line with PBO Policy & Guidelines and established good practices;
- (iii). Timeliness of disbursements and perceptions of Transaction Costs;
- (iv). Quality of arrangements for Policy Dialogue within the PBO;
- (v). Quality of Coordination with other Development Partners (DPs) during formulation and implementation.

The quality of the PBO mechanisms is rated as satisfactory in four of the five countries, with the Angola mechanism being rated as unsatisfactory. The mechanism ratings are thus uniformly higher than the context ratings, with the exception of Burkina Faso, where they are rated the same. Some common patterns emerge within these ratings:

- **All of the PBO mechanisms score 'Satisfactory' or 'Highly satisfactory' on timeliness of disbursements/low transaction costs.** In most of the case study countries, local stakeholders commented positively on the responsiveness of the AfDB, the efficiency of the PBO formulation and the timeliness of disbursements. All of the PBOs scored well against this criterion but the "star performer" was the Burkina Faso PASE⁸, which was designed within a period of less than four months and fully disbursed less than two months after submission to the Board.

- **The Mechanisms all scored Satisfactory for the quality of coordination with other Development Partners** – in particular during the formulation process. The Nigeria PBO, for example, was prepared in parallel with a World Bank Development Policy Loan, through three joint formulation missions⁹. The other operations were not jointly formulated but all involved active consultations with key partners in the Energy and PFM sectors.

- **On the other hand, some weaknesses were detected in the quality of PBO design, where only one of the five operations (Tanzania) was rated satisfactory.** The weaknesses in design relate to four factors, each of which were present in a number of cases:

- i) **A lack of coherence in the definition of Results Frameworks**, in particular in the anticipated lines of causality between the intermediate outcomes targeted in the PBOs and the identified final outcomes. In almost all cases, most notably in Angola, Comoros and Nigeria, the final outcomes identified were too ambitious and high-level to have been even partially attained through the much more modest intermediate outcomes as well as related prior actions targeted in the PBOs. In other cases, such as in relation to PFM and procurement in Tanzania, the selected intermediate outcome targets were not relevant to the objectives embodied in the selection of final outcomes; they did not effectively address the core problems that would need to be resolved in order to make sustainable progress towards the targeted final outcomes¹⁰.

Table 2 : Overview of the Quality of the PBO Mechanisms in the five country cases

	Angola	Burkina Faso	Comoros	Nigeria	Tanzania
Overall Mechanism Rating	2	3	3	3	3
Programming	2	3	3	2	4
Design	2	2	2	2	3
Transaction Costs/Efficiency	3	4	4	4	4
Policy Dialogue	2	2	3	3	3
Coordination with other DPs	3	3	3	3	3

- ii) **A lack of depth in planning how Policy Dialogue should be carried out and adequately supported.** All the Programme Appraisal Report (PARs) speak of the importance of policy dialogue and in every case, except Comoros - which does not have a Country Office, make reference to the 'important role' to be played by the Country Office. However, they do not identify specifically who would be responsible, what would be the mechanisms and fora for policy dialogue, which issues should be prioritised, and how resources would be mobilised – either through internal staffing measures or TA – to ensure that the Bank had relevant expertise to contribute relevant ideas and solutions and track the key policy developments.
- iii) **The absence of a strong medium-term perspective in the design of the PBO and of supporting arrangements for dialogue and TA.** Making sustainable progress in reform and in the achievement of structural changes, by its very nature, requires a medium-to-long term perspective in most countries, and especially in countries with difficult governance contexts. This is implicitly acknowledged in the text of the PARs of these PBOs and to a degree reflected in the selection of anticipated final outcomes. Yet, only one of these PBOs, the Tanzania PSRGSP¹¹, had a medium-term framework, being a 3-year programmatic operation, supported by well-established and ongoing dialogue frameworks as well as a relevant Institutional Support Project (ISP). In the other four cases, including the Burkina Faso PASE, which was in other respects a highly successful programme, the disbursement timelines did not extend beyond 20 months. In addition, there were no follow-up PBOs programmed to avoid gaps in funding and dialogue and the supporting infrastructure to support a medium-term dialogue was not adequately established in terms of TA arrangements and Country Office staffing structures.
- iv) **An ambiguity over the role of PBO funds in the achievement of PBO stated objectives.** With the important exception of the Burkina Faso operation, none of the PBOs provided a clear explanation of the contribution to intermediate and final outcomes that was anticipated from the provision of the budget support funds. The contribution of PBO funds to easing fiscal constraints is discussed in the Nigeria, Angola and Burkina Faso operations but only in the Burkina Faso case (see below) is there an explicit link to the sectoral reform objectives targeted within the PBO. In the other cases, the anticipated contribution to fiscal space is not explicitly assessed and not incorporated into the results framework.

These four weaknesses are in many respects related, as may be seen from the case of the Nigeria PBO. The quality of the results framework for the Nigeria EGDCSP¹² suffered in part from its excessive breadth (Agriculture, Energy, PFM and Social Protection), but more significantly from an inherent contradiction of attempting to meet short-term stabilisation objectives as well as more complex, medium-term structural reform objectives. As a result, the results framework aimed for relatively ambitious final outcomes, while focusing attention on simpler, less ambitious intermediate outcomes that could never have generated the final outcomes.

In Nigeria, a narrower focus on prior actions and intermediate outcomes of greater consequence, more closely linked to the real, underlying justification of the operation (support to macro stabilisation and protection of fiscal space) could have been more coherent. In addition, such a focus would have provided a stronger basis for Bank staff to follow progress towards the intended final outcomes through policy dialogue. Such outcome targets could also have been explicitly structured so as to contribute to longer term structural reform objectives; for example, they could have included targets for the clearance of Federal Government arrears to the electricity companies, or targets for the completion of investment programmes to improve the transmission network.

The Burkina Faso PASE provides an interesting example of the explicit targeting of fiscal space to solve a structural problem. The PASE PBO was primarily designed to respond to the Government's urgent request for financial support to improve the situation of the energy sector. Following intense exchanges with the partner government and other stakeholders, such as the IMF, the replenishment

of the national electricity company, SONABEL's, fuel stock was recognised as the most pressing issue to be addressed. Its importance became further apparent during a national strike by fuel transporters in late February 2015, which led to the complete depletion of SONABEL's fuel reserves and subsequent power shortages across the country.

Although the funds of the PASE PBO were not meant to be traceable (consistent with AfDB PBO policy), their use was clearly targeted to the replenishment of SONABEL's fuel reserves. One of the conditions for the PASE budget support disbursement was the government's formal commitment to transfer sufficient financial resources to SONABEL by the end of summer 2015 to allow for a satisfactory level of autonomy in terms of fuel reserves (data provided by the Ministry of Finance have shown that a financial transfer from the government to SONABEL, with the purpose of replenishing its stocks, almost exactly corresponded to funds provided by the Bank to the government in the form of budget support). Fuel reserves of the electricity company were replenished by mid-2015 and have, since then, stayed at a level which has ensured adequate autonomy for continuous electricity production. In addition, in June 2015, as one of the intermediate outcomes targeted in the PBO, the State and the two national energy operators (SONABEL and SONABHY) signed 5-year performance contracts, creating the framework for long-term financial stability.

The PASE PBO thus played an important role in solving the crisis, which the Burkina Faso energy sector was undergoing in 2015 and, through this, contributed to a successful political transition of the country. However, the PBO made only limited contributions to broader policy changes and institutional strengthening processes in the sector. This was because, while

well targeted in the short term, the design of the operation suffered from the lack of a comprehensive medium-term perspective, in the sense that it made no provision for support to the longer-term restructuring of the sector, through TA or policy dialogue.

More could have been achieved in Burkina Faso, if greater attention had been given to strengthening the main line ministry, consolidating the sector strategic framework

and supporting active monitoring of strategic sector issues. This could have been achieved through a clearer strategy of the Bank to engage in policy dialogue and to mobilise adequate resources – both relevantly qualified Country Office staff and technical assistants - to support this policy dialogue. Better linkages with other Bank interventions and more efforts to support a joint coordinated sector framework with other Development Partners would have also enhanced the Bank's engagement in policy dialogue.



Context-Mechanisms and outcome (C-M-O) combinations

The C-M-O combinations in the five country cases

In this section, we detail the scores for Country Context and the Quality of the PBO Mechanism together with the scores as to the achievement of the targeted intermediate outcomes. These C-M-O combinations are then assessed to see what patterns and relationships emerge. The analysis is extended in the next section to also consider the scores for final outcomes and sustainability.

Within the outcome scores, greater weight is given to those intermediate outcomes targeted within the PBOs, which were deemed by the evaluators to constitute “Landmark Policy Changes”. In relation to Landmark Policy Changes, there were two areas where these were found to be lacking.

Within the Energy sector component of the Nigeria EGDCSP, none of the targeted intermediate outcomes were considered sufficiently substantive to be designated as Landmark Policy Changes. To a significant extent, this was simply a reflection of the context. The targeted intermediate outcomes can only be drawn

from government plans and strategies and, at the time when the operation was formulated, energy sector reforms had largely stalled¹³. However, there also appears to be a problem regarding the relevance of the chosen intermediate outcome targets, given that none of them address the problem of operational inefficiencies and high costs in distribution and transmission – a problem named by several stakeholders as a central problem of the sector. It might, for example, have been possible to include targets related to the completion of operational audits of the distribution companies or the expansion of the coverage of pre-paid meters.

The selection of targeted intermediate outcomes within the PFM component of the Tanzania PSRGSP was also judged to be lacking in Landmark Policy Changes. The reasons for this are less clear. Arguably, a more ambitious programme of actions should have been identified and agreed, given the longstanding nature of the government’s PFM reform plan and the strong dialogue framework existing for external support to these reforms. The chosen targets for intermediate outcomes were also lacking in relevance, in that they did not represent feasible solutions to the identified problems¹⁴.

Table 3 : Overview of the C-M-O Combinations in the five country cases¹⁵

	Angola	Burkina Faso	Comoros	Nigeria	Tanzania	Average
Context	1	3	2	1	2	1.8
Mechanisms	2	3	3	3	3	2.8
Intermediate outcomes - Energy	3	3	2	2	4	2.8
PBO Influence on intermediate outcomes - Energy	3	2	2	1	2	2

	Angola	Burkina Faso	Comoros	Nigeria	Tanzania	Average
Intermediate outcomes – PFM	3	n/a	2	3	2	2.5
PBO Influence on intermediate outcomes - PFM	3	n/a	2	2	2	2.3
Sustainability	1	2	1	2	3	1.8
Final outcomes - Energy	2	3	3	1	4	2.6
PBO Influence on Final outcomes - Energy	1	2	1	1	3	1.6
Final outcomes - PFM	1	n/a	1	1	2	1.3
PBO Influence on final outcomes - PFM	1	n.a	1	1	1	1

From the overview of C-M-O combinations in the five case study countries, a number of patterns emerge:

- a. As already noted, **the country contexts have generally not been favourable to PBOs**, with two ranked as ‘very difficult’, two as ‘difficult’ and only one as ‘favourable’.
- b. **The PBO mechanisms are rated as satisfactory in four of the five countries**, with the Angola mechanism being rated as unsatisfactory. The mechanism ratings are thus equal to or higher than the Context ratings in all cases.
- c. **However, the higher ratings for PBO mechanisms hide some common weaknesses in PBO design**, notably in the quality of results frameworks, in the absence of a strong medium-term perspective both in the PBO design itself and in the supporting arrangements for dialogue and TA, and in the ambiguity over the role of PBO funds in the achievement of the PBO objectives.
- d. **Overall, the performance on intermediate outcomes is positive, achieving average ratings in Energy of 2.8 out of 4 and in PFM of 2.5 out of 4**, despite the stringent methodology applied (in relation to the identification of Landmark Policy Changes.)
- e. **Looking at the C-M-O combinations, one would expect a low combined score for C+M to lead to a low score on outcomes and vice-versa.** In three cases, this relationship appears to hold – Burkina Faso and Tanzania on the positive side (high scores for C+M being associated with high outcome scores) and Nigeria¹⁶ on the negative side (low scores for C+M being associated with low outcome scores).
- f. **Angola represents an unusual case, where a favourable alliance of ‘reformists’ in the Energy sector and in the Ministry of Economy & Planning allowed important Landmark Policy Changes to be introduced in Energy and PFM** (respectively, the new Electricity Law and the new Procurement Law). However, the low assessment of the sustainability of these outcomes suggests that these gains may be short-lived, reflecting the inherent complexity of the context, as well as the more specific problem of financial unsustainability of prevailing institutional arrangements in the energy sector.
- g. **In Comoros, although the Mechanism was satisfactory, this could not overcome an unfavourable context.** In particular, the case study stresses how profound capacity constraints fundamentally undermined the achievement of intermediate outcomes – a reflection of its status as a Transition Country.

- h. **In terms of the relative influence of PBOs on intermediate outcomes, in four cases, this is considered moderate or negligible¹⁷, the exception being Angola where the PBO influence was considered important.** The limited influence reflects the fact that targeted intermediate outcomes were drawn from government strategies and plans, for which there was already a strong political commitment and a substantial amount of prior technical design work. Hence, the 'extra' influence of PBOs in these four cases was generally limited to helping keep reforms "on track" in terms of the timeliness of implementation, and by incorporating these targeted outcomes as either prior actions or trigger conditions.
- i. In the case of Angola, influence was judged as important, in that the PBO and the related TA had a direct influence on the design of the legislative changes in Energy and PFM, which were categorised as landmark policy changes - namely the revision of electricity and procurement laws, in addition to serving to accelerate the completion of these legislative amendments.
- j. **The Energy sector generally performs better than PFM in terms of the achievement of intermediate outcomes.** This result would appear to be primarily driven by the high political commitment to energy sector reforms, witnessed in Angola, Burkina Faso and Tanzania, during the period of the PBO implementation. The counter example is Nigeria, where energy sector reforms were essentially stalled at the time of the PBO formulation, as well the federal government had a more strongly established PFM reform plan in which the AfDB had already been engaged through ISP support. In Comoros, the lack of political commitment to reforms in either energy or PFM, along with the capacity constraints, were the principal explanatory factors for its poor performance.

Sustainability of the intermediate outcomes and the contribution to final outcomes

Combining the analysis of the C-M-O combinations with an analysis of the ratings for sustainability and for achievement of final outcomes gives a more nuanced picture. (See Table 3, above.)

Most scores for sustainability are low. However, Tanzania scores higher, reflecting a stable political environment, the political commitment to reforms supported by the PBO, and the favourable medium- to long-term economic perspective for the country - arising from the planned exploitation of large natural gas fields.

Low scores for sustainability would seem to be a consequence of the inherent complexity of institutional contexts. It would appear on the basis of this sample, that the quality of the PBO mechanism would need to be Highly Satisfactory in order to overcome - in a sustainable way, the constraints of a highly unfavourable context, such as those identified in Angola and Nigeria. There is scope for cross-checking this hypothesis with the results of the PSE cluster.

In terms of contributions to final outcomes, only three PBOs scored well and only in relation to energy, namely Burkina Faso, Comoros and Tanzania. In Burkina Faso and Tanzania, although external factors played positive roles (improved access to lower-cost electricity imports from Côte d'Ivoire for Burkina Faso; and favourable rainfall in Tanzania, facilitating lower-cost hydro generation), the Landmark Policy Changes targeted by the PBOs were important contributory factors in the achievement of the final outcomes. However, in the case of Comoros the significantly improved access to electricity was not the result of the Intermediate Outcomes targeted in the PBO but rather the consequence of a major investment by the government in electricity generation.

Looking at scores for intermediate outcomes, final outcomes and sustainability together, the energy sector components in Burkina Faso¹⁸ and Tanzania emerge as the two “success stories”.

In both cases, the reasons are similar. Strong results were achieved by building upon robust programmes of reform, to which there was a high level of political commitment. In the case of Burkina Faso, the Bank has provided investment lending support to the energy sector over a number of years but, despite the recognition at the political level for the need to reform, a strong strategic framework was lacking. The Bank helped to kick-start its development through a very timely and much needed fiscal injection but much of the analytical support was provided by the World Bank and the IMF. This was largely because the AfDB had not made adequate provision for engagement in policy dialogue and for the mobilisation of TA resources to support policy dialogue. In the case of the Tanzanian Electricity Supply Industry Reform Strategy and Road Map, this was already a well-established programme of reform at the time of formulation, to which the Bank had

contributed over several years through investment lending, TA and policy dialogue.

The implication is that PBO results are built upon longer term relationships with government, involving ongoing support, advice and analysis.

In a sense, the formulation and implementation of the PBO itself is the tip of the iceberg: underneath lies a deeper body of relationships, dialogue and analysis, where the Country Office plays a crucial role. In each of these cases – including the “success stories” of energy in Burkina Faso and Tanzania, there was evidence of insufficient attention by the Bank to ensure an adequate level of investment in the “infrastructure” necessary for long-term relationships. In particular, there is evidence of a lack of adequate attention to the staffing of Country Offices and to securing sufficient access to TA arrangements in energy, although the procurement and PFM areas were better served through the existing ISPs (see further details in the Section that follows.).





Observations on the overall Evaluation Questions

In this section of the synthesis report, we present the observations emerging from the energy cluster survey in relation to the overall PBO evaluation questions. These draw on the evidence available from the five case studies, highlighting those aspects of the evaluation questions where evidence is not available or is inconclusive. In line with the structure of the overall evaluation questions, they are presented in three sub-sections:

- Programming, design and management;
- PBO performance in Energy and PFM; and
- Conclusions regarding the factors facilitating or hindering success, as well as the Lessons Learned.

Programming, Design and Management

Programming: *To what extent is the Bank using PBO's appropriately, including how, when and where the policy and guidelines indicate it should?*

With regard to programming, two of the PBOs in the sample were assessed as unsatisfactory (Angola and Nigeria), two as satisfactory (Burkina Faso and Comoros) and one as highly satisfactory (Tanzania). Only the Tanzania and Comoros operations were programmed within the Country Strategy Paper (CSP), although the justification for the Burkina Faso operation was

considered strong, addressing the macroeconomic and energy crisis which arose in early 2015, in the wake of the overthrow of the Compaoré administration in October 2014. Moreover, in Burkina, the energy sector had been identified in the CSP as a priority area for the Bank and an energy investment project was initially planned, from which resources were later applied to the PBO.

The justification for the Nigeria operation, as a response to the fiscal crisis engendered by the sharp drop in oil prices was coherently presented in the PAR; this justification was also shared by the World Bank, who formulated a Development Policy Lending operation alongside the Bank's PBO. However, one might question why the need for a PBO was not identified in the Mid-Term Review of the CSP, which took place in 2015: certainly, more forward planning would have allowed more time for analytical work on which to base the design of the operation.

The Angola operation was also a response to the fiscal crisis created by the sharp drop in oil prices. In common with the Nigeria operation, it had not been envisaged in the CSP, or the Mid-Term Review (MTR). Moreover, the 2011 CSP actually counselled against the use of such instruments, stating that "the Development Partners do not ascertain the fiduciary environment to be conducive to PBL (Policy Based Lending) operations" (CSP, 2011, p.14). In keeping with PBO Guidelines, a detailed fiduciary risk assessment was undertaken during the formulation of the PBO. This identified a number of serious risks; safeguards to mitigate against these risks were identified and put in place but in practice these safeguards could only reasonably have hoped to reduce fiduciary risk over the medium term, that is after the disbursement of the PBO. Thus, it is questionable whether the Angola operation

adequately fulfilled the eligibility criteria for Budget Support. In practice, the justification for the operation derived from a) concerns over the systemic risk presented by the macroeconomic crisis in Angola; and b) a desire to support the 'reformist' elements within government that had come together at that juncture.

The justification for the volume of financing envisaged in these PBOs is not entirely clear.

Each of the operations includes a presentation of medium term fiscal forecasts and an estimate of the relative contribution of the PBO to the financing of the fiscal deficit but it is not clear exactly how decisions on the scale of funding have been reached. At the same time, most of the operations are of a size sufficient to make a noticeable, positive difference to deficit financing and also to command the attention of the authorities, with regard to the need to fulfil prior actions and trigger conditions. The one exception is perhaps Comoros, which is surprisingly small in relation to the fiscal deficit.

In terms of coordination with relevant Development Partners during the programming and formulation process, all of the operations were assessed as satisfactory (see table 2).

In Comoros, there was no formal framework for coordination with other Development Partners but the PARSEGF (2013-14) was formulated jointly with the World Bank, and each of the operations involved close consultation with the IMF. Therefore, in each of the five countries, there was close collaboration at the technical level with the World Bank and the IMF.

On the other hand, measures may be needed to improve the clarity and timeliness of communications at senior management levels between the Bank,¹⁹ the IMF and the World Bank .

In Angola and Nigeria, there was a shared diagnosis on the respective macroeconomic crises and their causes but the nature of the responses of the three organisations differed. There are indications that at the Board and Senior Management levels of the Bank, there was not a clear and timely awareness of the nature and significance of these differences.

Specifically, the Bank chose to proceed with PBO disbursements in these countries, whereas the World Bank chose not to; and the IMF in both cases expressed doubts over the adequacy of the structural measures being pursued by the authorities. Each of these positions was logically justifiable and, indeed, could have been coordinated as a set of three contrasting and yet complementary responses to the crises. However, AfDB Board members have indicated that, at the time of the Board decisions on disbursement, they were not fully aware of the different approaches being taken. Moreover, there is no evidence of communications being initiated at senior management levels between the Bank, the IMF and the World Bank in order to develop complementary approaches²⁰.

Weaknesses were identified in the programming of a package of support to accompany PBOs. These related both to the mobilisation of TA as well as arrangements for ensuring ongoing policy dialogue.

In two cases, Tanzania and Comoros, TA arrangements were adequately structured as complementary measures to the PBOs. In a further two cases, Nigeria and Angola, coverage was either partial (as in Nigeria where some aspects of the targeted areas of PFM & procurement were covered but not energy) or late (as in Angola where TA support was deployed after the closure of the PBO). In Burkina Faso, the PBO did not include complementary measures to strengthen the main line ministries of the Energy sector, despite the evident needs. In each case, Country Office staff expressed frustrations with the difficulties in accessing short-term TA for analytical or training support and with the long timeline required for securing more substantial support through ISPs, or through the Middle Income Country Trust Fund.

In all five cases, weaknesses were identified in arrangements made to ensure ongoing policy dialogue during PBO implementation. These related, in particular, to the lack of attention given to ensuring a Country Office would be adequately staffed and prepared to participate in focused policy dialogue²¹. Neither Angola nor Burkina Faso had

energy experts in the Country Office to maintain ongoing dialogue on these energy PBOs; in Nigeria, an energy specialist was appointed in April 2017, well after the first PBO disbursement had been made; and in Tanzania, the energy expert in the Country Office was not integrated within the PBO team. There were also significant staffing gaps at more senior levels, for example in Nigeria, where the country economist left during 2016 and it took longer than expected to find a replacement; and in Tanzania, the Country Manager left in December 2016 and had not been replaced as of February 2018.

With regard to linkages to other elements within the country portfolios, in each of the countries except Nigeria, the energy sector has been a significant recipient of investment lending by the Bank. While this certainly served to strengthen the partnership framework, there were no examples in the case studies of more precise linkages, for

example through targeting of policy obstacles in the PBOs previously identified through project work.

In terms of the appropriateness of the PBO modality, evidence from the country cases suggests that in four of the five cases, a PBO was appropriate to the context. Although as we note below in discussing design issues, the specific challenges presented by each particular country context were not always well addressed. The one country where evaluators concluded that a PBO was not appropriate was Comoros, essentially because of the specific challenges of Comoros as a transition country, in particular its deep capacity weaknesses and weak governance, which made it an unfavourable environment for a PBO. Moreover, the PBO design did not introduce adequate adaptations to address the challenges of its context as a Transition Country. (See Box 1.)

Box 1 : Provision of PBO in Transition Countries – the Comoros case

Comoros's fragility today is mostly structural. Power-sharing arrangements between the islands permeate all levels of public decision-making, leading to weak country ownership of reforms and high staff turnover, as well as a lack of transparency in public administration and State Owned Enterprise management. Comoros's status as a small island economy adds another level of complexity to international engagement, and, with the AfDB not having a permanent presence in the country, effective dialogue and monitoring remain challenging.

In this context, there was no evidence of substantive adaptations of the PBO design to address these serious constraints presented by the country context. As a consequence, the use of PBOs compared to other forms of project funding (notably capacity building) seems poorly justified:

- The country's eligibility to access PBOs was partial. Macroeconomic stability was assumed rather than evidence-based, as subsequently shown by the unsuccessful IMF negotiations. The AfDB's decision to downgrade fiduciary risk from substantial in the PARSEGF operation to medium in the subsequent PARSE operation was not justified by the available evidence from PEFA²² assessments and other diagnostics.
- The PBO contribution to a stronger state and reduced vulnerability was negligible or at best short-lived (through paying a few months of salaries), given the extremely low volume of funds provided, the weak disbursement conditions, and the poor results achieved in relation to the agreed reforms.
- Some of the PBO mechanisms, notably the use of direct financial safeguards and attempts at a joint donor matrix, did not work well.
- The lack of a country presence, coupled with lack of dedicated in-house expertise in the energy sector, has meant that the AfDB failed to understand and take into account the many political economy challenges that characterised the PFM and energy sectors.

Design: *To what extent is the Bank appraising and designing its PBOs in accordance with PBO policy and good practices established by the Organisation for Economic Co-operation and Development ?*

PBO design was rated satisfactory in one case (Tanzania) and unsatisfactory in the remaining four. Thus, design proved to be the weakest dimension of the PBO mechanism (see "The Quality of the PBO mechanisms in the five cases"). In terms of specific sub-questions included within the evaluation matrix, the conclusions on the quality of the PBO design are as follows:

- **Regarding the use of analytical work,** in each of the five cases, there was evidence of the use of both AfDB analytical work and that of other partners - mainly the World Bank. The use of this analytical work was clearly reflected in the respective PARs, which were all coherent and generally well drafted. There was only one case, that of the PFM sub-component in the Tanzania PSRGSP, where the selection of intermediate outcome targets clearly suffered from a lack of adequate analysis on the causes of payment arrears and procurement problems.
- **The quality of Results Frameworks was varied and represented one of the weaker design aspects.** The two most common problems were: (i) a lack of coherence in the definition of results frameworks, in particular in the anticipated lines of causality between intermediate outcomes targeted in the PBOs and the identified final outcomes, which were in most cases ambitious, long-term and with weak links to intermediate outcomes; and (ii) ambiguity over the role of PBO funds in the achievement of PBO stated objectives. With the important exception of the Burkina Faso operation, none of the PBOs provided a clear explanation of the contribution to intermediate and final outcomes anticipated from the provision of the budget support funds, nor included a explicit role for funding effects within the results frameworks.

- **The role of policy dialogue and of the non-financial aspects of the PBO package was only loosely articulated.** Indeed, in the case of the Burkina Faso PASE, it was not articulated at all as no dialogue was explicitly envisaged after the disbursement of the single tranche Self-Standing Operation (SSO). In other cases, it was understood that dialogue would focus on progress towards trigger conditions but there was no explicit prioritisation of some trigger conditions over others and no focus on dialogue or capacity-building work linked to identified risk factors.

- **The choice of conditions, prior actions and triggers was generally appropriate, if sometimes lacking in ambition; and, in four of the country cases these were drawn exclusively from government plans and country-owned indicators.** The one exception was Comoros, where a lack of government ownership over the measures proposed in the PBO was clearly identified by the evaluators. A more common problem in the selection of prior actions/triggers was a lack of sufficient ambition: in two sub-components – energy in Nigeria and PFM in Tanzania – the selection of targeted intermediate outcomes included no Landmark Policy Changes. Moreover, only in the case of the Burkina Faso PASE did the operations take advantage of the opportunity to establish triggers focused on the strategic use of the fiscal space generated by the PBOs, for example to clear central government arrears to electricity companies, or to facilitate key investments.

- **Only one of the five cases, the Tanzania PSRGSP, was based on a genuine multi-year framework covering a period of 3 years.** The Burkina Faso PASE was a single tranche SSO and the other three operations involved disbursement timescales of less than 20 months, even though they were formulated as Programmatic Operations or Programmatic Tranching. The absence of a strong medium-term perspective in the design of the PBOs as well as supporting arrangements for dialogue and TA, emerges as one of the principal design weaknesses.

Risk assessments were undertaken in all of the PBOs and, in four of the five cases, the mitigation strategies identified were considered adequate. The exception was Angola, where the fiduciary risk assessment identified a number of serious risks. Although safeguards to mitigate against these risks were identified and put in place, in practice these safeguards could only reasonably have hoped to reduce fiduciary risk over the medium term, but only after PBO disbursement.

There is limited consideration of cross-cutting issues in the design of the PBOs. Given that the PBOs are focused on the energy sector, the limited attention to environmental issues and to issues of social inclusion is quite striking. In Nigeria, Tanzania and Burkina Faso, the supported energy strategies did include attention to rural electrification and to reduction of the environmental impact of electricity generation technologies, but these were not examined in detail within the appraisal process, nor were the subject of prior actions or trigger actions in any of the PBOs.

Managing: *To what extent is the Bank efficiently managing, supervising and implementing its PBOs?*

Available evidence from the energy cluster evaluation on PBO management, supervision and implementation was limited. This was largely due to the short-term nature of the operations themselves, whose disbursement timelines implied short implementation periods, and thus no interim reporting. In addition, in the cases of Burkina Faso, Nigeria and Tanzania, PCRs were yet to be finalised at the time of reporting. Nevertheless, certain conclusions can be reached on some of the sub-questions in the evaluation matrix relating to this topic.

The management of policy dialogue revealed significant shortcomings in some countries and sectors, with significant differences between PFM and energy. In assessing the PBO mechanisms, policy dialogue frameworks were assessed as satisfactory in three countries (Comoros, Nigeria and Tanzania) but unsatisfactory in two (Angola and Burkina Faso). However, these numerical assessments hide important variances and nuances. The Angola dialogue framework was marked down because of its informality and lack of structures but it was noted to be “remarkably fluent and supported by regular informal exchanges” (Angola Case Study Report).

Given the absence of pre-established formal structures of dialogue in Angola, the quality of interactions was certainly better than might have been expected, which serves to highlight the point that a dialogue must be a two-way process. It thus requires a partner government, which values dialogue and has made the necessary organisational and administrative investments to give it structure and form. In this respect, there were some shortcomings in all countries, and most especially in Angola and Comoros. These contextual factors necessarily limit the scope for strategic and regular dialogue.

Nevertheless, there was evidence that the AfDB succeeds in opening up dialogue and enjoys a greater level of trust in its partnerships than other Development Partners. In Angola, Burkina Faso and Nigeria, the Bank was reported to be the first point of contact by the partner governments at the time of their fiscal crises and was able to open up space for other dialogue partners – notably the World Bank in Angola, Burkina Faso and Nigeria, and JICA²³ in Angola. Thus, the notion of an “African voice” is not simply a romantic idea; the AfDB enjoys a degree of respect, trust and therefore access in the RMCs, which most other Development Partners do not always enjoy²⁴.

However, the AfDB does not regularly capitalise on its privileged status as a trusted partner. With regard to the energy sector in Burkina Faso and Nigeria, the Bank failed to establish a framework for ongoing strategic dialogue. This was in part due to administrative shortcomings, the failure to ensure that there were energy experts in place in the Country Offices at the right time, and also due to a lack of priority accorded to the dialogue process. The emphasis in both cases was on fast formulation with little attention given to how to maintain dialogue after PBO disbursement.

There is evidence that policy dialogue is more regular in the areas of PFM and procurement.

In Nigeria, the resident procurement and financial management experts already enjoyed strong relationships with the federal government due to their ongoing work on the strengthening of country systems²⁵. The formulation of a PFM sub-component within the Nigeria EGDCSP benefitted from this prior relationship with agreement reached on the inclusion of six Landmark Policy Changes within the targeted intermediate outcomes (of which three were fulfilled). By contrast, the energy sub-component - from what was effectively a 'standing start', did not reach agreement on the inclusion of any Landmark Policy Changes. In Angola too, the design of the PBO benefitted from prior dialogue on procurement and PFM issues.

Policy dialogue must be prioritised and therefore be a consistent ongoing process in those countries where PBOs are implemented.

PBO results are built upon longer term relationships with government, involving ongoing support, advice and analysis.

The energy cluster evaluation yielded limited evidence in relation to PBO monitoring,

in particular, there is no clear basis for judging to what extent Bank Guidelines are followed in the monitoring and supervision process. In terms of flexibility to allow necessary adjustments, the adaptations introduced in adapting original trigger conditions into a revised set of prior actions for Phases II & III of the Tanzania PSRGS suggest both that there is room for flexibility and that it is used sensibly.

In the five case studies, performance with respect to AfDB processing, timeliness of disbursements and transaction costs was exemplary. Four of the five countries were ranked highly satisfactory on this dimension of the PBO mechanism and one (Angola) was ranked satisfactory. (See Table 2.)

Resourcing: *To what extent is the Bank appropriately organising itself and marshalling its resources to support use of the PBO instrument?*

The first question to assess in relation to resourcing is whether there are sufficient staff with the right expertise, in the right places in order to enable the AfDB to: (i) identify and programme; (ii) provide supporting analytical work; (iii) design; (iv) engage in policy dialogue, manage and effective implementation of PBOs. The country study teams were not mandated to conduct detailed capacity gap analysis, so it was only possible to address these questions indirectly. As such, the evidence must be considered indicative rather than conclusive.

As we have noted above, the processes of identification and programming operate reasonably effectively and there is no particular reason to believe that there is a staffing problem per se. However, the relatively high number of PBOs within this sample (3 out of 5) which were not programmed either in the CSP, nor in the Mid-Term Review of the CSPs, suggests that there may be a problem regarding the awareness of the range of contexts in which a PBO might be of use. The PBOs in Angola and Nigeria were not programmed in any country strategy documents²⁶, yet the declines in the price of oil and the resultant macroeconomic crises - which prompted government requests for PBO support in Angola and Nigeria - were predicted in advance by a number of international observers and certainly the structural imbalances in the power sectors of these two countries were well known. There is some indicative evidence that staff responsible for programming were unaware of the possibility of

using PBOs in these contexts. Certainly, focus group discussions in Abidjan have pointed to the limited knowledge of the PBO instrument outside of the 'governance circle' (the former OSGE²⁷).

With regard to analytical work, in each of the five cases, there was evidence of the use of both the AfDB analytical work and that of other partners - mainly the World Bank. There was only one case – that of the PFM sub-component in the Tanzania PSRGSP, where the selection of intermediate outcome targets clearly suffered from a lack of adequate analysis. While stronger analysis is always likely to be beneficial, the energy cluster evaluation does not suggest that this is a major concern in relation to resourcing.

The above identified weaknesses in PBO design appear more obviously to reflect a lack of sufficient training and sensitisation over good practices in PBO design, especially in relation to the structuring of results frameworks. ("The Quality of the PBO mechanisms in the five cases").

The most obvious shortcomings emerge in Policy Dialogue. In all five case studies, weaknesses were identified in the arrangements made for ensuring ongoing policy dialogue during PBO implementation. These were related in particular to the lack of attention given to ensuring the Country Office would be adequately staffed and adequately prepared to participate in a focused process of Policy Dialogue.

However, perhaps more serious than the staffing gaps is the lack of a clear definition of roles between the Country Offices, Headquarters and the Regional hubs. Despite the fact that most of the PBO PARs ascribed an important role to the Country Offices within the dialogue process, the perception at the Country Office level was one of being overlooked and ignored. One interviewee at Country Office level said, "The Bank's notion of a 'Task Team' is not clear and certainly not operationalised". The current Bank restructuring process may provide a good opportunity to address this issue.

PBO Performance in Energy and PFM

Effectiveness: *To what extent are PBOs achieving results?*

Sustainability: *To what extent are the results achieved with the contribution of PBOs sustainable?*

In the prior section "Context-Mechanisms and Outcome (C-M-O) combinations" above, a detailed analysis of the performance of the PBOs is presented covering intermediate outcomes, final outcomes as well as the question of sustainability. Findings on this aspect are developed in considerable detail in the five individual country case study reports. Results may be summarised as follows:

- a. **Overall, the performance on intermediate outcomes is positive, achieving average ratings in Energy of 2.8 out of 4 and in PFM of 2.5 out of 4.**
- b. **In terms of the relative influence of PBOs on intermediate outcomes, in four cases, this is considered moderate or negligible²⁸, the exception being Angola where the PBO influence was considered important.**
- c. **Most scores for sustainability are low – a consequence of the inherent complexity of institutional contexts.** The findings from this small sample suggest that the quality of the mechanism would need to be highly satisfactory to overcome the disadvantages of a highly unfavourable context, such as those of Angola and Nigeria, at the time of formulation of these PBOs.
- d. **In terms of contributions to final outcomes, only three PBOs score well and only in relation to energy.** In part, this reflects the constraints of the context but also the relative

weakness of the links between the targeted final outcomes and the targeted intermediate outcomes.

- e. **Looking at scores for intermediate outcomes, final outcomes and sustainability together, the energy sector components in Burkina Faso and Tanzania emerge as the two “success stories”.** In both cases, the reasons are similar: (i) strong results were achieved by building upon robust programmes of reform, to which (ii) there was a high level of political commitment.

Success Factors and Lessons Learned

Success factors: *Which factors enable or hinder the Bank to program, design and manage its PBOs appropriately and to achieve results?*

In relation to the country context, three factors emerge as being especially important for the success of PBOs:

- a. **Firstly, the existence of an established and well-structured national sector reform strategy and road map emerges as a critical building block.** Within the case studies, the Tanzania Electricity Supply Industry Reform Strategy and Road Map is the prime example of such a strategy. Although it drew on external TA for its elaboration (including from the AfDB), it was internally developed, fully government owned and already in place prior to the formulation of the PBO, its approval by Cabinet being a prior action for Phase I of the PSRGSP. The targeted intermediate outcomes in the PBO,

including four Landmark Policy Changes, were thus drawn directly from this strategy. In Nigeria, the lack of a coherent reform strategy and road map for the power sector reform made it difficult to agree on relevant measures amongst the targeted intermediate outcomes in the PBO energy component, as a result, no Landmark Policy Changes were included. By contrast, the existence of an established PFM reform strategy for the Nigeria Federal Government allowed for the selection of a more coherent and significant set of reform measures, including six Landmark Policy Changes. In Burkina Faso, a principal “success story” amongst the case studies, there was a clear sector policy²⁹ in place at the outset of the operation. In Angola too, there was an electricity sector reform strategy³⁰ in place at the time of PBO formulation and disbursement (which was unfortunately phased out in January 2016, undermining the sustainability of the outcomes achieved).

- b. **Secondly, a strong political commitment to reform is essential to ensure that reform strategies are actually implemented.** Political commitment to reform was especially strong in Burkina Faso and Tanzania and very obviously weaker in Comoros. In Angola, political commitment was initially in place but proved to be short-lived. In Nigeria, there was an awareness at the political level of the severity of the fiscal crisis and a commitment to take corrective measures, but commitment at the Federal level was clearly constrained. Although it proved possible to introduce restrictions on state level borrowing and to introduce important expenditure controls at the federal level, there was insufficient political commitment to make real progress on increasing non-oil revenues (through control of waivers and exemptions, or increases of VAT³¹ rates).

- c. **Thirdly, the institutional means to drive the reform implementation and coordinate measures across government is highly important, especially for the most cross-cutting reforms.** This invariably requires a strong agency at the centre of government that has technical capacity and also enjoys political authority. In the five country cases, this role was generally played by the ministries of finance and planning. However, in each of the case studies, institutional shortcomings were also identified at this level; this was, in most cases, the principal source of vulnerability with regard to the sustainability of outcomes achieved.
- d. **On the other hand, in several cases, the PBOs were not sufficiently ambitious in the definition of prior actions, triggers and intermediate outcomes to be able to catalyse fundamental reforms.** This was most notably the case in the PFM area in Tanzania and the energy sector in Nigeria, neither of which included any Landmark Policy Changes amongst the targeted intermediate outcomes.
- e. **Only one PBO, the Burkina Faso PASE, took advantage of the opportunity to link the use of the additional fiscal space provided by the PBO to the achievement of targeted objectives in energy or PFM.** Although the context may not always be appropriate for such an approach, in many cases this represents a missed opportunity because partner governments generally accept the legitimacy of linking financial conditions to the provision of budget support. Strategic expenditure areas can generally be identified to be targeted in the intermediate outcomes agreed with government, such as the clearance of arrears³², or the expansion of investment or recurrent spending in high priority sectors (or sub-sectors, such as electricity transmission and/or distribution) or in disadvantaged geographical regions.

In relation to the PBO mechanisms, the case studies illustrated a number of positive elements in the formulation and implementation of PBO mechanisms but also some common shortcomings:

- a. **Firstly, most PBOs build directly on government-owned strategies.** Comoros was the only case where there were shortcomings in this respect, a fact reflected in the weaker results.
- b. **In all cases, there has been close collaboration with other Development Partners, especially the World Bank and the IMF,** and this has clearly strengthened formulation and implementation.
- c. **In all cases, the formulation process has been efficient, leading to a fast, first disbursement,** a fact which is universally praised by the partner governments and clearly helps to reinforce trust in the partnership.
- f. **Only one of the operations, the Tanzania PSRGSP, had a genuinely medium-term perspective, with disbursements extending beyond an 18-month period.** Yet, the structural reforms which these PBOs targeted could only realistically be addressed in a sustainable way over the medium-term.

- g. In no case was adequate provision made for the full PBO package, including institutional support/TA and policy dialogue.** The framework for dialogue and for institutional support was generally better provided for in the PFM and procurement areas but was frequently deficient within the energy sector components.

Lessons learned: *What evidence-based lessons will enable the Bank to make use of PBOs to support the High 5 objectives?*

There are two key lessons for programming:

- **The need for a medium-term engagement:** the evidence of these case studies suggests that the structural reform objectives targeted by PBOs can in most contexts only be attained through continuous, gradual change, consolidating improvements on a year-to-year basis, rather than trying to force rapid change. As a consequence, the policy lesson is that, with the exception of CRBS, PBOs should be structured as medium-term operations, based upon 3-4 tranches over three years and, in most cases, forming part of a sequence of multi-year PBO operations.
- **The need to maximise the effects of the contribution to fiscal space of PBOs:** the primary interest of most RMCs in approaching the Bank to undertake PBO operations is short-term and financial – to help protect fiscal space and/or facilitate macroeconomic stabilisation. The lesson of these case studies is that more careful attention needs to be given to how that fiscal space should be used so as to ensure that it helps address structural constraints as well as short-term needs. PBOs should aim to create a bridge between short-term macro relief and medium-to-long term structural reform.

There is one key lesson to improve performance and results of PBOs both in general and in relation to the High 5s:

- **Strong and sustainable results are achieved by building upon a well-established programme of reform,** to which the Bank has contributed over a number of years through investment lending, TA and policy dialogue. PBO results build upon longer term relationships with government, involving ongoing support, advice and analysis. In a sense, the formulation and implementation of the PBO itself is the tip of the iceberg; underneath lies a deeper body of relationships, dialogue and analysis, where the Country Office plays a crucial role. The evidence from these case studies shows that PBO performance will suffer where the Bank fails to make investments in the infrastructure necessary for long-term relationships. Amongst other things, such investment requires close attention to the staffing of Country Offices as well as the arrangements made for accessing appropriate and timely TA.

The lessons relating to the strategic framework for PBOs derive directly from the lessons for programming, design and management, and those for results:

- Given that most PBOs can only achieve substantive and sustainable change over the medium term, it is important that Policy & Guidance should promote this as the default option for PBOs – medium-term programmatic operations, covering a 3-year period and ideally structured as a sequence of 3-year PBOs. Results frameworks should also be structured to reflect this time-scale and should incorporate targets for intermediate and final outcomes which are consistent with this time-scale as well as realistic expectations as to the pace and scope for change, and, at the same time, showing a sufficient level of ambition (in terms of the inclusion of Landmark Policy Changes).

- For successful medium-term operations to be formulated and implemented, the corresponding staffing and TA infrastructure also need to be in place, based on strong Country Offices able to conduct continuous, strategic and analytical dialogue.
- Finally, it should not be forgotten that the contribution to fiscal space is the most obvious benefit of PBOs and should therefore be used strategically to ease structural constraints in support of longer term reforms. PBO Policy & Guidance, as well as the related training and support, should reflect this reality and provide explicit guidance for the assessment of the contribution to fiscal space, in addition to targeting its utilisation. The approach should be to identify targets for intermediate outcomes (such as reduction of expenditure arrears, or expansion of spending in areas of strategic importance) which would be made possible by this additional fiscal space. However, a one-to-one match of funding to targets is certainly not what is envisaged as it would undermine the PBO contribution to treasury management and budget flexibility.



Annex 1: Cluster Evaluations - Methodology for Case Studies

Introduction and Overview of Steps in the Completion of a Country Matrix

The table below provides the structure of the Country Report Template, to be completed by the consultants undertaking each of the country case studies for the cluster evaluations.

In addition to completing the Country Report Template, the case study teams will also need to complete the detailed scoring tables included in the Project Portfolio Document Review (PPDR) for the relevant PBOs within their country/time period, and also develop a customised ToC for the PBO or series of PBOs, which form the subject of the case study. They will also need to submit interview notes (based on semi-structured interview outlines) and a list of references consulted. This package of documentation comprises the evidence from each case study, which will then be synthesised as a single Technical Report for the five case studies of each cluster.

Scope of the analysis

The focus of the analysis has been made deliberately narrow in order to concentrate on results and the Bank's contribution to results through PBOs.

Specifically, the objectives of the cluster evaluation are:

- To assess whether PBOs are achieving **results**, with respect to “Landmark Policy Changes” - the more important intermediate outcomes (induced outputs) targeted by the PBOs – and final outcomes;
- To estimate the relative **contribution** of the Bank's PBOs to those changes, taking note of the “Paths of Influence” which have been most effective;
- To assess the degree of **sustainability** of the outcomes achieved;
- To assess which **factors** have facilitated or hindered success, distinguishing between factors related to the country or sector context and factors related to the PBO mechanism; and,
- To identify the **lessons** that may be drawn (i) for the programming, design and management of PBOs, (ii) for the achievement of relevant policy results, particularly in relation to the High 5s, and (iii) for the strategic and organisational framework for PBOs.

For each country, evaluators will assess the performance of the most recent energy-related (or PSE-related) PBO or the most recent series of energy-related (or PSE-related) PBOs. However, the focus will be exclusively on the energy (or PSE) components of these PBOs, as well as the PFM components. The rationale for focusing only on these two PBO components, which in several cases are broader in scope, rests on the fact that it is important to dedicate sufficient time to complete the contribution analysis effectively, hence the primary

focus on energy and PSE within the two respective clusters. The addition of PFM in both cases is to have a point of comparison, where within the same country context the specific design and implementation of the PBO mechanisms for energy/PSE vs. PFM may be significantly different and thus provide a source of future lessons.

When developing the ToC, evaluators will decide whether it is relevant to consider the operations as a series of linked operations or whether it would be more appropriate to focus on one PBO. This decision will be determined by (i) whether it is possible to construct a single ToC for the operations, which is coherent and not contrived; and (ii) whether the time elapsed between operations is sufficiently short to consider them together, i.e not long enough for significant changes in the country or sector context to have taken place.

Steps in the completion of the Country Case Study

There are **six steps** in the process of completion of each country case study:

- i) Project document review (following PPDR methodology);
- ii) Development of the ToC, identifying Landmark Policy Changes and Paths of Influence;
- iii) Analysis of country-level documentation and data;
- iv) In-country triangulated interviews to conduct contribution analysis;
- v) In-country focus groups to share findings, identify enabling/hindering factors and agree lessons;
- vi) Completion of Country Report Template.

Details on each step are provided below.

ij). Project Document Review

The first stage in the analysis – to be undertaken in advance of field work - will be a **detailed document review of the PBOs** in each country cluster included within the sample that has been agreed for the PPDR review (presented in Annex 4 of the Inception Report). The PPDR scoring table and corresponding instructions to be followed are included in Annex 5 of the Inception Report.

For the PBO or series of PBOs to be assessed in the cluster survey, the PPDR will provide some of the inputs for the rating of the PBO mechanism, reported upon in section 3 of the Country Report template.

ii). Development of the ToC, identifying Landmark Policy Changes and Paths of Influence

Development of the customised ToC for the PBO or series of PBOs to be assessed in the cluster survey is the next stage in the process. This will use the same template and definitions that have been developed for the generic ToC for all PBOs included as Annex 2 of the Inception Report. However, **it will be customised to reflect the ToC envisaged for the energy (or PSE) and PFM components of the PBO/series of PBOs being assessed.**

This will entail four specific aspects of customisation: (i) the ToC will reflect the PBO-specific details within each of its five phases (Inputs=> Development Impacts), including details of actual funds committed, specific analytical work undertaken, etc. and, where the information is available, some details on inputs by other DPs (which DPs, scale of funding) and by government (names of specific policy initiatives, rough estimates of budget funding, etc.); (ii) the details will be limited to the energy (or PSE) and PFM components with regard to induced outputs/intermediate outcomes and final outcomes; (iii) those induced outputs/intermediate outcomes³³ identifiable as **Landmark Policy Changes** (see definition below) will be highlighted as such; and (iv) within the assumptions section the anticipated **Paths of Influence** (definition below), will be explicitly identified.

The customised ToC will be derived, starting from the specification of the logical framework, however, other project documentation will be considered where appropriate and a consultation will also be held with the responsible Task Manager in order to validate the customised ToC.

A draft of the customised ToC for the first case study country, Burkina Faso, will be circulated within the evaluation team and with IDEV for review and refinement in order to arrive at a standard format and approach for all the customised ToCs.

iii). Analysis of country-level documentation and data

Prior to initiation of field work, some analysis of essential country-level documentation and data would also need to be undertaken. The purpose would be three-fold to: (i) **inform the rating of the country context**, comprising section 2 of the Country Report Template; (ii) **ensure an adequate understanding of the key policy documents**, reports and evaluations relevant to the contribution analysis; (iii) collect and analyse **data on the intermediate and final outcomes for Energy/PSE** and PFM, identified within the ToC.

In relation to the first objective, it will be necessary to access the country level data from the World Bank's World Development Indicators (WDI), the UNDP's Human Development Index (HDI) and associated annual report, and the Worldwide Governance Indicators (WGI) , for which the Bank's own Country Policy and Institutional Assessment (CPIA) is a source. It would also be necessary to consult existing reports and evaluations concerning the nature of the political leadership and its commitment to development (for example, does a National Development Strategy or its equivalent exist? Is it regularly referred to by the President/Prime Minister and the senior ministers?). Finally, documentation by which to judge the quality of relations with Development Partners should also be accessed – for example, the Development Cooperation policy or its equivalent, any evaluations of the aid relationship, the Bank's Country Strategy Paper, etc.)

With regard to the second objective, it is necessary to access (i) the **national energy sector (or PSE) strategy** and any related actions plans and/or annual progress reports; (ii) the **national PFM reform strategy** and any related actions plans and/or annual progress reports; and (iii) any external reports or evaluations relevant to the energy/PSE or PFM areas, including Public Expenditure and Financial Accountability (PEFA) assessments, IMF Fiscal Transparency Evaluations (FTEs) and Article IV reports.

The analysis of data on intermediate and final outcomes in Energy/PSE and PFM will help to complete sections 4 and 5 of the Country Report Template. These data will be reported in the Bank's own reports, notably the Implementation Performance & Results Reports (IPRs), Back-to-Office Report (BTORs) and Project Completion

Report (PCRs). It would also be useful to complement such data with reports from independent sources, such as annual reports against progress for joint Budget Support Programme Assessment Frameworks (PAFs) where these exist, the reports of DPs with budget support also covering energy/PSE and PFM, PEFA assessments, etc. The RMC Authorities' own reports on energy/PSE and PFM performance would also be relevant.

iv). In-country triangulated interviews to conduct contribution analysis

Depending on the nature of travel logistics, etc., it is anticipated that the country teams would spend six working days in each country as well as one week-end. The majority of this time would be dedicated to the **contribution analysis for the energy/PSE and PFM areas**, focused upon understanding the causal factors behind the Landmark Policy Changes identified and the specific contribution of the Bank's PBO. If the anticipated Landmark Policy Changes are reported not to have occurred, Contribution Analysis will seek to understand why, identifying the specific hindering factors where possible. Where changes in final outcomes are also reported, Contribution analysis should also seek to identify the extent to which the PBO has contributed through its influence upon the Landmark Policy Change. Thus, contribution analysis would provide information to complete sections 4 and 5 of the Country Report Template, in particular those sub-questions relating to the degree of PBO influence³⁴.

Methodologically, contribution analysis is a process of causal inference. Its application to PBOs would involve three broad steps:

- Anticipated changes are identified at the level of intermediate outcomes (“induced outputs”), which might constitute Landmark Policy Changes, in other words policy decisions or budgetary or institutional changes of substance and influence;
- The extent to which these changes have actually occurred is assessed, drawing both on available documentary evidence as well as triangulated interviews with key resource persons; and
- The contribution of PBO processes to the changes is assessed, drawing in particular on triangulated interviews with key resource persons. Different hypotheses relating to the causes of the Landmark Policy Changes are explored, considering in particular whether or not the PBO may have been an influential factor either through one of the pre-identified Paths of Influence or through other means. Other potential contributory factors and alternative explanations of the cause of changes are also explored in this step, including drivers of change internal to the RMC, and the influence of actions by other Development Partners. Hypotheses emerging from one interview are cross-checked through other interviews and/or from documentary sources (triangulating information) so as to arrive at a qualitative estimation of the importance (if any) of the PBO's contribution to the Landmark Policy Change. A key line of inquiry in this process relates to the **chronology of the policy change**: When was the idea first mooted and by whom? How was it formulated into a coherent proposal and by whom? Who opposed it and who favoured it and how and why did the relative balance of interests change over time? Who finally approved it, when and how? How did the PBO influence the policy formulation/decision making process, if at all?

Contribution analysis would draw on two sources: (i) available **documentation** (progress reports, evaluations and other relevant documents); and (ii) **triangulated interviews** with key stakeholders.

Triangulated interviews would seek information from three types of stakeholders:

- **RMC staff**, including the key contact person for the PBO from the Ministry of Finance or Planning, the AfDB contact person from the external finance team in finance or planning and the relevant technical leads for the different Landmark Policy Changes identified for energy/PSE and PFM;
- **AfDB staff**, including the PBO Task Manager, the Sector Leads and the Country Economists; and
- **Informed third party observers**, drawn from academia, think-tanks and other Civil Society Organisation (CSOs) in the RMC and/or from relevant representatives of the development community in the RMC, such as the IMF Resident Representative and/or Economist, and staff from other DPs providing budget support.

As we have noted, there are likely to be 4-6 Landmark Policy Changes across PFM and energy/PSE, where contribution analysis would need to be applied. For AfDB staff and for informed third party observers, it is likely that largely the same staff could be interviewed in relation to each of the Landmark Policy Changes but amongst RMC staff, it is probably the case that the “technical lead” would vary depending on the Landmark Policy Change in question. Thus, a rough estimate of the numbers of interviews required within each of these groups would be: **(i) RMC staff: 7-9 persons; (ii) AfDB staff: 4-5; (iii) informed third party observers: 3-4**, making a total of 14-18 interviews. It should be noted that for the AfDB staff, some of the relevant persons are likely to be based either in Abidjan or in regional hubs and would need to be separately interviewed, ideally in advance of field work.

v). In-country focus groups to share findings, identify enabling/hindering factors and agree lessons

It is anticipated that it should be possible to complete most of the contribution analysis (with preliminary results written up in the Country Report Template) during the mission. The last day or two of the mission could be used to conduct:

- any final interviews necessary to confirm findings from the contribution analysis, and
- one or two focus group meetings³⁵ in order to share and validate findings, identify enabling and hindering factors and agree on the key lessons emerging.

These focus group discussions would thus feed into the overall validation of the country case study, and more specifically into sections 6, 7, 8 and 9 of the Country Report Template. One of these focus groups should comprise AfDB staff in-country, supplemented if necessary through the participation of key Bank staff via video or tele-conference. Overall, a group of 3-5 Bank staff would comprise this focus group, who would engage with the evaluation team and the IDEV team member³⁶.

Ideally, another focus group discussion would be organised with the key RMC staff, notably the staff at the central level, with a more cross-cutting perspective on the issues. This group would include the key contact person for the PBO from the Ministry of Finance or Planning, the AfDB contact person from the External Finance team in Finance or Planning, and possibly one or two key sectoral staff – again a relatively small group of 3-5 persons.

If it proves difficult to bring together RMC staff into a focus group (especially after already having undertaken individual interviews), an alternative approach would be to organise a CSO focus group. However, it is important that this CSO focus group should be well informed about the energy/PSE issues, covered by the PBO.

vi). *Completion of Country Report Template*

The completion of the Country Report Template would be the final step in the process. This would be completed by the case study team during and immediately after fieldwork, so as to avoid delays and ensure the capture of key findings while they are fresh in mind. An internal peer review process of the Country Reports would be undertaken by the Team Leader and Deputy Team Leader of the evaluation team as well as by IDEV, with appropriate revisions and additions being made in the light of their comments. The final Country Reports would then be annexed to the Synthesis Technical Report of the cluster evaluation, to be written up in December 2017, based on the five case studies.

Terminology

Box A1.1 : Definition of key terminology

Landmark Policy Changes are policy, budgetary or institutional changes of substance and influence, targeted by PBOs within the set of intermediate outcomes (induced outputs) identified in the ToC. They therefore comprise a subset of the intermediate outcomes identified in the ToC – specifically the more important intermediate outcomes relating to Energy/PSE and PFM.

These do not need to be “Policy Decisions” in the formal sense of the word (involving legislative change) but rather changes to the policy and regulatory framework, the budgetary allocations, or the implementation procedures governing the implementation of regulatory and service delivery processes in Energy/PSE and PFM. For instance, a decision to change the regulatory/approval processes governing the setting of electricity prices would be a good example of a Landmark Policy Change for the energy sector. For PFM, the introduction of new procurement regulations would be a relevant example. The precise cases would need to emerge from the definition of the ToC for each PBO (or set of PBOs) being analysed. It is important that they should constitute, firstly, changes introduced as a result of decisions made at senior levels of government (i.e., at ministerial or higher levels) and secondly, they should represent substantive changes, with a clear link to a desired final outcome. Thus, the mere adoption of a plan of action for reform would not be a Landmark Policy Change, whereas the implementation of legislative or regulatory reforms as a result of that plan would constitute Landmark Policy Changes.

Paths of Influence denote the different ways in which a PBO might exert influence over a RMC Partner Government in order to make a Landmark Policy Change or in other ways to take actions to progress towards the shared objectives targeted by the PBO.

The notion of Paths of Influence is similar to that of “Impact Pathways” (as used by Olney, 2013 and others) but not the same. Whereas the notion of Impact Pathways is normally used to describe the tangible milestones which are anticipated within a reform roadmap, Paths of Influence are less tangible and refer to the way in which a PBO process may exert influence over the scope or speed of decisions taken by a partner government. In this respect, the Paths of Influence of a PBO are likely to be linked directly to the classic inputs of the PBO package, namely funds, policy dialogue and accompanying TA or analytical support. For example, a specific approach to reform may be favoured because it has been recommended by the Bank in its policy dialogue and further developed through TA. Alternatively, a particular reform may be accelerated because it is linked to the receipt of additional discretionary resources.

Yet, behind each of these more obvious Paths of Influence, there are subtle nuances to be explored. Has the timing of funds release been important? Has it had a leverage effect in terms of “crowding-in” funds from other sources? Has policy dialogue had a direct influence (i.e. in changing policy directly) or a subtler influence, in giving policy reformers external support to adhere to their plans?

In order to assist the country teams to capture the different ways in which PBO influence might be manifested, the table below may be used as a starting point in defining the paths of influence to be incorporated within the ToC (as part of “assumptions”).

Table A1.1: Potential Sources & Paths of Influence of PBOs

Key Finding	Additional Details and Implications
PBO funds and related incentive effects for Reform	<ul style="list-style-type: none"> ■ Scale of fundinghelps to fill pre-identified funding gaps. ■ Timeliness of funding.....facilitates response to crisis, eases treasury management. ■ Flexibility of funding.....gives access to more discretionary resources. ■ Political capital.....gained from receipt of significant external funds brings political popularity, loss of funds (due to PBO suspension) may lose support.
PBO dialogue and related public process of reform monitoring	<ul style="list-style-type: none"> ■ Public monitoringof an agreed reform programme by an independent external party brings credibility to reform programme. ■ Balance tipping.....where balance of reformers vs. reform opposition is even, external support tips the balance. ■ Improved strategy.....sharing of international experience of reform helps to improve the choice of strategy/design of reforms.
PBO technical assistance and guidance on reform choices and designs	<ul style="list-style-type: none"> ■ Improved strategy.....international expertise helps to improve choice of strategy/design of reforms, especially when technically and politically complex. ■ Improved sequencing.....TA may help to bring more effective sequencing .
AfDB as an 'honest broker'/trusted partner (as an 'African voice')	<ul style="list-style-type: none"> ■ Special alliance.....with Bank lends credibility to reforms and encourages a consistent political commitment by RMC. ■ "Crowding-in" by Bank....of new funds, new external support by other DPs.

Choice of sample countries

A purposive sampling strategy was used to ensure that the selected countries were illustrative of the overall Bank's portfolio and they reflect a diversity of cases fulfilling the following five selection criteria:

- **Evaluability:** The sample included countries with PBOs at a reasonably mature stage of implementation, so that some influence might be expected on intermediate outcomes (induced outputs) and possibly even on final outcomes.
- **Contemporary relevance:** the sample included countries with relatively recent PBOs whose design and implementation reflected the 2012 policy, and where the process of implementation was not so far in the past as to be beyond the normal 'recall period' of those interviewed.
- **Diversity in terms of type of PBOs:** A combination of countries with energy-related Sector Budget Support operations, and countries with General Budget Support operations with a significant energy focus.
- **Diversity in terms of country contexts:** The sample chosen covered (i) Middle Income Countries (MICs), Low Income Countries (LICs) and Transition countries; (ii) countries in at least three of the five sub-regions in which the Bank operates; (iii) Anglophone, Francophone, and Lusophone countries.
- **Size:** The sample reflected the significant diversity in the size of Bank PBOs in the portfolio as a whole. It included some of the most materially important PBOs, balanced with smaller and mid-range cases.

Based upon these criteria, the five country cases for the Energy Cluster evaluation were: Angola, Comoros, Burkina Faso, Nigeria and Tanzania. As may be seen from the details presented in Table 5, this sample fulfilled all of the criteria outlined above, providing a good balance between representativeness and “richness of experience” (hence a high potential for learning). It has also included a range of different operational modalities, including two POs³⁷, one SSO and two with Programmatic Tranching (PT).

Table A1.2: Countries and PBO operations covered in the Energy Cluster

Country	PBO Operations to be assessed	Approval Date	Disbursement ratio	Net Loan (UA)
Angola: ■ MIC ■ Lusophone ■ Southern Africa	PSRSP - Power sector reform support programme (P-AO-FA0-002) ■ SBS ■ PT	2014	100%	705 m.
Comoros: ■ Transition ■ Francophone ■ East Africa	PARSE – Energy Sector Support Programme ■ SBS ³⁸ ■ PT	2014	100%	4m.
	PARSEGF - Energy sector reform and financial governance support programme ■ GBS ³⁹ ■ PT	2012	100%	2m.
Burkina Faso: ■ LIC ■ Francophone ■ West Africa	PASE - Energy Sector Budget Support Programme ■ SBS ■ SSO ⁴⁰	2015	100%	20m
Nigeria: ■ MIC ■ Anglophone ■ West Africa	EGDCSP - Economic governance, diversification and competitiveness support programme (incl. energy sector governance & competitiveness) ■ GBS ■ PO	2016	100%	445.6m
Tanzania: ■ LIC ■ Anglophone ■ East Africa	PSRGSP I, II & III - Power sector reform and governance support programme ■ SBS ■ PO	2015 & 2016	100%	100m.

A four-point scale has been used for the ratings of the Context, Mechanisms and outcomes and for the degree of influence of the PBO on intermediate and final outcomes. The table below explains the meaning of each of these ratings. Further detail on the methodology for assigning these ratings, including the detail of the sub-dimensions of Contexts and Mechanisms is presented in the Chapter on, "Country Context and Quality of PBO mechanisms".

Table A1.3: Explanation of the Ratings for Context, Mechanisms, outcomes and Influence

Ratings	Context	Mechanisms	Outcomes	Influence
4	Highly Favourable	Highly Satisfactory	Highly Satisfactory	Very Important
3	Favourable	Satisfactory	Satisfactory	Important
2	Difficult	Unsatisfactory	Unsatisfactory	Moderate
1	Very Difficult	Highly Unsatisfactory	Highly Unsatisfactory	Negligible

The use of the concept of **Landmark Policy Changes** constitutes a significant aspect of the methodology applied in each country case study. In particular, the methodology has distinguished, within the intermediate outcomes targeted in the PBOs, those which might be considered Landmark Policy Changes from less substantive intermediate outcomes not fulfilling the definition. In assessing performance with regard to intermediate outcomes, greater weight has been given to the achievement of intermediate outcomes comprising Landmark Policy Changes⁴¹. (See Box A1.1)

Country Report Template and Guidance Notes

Table A1.4: Country Report Template & Guidance Notes for the Energy Cluster Survey

Area of Attention	Questions Assessed	Rating ⁴²	Basis of Rating	Methodological Guidance Notes
1. Identification of PBO or PBO series	<p>Basic identification data: Names/types of energy-related PBOs covered by analysis (max 2 per country). (Data format taken from PPDR, Section 1 “basic data”) In addition to the basic PBO identification data, this section should also include a presentation of the outputs of the PBO and of their implementation status, as recorded in the PCR, including a statement of the output execution ratio.</p>	NA	NA	<p>Information to be taken from PBO portfolio database.</p> <p>NB. 2 PBOs should only be reviewed together if part of a series, or if so similar as to be effectively a series and share one ToC.</p>
2. PBO Country Context	<p>2.1 Socio-economic status (HDI)</p> <p>2.2 Political Governance Status (WGI)</p> <p>2.3 Technical Governance Status (WGI)</p> <p>2.4 Relations with Development Partners</p>	<p>1-4</p> <p>1-4</p> <p>1-4</p> <p>1-4</p> <p>Agg. 1-4 (av.)</p>	<p>■ - 1=lowest 20% of HDI country rankings; 2=20-40%, 3=40-60%, 4=top 40%;</p> <p>■ - Same rating basis as for HDI, averaging country rankings across 3 WGI dimensions</p> <p>■ - Same rating basis as for HDI, averaging country rankings across other 3 WGI dimensions</p> <p>■ - 1=No ODA⁴³ apart from AfDB; 2=AfDB + few others; 3=wide range of ODA partners but some history of tension; 4=wide range of partners + longstanding strong relationships.</p>	<p>Use UNDP Human Development Index 2016</p> <p>Worldwide Governance Indicators 2016: 3 ‘political’ dimensions: voice & accountability, rule of law, political stability & absence of violence.</p> <p>Worldwide Governance Indicators 2016: 3 ‘technical’ dimensions: regulatory quality, Govt. effectiveness, control of corruption.</p> <p>Relationship with Development Partners seeks to assess whether there is a good potential for strategic dialogue with Development Partners.</p>
<p>Overview on Ranking of PBO Country Context</p> <p>Present overall rating (1=Very difficult; 2=Difficult; 3=Favourable; 4=Very favourable) from average of 4 indicators, highlighting strengths and weaknesses across 4 indicators. Comment on whether this rating is supported by or contradicted by interviews and/or other sources of documentary evidence. In particular, comment on whether this rating of the country context adequately reflects underlying capacity constraints within the RMC.</p> <p>Highlight recent trends, providing a judgement on whether these suggest an improvement or a decline in the context for successful PBO performance. Where relevant, draw attention to evidence of differences in the context at the sector level for Energy/PSE or PFM (better or worse than “average country context”).</p>				

Area of Attention	Questions Assessed	Rating ⁴²	Basis of Rating	Methodological Guidance Notes
3. Quality of PBO mechanism ⁴⁴	3.1 Programming according to PBO policy	1-4	<p>- 3.1 is Score 1 from PPDR section on 'programming & quality of design'</p> <p>- 3.2 quality of design is average of scores 2-5 of PPDR Programming & quality of design'.</p> <p>- Evaluator rating on timeliness of approvals/ disbursement processing and RMC perceptions over high/ low transaction costs of Bank appraisal & management processes</p> <p>- 1=no formal framework for regular policy dialogue; 2=no formal f/work but ad hoc contacts regular; 3=formal f/work, supported by regular informal exchanges; 4=same as 3 but also supported by Bank analytical work</p> <p>- 1=no formal coordination framework; 2=no formal f/work but regular communications; 3=formal f/work, supported by regular informal exchanges; 4=joint annual appraisal missions</p>	<p>Ratings for 3.1 & 3.2 drawn directly from Project Portfolio Document Review (PPDR). For quality of design, include score 6 in average, where relevant (for transition countries). Evaluator rating based on interviews on transaction cost perceptions, and comparisons of planned vs. actual dates for key milestones to judge time efficiency.(cf. Annex 8 of Approach Paper, section 3.2). If delays due to non-achievement of disbursement conditions, score not down-rated. Evaluator rating based on reading of project documentation and related reports as well as interviews.</p> <p>Evaluator rating of coordination between PBO providers & related support (e.g. IMF macro surveillance) based on reading of project documentation and interviews. NB. Where Bank=sole PBO provider, this can be rated not applicable and not rated.</p>
	3.2 Quality of design	1-4		
	3.3 Perceptions on time efficiency & transaction cost efficiency	1-4		
	3.4 Quality of framework for policy dialogue with government	1-4		
	3.5 Quality of donor coordination F/work for PBO providers & related support	1-4		
<p>Overview on Ranking of PBO Mechanism</p> <p>Present overall rating (1=Poor; 2=Moderate; 3=Good; 4=Excellent) from average of 5 indicators, highlighting strengths and weaknesses across 5 indicators. Comment on whether this rating is supported by or contradicted by interviews and/or other sources of documentary evidence. Highlight recent trends – especially where there is a series of PBOs or where changes in management or dialogue structures have occurred, providing a judgement on whether these suggest an improvement or a decline in the quality of the PBO mechanism.</p>				

Area of Attention	Questions Assessed	Rating ⁴²	Basis of Rating	Methodological Guidance Notes
4.PBO intermediate outcomes ("induced outputs") and Landmark Policy Changes	4.1 Energy/PSE intermediate outcomes Achieved	1-4	Basis of Rating for energy & PFM is same:	Listing of the intermediate outcomes identified in ToC actually generated in the country, distinguishing Landmark Policy Changes; conclusions drawn from PBO documentation and other reports, validated through interviews. Influence of PBO assessed through contribution analysis based on triangulated interviews and supporting documentation. NB. Influence is assessed only for Landmark Policy Changes; where there is more than one Landmark Policy Change achieved, the degree of influence should be averaged across them..
	4.2 Degree of PBO influence on energy/PSE Landmark Policy Changes	1-4	Achievement: 1=few, if any int. outcomes achieved; 2=some int. outcomes but no Landmark	
	4.3 PFM intermediate outcomes Achieved	1-4	Policy Changes' 3=One Landmark Policy Change achieved; 4=Two or more Landmark Policy Changes achieved	
	4.4 Degree of PBO influence on PFM Landmark Policy Changes	1-4	Influence: 1=influence of PBO is absent or negligible; 2=some moderate influence; 3=an important influence; 4=a very important influence (i.e., Change would not have happened in absence of AfDB PBO.)	
<p>Overview on Performance in respect of intermediate outcomes and Landmark Policy Changes</p> <p>Summarise here for energy/PSE and PFM the assessments made in relation to achievement of int. outcomes/ Landmark Policy Changes and the degree of PBO influence. As this is the most important part of the case studies, significant detail should be provided, including a discussion in relation to each Landmark Policy Change, identifying the specific Paths of Influence that were seen to be most effective. This should include some comment on the relative significance of each Landmark Policy Change: are they of deep and long-term significance or more mundane/transactional? (All must be important in order to be defined as such but there will be differences in degree of importance.)</p> <p>Highlight any trends over time, where there is a PBO series or multi-year tranching.</p> <p>Comment upon the differences if any in performance and influence between energy/PSE and PFM.</p> <p>In so far as there have been unintended outcomes, which were not envisaged in the ToC, these should also be identified and explained</p>				

Area of Attention	Questions Assessed	Rating ⁴²	Basis of Rating	Methodological Guidance Notes
5.PBO final outcomes	5.1 Energy/PSE final outcomes Achieved 5.2 Degree of influence of the intermediate outcomes supported by the PBO (on Energy/PSE final outcomes) 5.3 PFM final outcomes Achieved 5.4 Degree of influence of intermediate outcomes supported by the PBO on PFM final outcomes	NA	No rating system is envisaged because evidence both on final outcomes and on the PBO contribution to final outcomes is likely to be limited. Therefore, a qualitative description is called for in this section. NB. If final outcomes not achieved because time period is too short, then the potential for achieving final outcomes should be assessed. If even this is not possible, then this section may be omitted.	Listing of final outcomes identified in ToC actually generated in the country. Conclusions drawn from PBO documentation and other reports, (especially any independent assessments such as PEFA reports), validated through interviews. If possible, influence of PBO assessed through contribution analysis based on triangulated interviews and supporting documentation
<p>Overview of Performance in relation to final outcomes</p> <p>For most cases studies, it is likely that only a short write-up would be required and in some cases this section may be omitted. However, where there are significant achievements in relation to final outcomes, these should be given due attention, assessing the extent to which the influence of the PBO may be discerned.</p>				
<p>6.Synthesis of Findings and their implications for Relevance, Efficiency and Effectiveness.</p> <p>This sub-section brings together the findings on context (Section 2), mechanisms (3) and outcomes (4&5). It should first present two tables showing the ratings for each of these categories for energy/PSE and PFM respectively. It should briefly summarise what these C-M-O combinations show and how they differ between the two sectors/thematic areas. In so far as the overall choice of GBS/SBS/CRBS and of tranching mechanisms (SSO/Programmatic/Multi-tranche) may help to explain the outcomes, this should also be discussed.</p> <p>It should also provide comments on:</p> <ul style="list-style-type: none"> ■ The relevance of the PBO design to the context: given the rating of the context, has the level of achievement of outcomes and the degree of influence achieved been satisfactory? If yes, this is likely to indicate that the design was relevant, i.e. relevant to the context. Are there any specific indications of design adaptations that have been made to take account of the context? Could more have been achieved – in particular could a greater contribution have been made to the High 5s with a different PBO design? ■ The efficiency of the chosen mechanism: how highly was the mechanism rated? In particular, what were the ratings for indicators 3.3, 3.4 and 3.5 which refer most directly to efficiency in PBO implementation? Does the relationship between Context-Mechanism-Outcomes suggest that there were weaknesses in PBO implementation which impacted upon overall performance? ■ The effectiveness of the PBO in achieving outputs, intermediate outcomes and Landmark Policy Changes: How high were the output execution ratings in the PCR? How high were the outcome ratings (4.1 and 4.3)? Were they matched by high scores on influence (4.2 & 4.4), suggesting a high level of overall effectiveness? Were there significant differences in effectiveness between the Energy/PSE sector and PFM? Does the performance on final outcomes shine any light on the judgements of effectiveness? In particular, does it suggest there were unintended (intermediate) outcomes with a positive effect on final outcomes? <p>NB. No ratings will be assigned to relevance, efficiency and effectiveness because the evidence available from the case studies would not be adequate to address the full range of factors normally considered in assessing relevance, efficiency and effectiveness. However, a qualitative assessment of some richness and complexity should be possible.</p>				

Area of Attention	Questions Assessed	Rating ⁴²	Basis of Rating	Methodological Guidance Notes
7.Sustainability of outcomes ⁴⁵	7.1 Ownership & sustainability of partnerships 7.2 Political sustainability 7.3 Institutional sustainability 7.4 Financial sustainability	1-4 1-4 1-4 1-4	<ul style="list-style-type: none"> ■ Relevant stakeholders, effective partnerships and sense of ownership? ■ Political commitment to sustaining outcomes and potential risks to this, e.g. forthcoming elections. ■ Institutional capacity to sustain reforms and continue to lead them effectively. ■ Financial sustainability of reforms and feasibility of continued Govt spending in relevant areas for reforms. 	<p>Questions taken from Annex 8 of Approach Paper, Sections 4.2-4.5.</p> <p>Evidence would be drawn from interviews and from analysis of relevant documentation, including IMF Article IV data on macro & fiscal situation and available political economy analysis. Validation of judgements on sustainability should be sought from the two planned focus group discussions.</p>
<p>Overview on Assessment of Sustainability of outcomes: This sub-section should present the ratings for each of the four criteria above, with a brief discussion of the reasons for the ratings. An overall assessment of sustainability should also be provided on a 1-4 scale. (1=non sustainable; 2=vulnerable; 3=probably sustainable but some risks, 4=highly likely to be sustainable). The overall rating should be based on a “weakest link” aggregation, in which the rating of the criterion with the lowest score will determine the overall level of sustainability, unless mitigation measures can be easily determined and are feasible to put in place quickly. Some discussion of the justification for the overall rating is therefore also required.</p>				

Area of Attention	Questions Assessed	Rating ⁴²	Basis of Rating	Methodological Guidance Notes
8.Factors enabling or hindering success	<p>8.1 Enabling/hindering factors linked to Context.</p> <p>8.2 Enabling/hindering factors linked to PBO type/mechanism.</p>	<ul style="list-style-type: none"> ■ Which factors affecting performance relate primarily to the PBO mechanism? What is their importance relative to the contextual factors? ■ Which factors affecting performance relate mainly to the context for the PBOs, and the RMC's capacity to implement agreed reforms in the given political and institutional circumstances? <p>NB. No rating envisaged.</p>		<p>Questions are taken from the Evaluation Matrix (C1a and C1b).</p> <p>Responses would be drawn primarily from the planned focus group discussions (1 Govt. focus group & 1 Bank focus group meeting to take place near end of field mission), as well as related evaluations and other such documentation.</p>
9.Lessons emerging	<p>9.1 Lessons for programming, design and management, especially relating to High 5s.</p> <p>9.2 Lessons relating directly to performance and results, especially relating to High 5s.</p> <p>9.3 Lessons relating to the strategic framework for PBOs, and organisation/capacity.</p>	<ul style="list-style-type: none"> ■ What lessons can be drawn that will support the Bank in programming, design and management of PBOs both in general and specifically for the High 5s? ■ What lessons can be drawn to support the Bank in improving performance and results of PBOs both in general and specifically for the High 5s? ■ Extent to which changes are required in the Bank's (i) strategic framework for PBOs including the policy and guidance; (ii) organisation and capacity. And extent to which existing challenges are likely to be addressed with the Bank's new business development and delivery model. 		<p>Questions are taken from Preliminary Evaluation Matrix (C2a, C2b & C2c).</p> <p>Responses would be developed primarily from Focus Group discussions (1 Govt. focus group & 1 AfDB focus group meeting to take place near end of field mission), as well as well as observations/opinions formed by country case study team.</p>

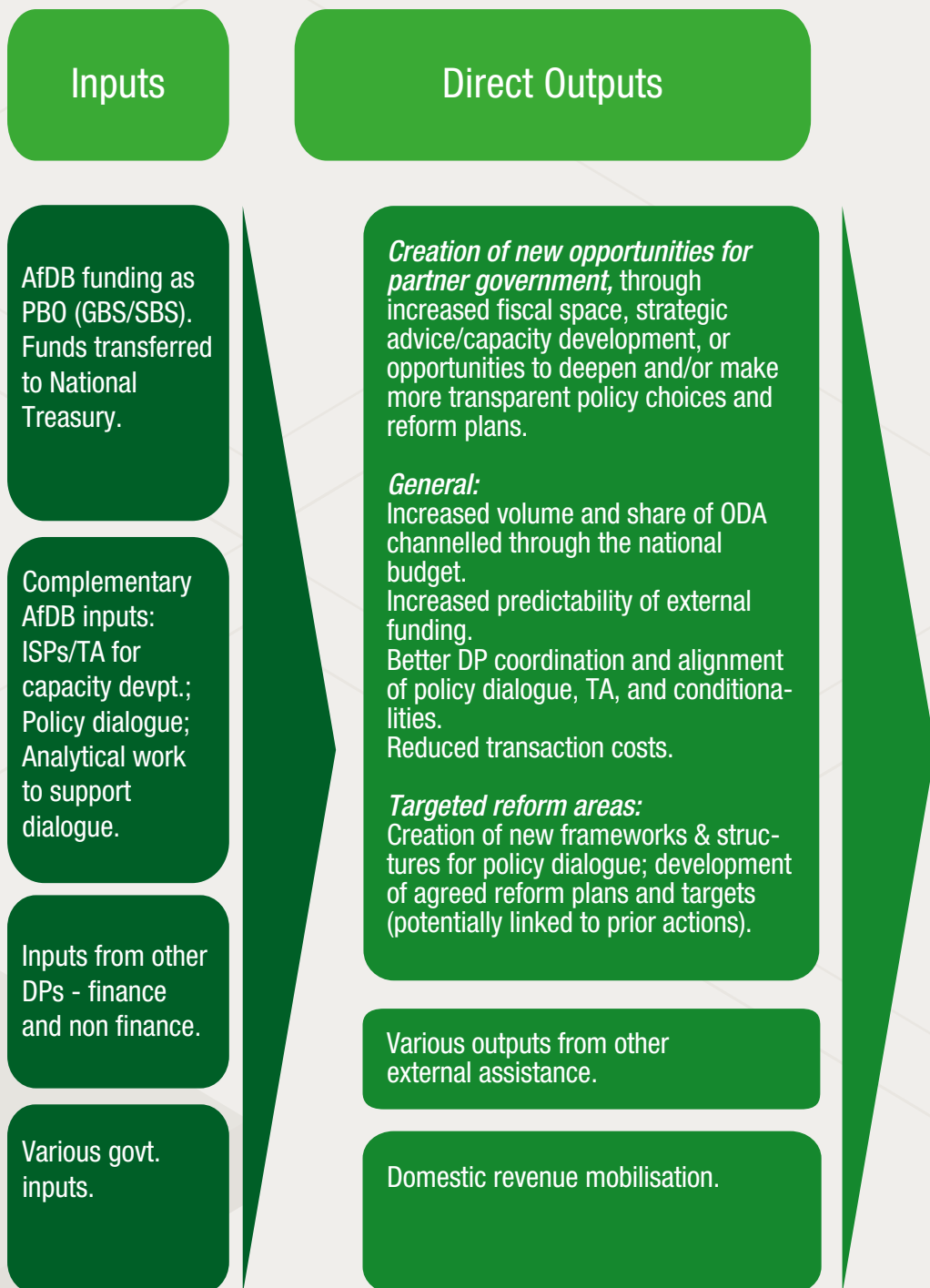
Annex 2: Theory of Change (ToC) for the Evaluation

This annex presents the overarching ToC which has been used for the evaluation. The ToC, which is summarised in the figure below, is based on the review of the 2012 policy and linked guidance, as well as cross-referencing with internationally established theories for budget support lending, including the one used in the OECD DAC methodology for evaluating budget support. In the diagram below, items in bold are explicitly included in the 2012 Policy.

The ToC uses the following definitions:

- **Direct outputs** of PBOs represent the expected immediate effects of PBOs, for which control is exclusively in the hands of the AfDB. These are outputs which will result directly from PBOs, so long as they are adequately designed and there is no counteracting action by other donors (such as reducing on-budget funding when the Bank increases it, or in other ways disrupting processes of coordination and alignment). Direct outputs do not depend on actions by the partner government.
- **Intermediate outcomes** (“induced outputs”) are the policy measures, budgetary adjustments and institutional reforms introduced by Government in response to the new opportunities created by PBOs and Budget Support in general. In many cases, these intermediate outcomes are pre-identified within tranche disbursement conditions and will often consist of new legislation, regulations and policies as well as specific institutional measures and budget revisions.
- **Final outcomes** are the consequences of the policy measures, budgetary adjustments and institutional reforms introduced by Government (as intermediate outcomes). They generally result from the interactions between the public sector and the citizens and economic agents in the wider society and economy, such as businesses creating jobs in response to measures to facilitate employment, or pregnant mothers making greater use of health services as a result of the introduction of improvements in the coverage or quality of health care. They may also result from interactions between central government and the wider public sector, such as a strengthening of PFM systems or improved oversight.

Figure A2.1: Overarching Theory of Change



Intermediate Outcomes (Induced Outputs)

Enhanced policy and legal framework, new policies, laws and/or institutional practices introduced in targeted areas.

Measures introduced to strengthen revenue mobilisation, PFM, and accountability frameworks, including oversight bodies.

Enhanced macroeconomic management (improved govt. performance in management of fiscal and monetary parameters; reactivation of budget and payment systems after crisis).

Increased budget allocations and expenditures in targeted sectors.

Measures introduced to improve private sector environment.

Increased quality and quantity of public service delivery (in targeted areas).

Final Outcomes

Increased access to and use of public services (in target sectors).

Strengthened PFM, procurement and oversight systems.

Increased confidence in government regarding service delivery, governance, PFM.

Enhanced business confidence, economic competitiveness and job creation.

Macroeconomic stability.

Development Impacts

Development impacts:

Strong, sustained and inclusive growth, transition to green growth, poverty reduction, MDG/SDG attained.

Assumptions

Other Development Partners coordinate their inputs appropriately with the Bank and act in ways that enhance complementarity of interventions.

Bank has expertise to provide policy dialogue inputs, drawing on relevant own or partner analytics.

Partner government has the willingness and the implementation capacity to engage effectively in the programme of reforms agreed with the Bank and to fulfil the prior actions necessary to initiate disbursements.

Political will is present and sustained (including specific champions within the Executive and ideally Parliament).

New policies/frameworks/laws are appropriate.

Training and equipment is effective in enhancing capacity (i.e. trained staff retained).

Sufficient resources/expertise available to execute/implement new reforms and tools.

AfDB working relations with country stakeholders are conducive to effective dialogue and collaborative approach to reforms.

High degree of AfDB control and implementation (i.e. internal factors)

Assumptions

There is the institutional and political space to ensure that enhanced capacity and tools can be effectively applied.

Political will is present and sustained to (i) apply improved policies; (ii) implement strengthened systems and capacities; (iii) reduce corruption and mismanagement; (iv) other as per specific PBO.

Demand side of governance is present, voiced and heard.

Bank and other DPs effectively engage on upstream reform issues.

Broader security & economic and development context remains on similar path (e.g. no new conflict, natural disaster or economic crash).

Low degree of Bank control
Context (i.e. external factors)

Endnotes

1. Ideally, one would seek three separate sets of opinions on the causes of specific changes – a government source, an AfDB source and a third-party source (a Civil Service Organisation or another Development Partner) and one would want to support the explanation of causal factors with a precise timeline of the chronology of changes. With the exception of the Burkina Faso case, it did not prove possible to interview three adequately informed sources (interviews being limited to two sources), and the chronology of changes was not precisely defined. The fact that the Burkina Faso operation was the simplest of the five, covering only energy, not PFM, and having a limited number of targeted intermediate outcomes, clearly facilitated the conduct of the contribution analysis.
2. Human Development Index: 1=lowest 20% of HDI country rankings; 2=20-40%, 3=40-60%, 4=top 40%.
3. Political Governance is assessed through average Worldwide Governance Indicator (WGI) country rankings for voice & accountability, rule of law, and political stability & absence of violence. The score is based on an average ranking against these three dimensions using the following scale: 1=lowest 20% of WGI; 2=20-40%, 3=40-60%, 4=top 40%.
4. Technical Governance is assessed through the average WGI country rankings for regulatory quality, government effectiveness, and control of corruption. The score is based on the average ranking against these three dimensions using the same scale as above.
5. 1=No Official Development Assistance (ODA) apart from AfDB; 2=AfDB + few others; 3=wide range of ODA partners but some history of tension; 4=wide range of partners + longstanding strong relationships.
6. Within the sample, there are three striking examples of such countries: Nigeria, with 36 State Governments and multiple stakeholders at the federal level, necessitating complex alliances for the implementation of any strategic reforms; Comoros with its uneasy alliance between its three main islands, based upon a rotating presidency; and Angola, with its deep-seated problems of corruption and lack of transparency.
7. These were respectively an Extended Credit Facility (ECF) in Burkina Faso and a Policy Support Instrument (PSI) in Tanzania. Comoros implemented an ECF from September 2009 to December 2013, reaching HIPC Completion Point in December 2012. However, Comoros has not benefitted from an IMF programme since then.
8. PASE: Programme d'Appui budgétaire au Secteur de l'Energie or, Energy Sector Budget Support Programme
9. Although the DPL had been fully formulated and agreed with the Authorities, the World Bank later decided not to proceed with a Board submission, developing as an alternative a P4R operation for the energy sector.
10. By contrast, in the energy sector components of the Tanzania PBO, the selection of intermediate and final outcomes was coherent and clearly relevant. The operation supported policy measures in energy, which enjoyed government commitment, were important, and in turn had a significant positive influence on final outcomes, each of which were fulfilled or very largely fulfilled within the lifetime of the operation.
11. PSRGSP: Power Sector Reform and Governance Support Programme
12. EGDGSP: Economic Governance, Diversification and Competitiveness Support Programme
13. With the Power Sector Recovery Plan now in place and a deeper framework of dialogue having been developed in the sector (largely led by the World Bank), there would probably be scope now to target more substantive policy actions – a fact which reinforces the wisdom of a longer term operation.
14. The precise reasons for these design weaknesses were not clear to the evaluators but it seems likely that insufficient time and resources were assigned to the analysis of the identified problems and potential solutions and possibly also to the discussion/negotiation of the targets to be included in the PBO.
15. The Burkina Faso PASE did not include a PFM component.
16. Nigeria presents a contrast between PFM where performance on achievement of intermediate outcomes was satisfactory and energy where it was unsatisfactory. The scoring for the mechanism does not distinguish between the sectors but would certainly have scored higher for PFM which included several Landmark Policy Changes in the PBO design as well as structured TA support through an ISP. By contrast, the Energy component included no Landmark Policy Changes, and no structured TA support. The framework for policy dialogue was also stronger for PFM where the Country Office could count on resident Procurement and Financial Management Specialists, with established lines of dialogue with government.
17. As noted above, the evidence over the degree of influence is indicative rather than conclusive due to the fact that it only proved possible in one case, Burkina Faso, to undertake a reasonably robust Contribution Analysis.
18. In the case of Burkina Faso, the rating for sustainability was 'unsatisfactory' (2), reflecting the fact that the AfDB PBO did not itself make provision for sustaining gains, through ongoing institutional strengthening measures or other actions to support continued progress on energy sector reform. However, follow-up work by the World Bank did essentially serve to fill this gap. Thus, sustainable outcomes were achieved but not as a consequence of the AfDB PBO itself.
19. Logically, such arrangements should prioritise large-scale PBO operations in countries, with potentially systemic risks.
20. It may be that such communications did take place but, if they did, the outcomes of such interactions were not communicated downwards to the respective Country Office staff and PBO design teams.

21. Comoros, due to the small size of the country programme, does not have a Country Office and is served from the regional hub in Nairobi.
22. Public Expenditure and Financial Accountability
23. JICA: Japan International Cooperation Agency
24. During the scoping mission to Abidjan in July 2017, several stakeholders highlighted the important role of the AfDB in expressing an "African Voice", that is in maintaining a dialogue with African countries based on objective analysis but also a relationship of solidarity and trust. In Angola, Burkina Faso and Nigeria there was strong evidence of this. In Comoros and Tanzania, relations with authorities were also good but not markedly better than those of the World Bank and other key Development Partners.
25. The fact that the use of country systems is the "default option" for the AfDB is an important factor. As a result, procurement and financial management experts are obliged to engage with partner governments to find ways of maximising the use of country systems for investment lending. Ongoing dialogue does not therefore depend on the prior existence of a PBO.
26. The Burkina Faso PBO was not programmed in the CSP or MTR either but the Burkina Faso crisis was more obviously unpredictable, prompted as it was by the unexpected popular rising against the Compaoré administration of October 2014.
27. OSGE: AfDB's Department for Governance, Economic and Financial Management
28. As noted above, the evidence over the degree of influence is indicative rather than conclusive due to the fact that it only proved possible in one case, Burkina Faso, to undertake a reasonably robust contribution analysis.
29. POSEN: Politique du Secteur de l'Energie
30. PTSE: Power Sector Transformation Project
31. Value-Added Tax
32. The clearance of arrears, especially those of strategic State Owned Enterprises such as electricity companies, has the potential to bring benefits in two ways: firstly, it can generate much needed liquidity in the private sector by clearing arrears to private sector operators with positive effects on aggregate demand and potentially on domestic investment; secondly, it can permit these enterprises to start making an operating profit by removing the burden of servicing debts on arrears. Both of these effects were clearly visible in Burkina Faso.
33. We assume that for energy/PSE and PFM, two or three of the intermediate outcomes would be classified as Landmark Policy Changes, thus some 4-6 for the case study as a whole.
34. However, it should be stressed that the primary focus should be upon the Landmark Policy Changes identified within the targeted intermediate outcomes. If trade-offs in the allocation of time need to be made, due to an excess of people to be interviewed or difficulties in setting up the appropriate interviews, then resources would be focused on Landmark Policy Changes (Section 4 of the Country Report Template) rather than on final outcomes (Section 5).
35. These should be more than just de-briefing sessions with the AfDB Country Office; the key emphasis of the focus groups is on identifying enabling/hindering factors and drawing out relevant lessons.
36. In the case of Comoros, it might prove more appropriate to hold this focus group discussion in the regional office in Nairobi, on the return journey from Comoros.
37. PO: Programmatic Operation
38. GBS: General Budget Support
39. SSO: Single Standing Operation
40. The criteria for achieving the 1-4 ratings for intermediate outcomes are as follows: 1="Few, if any Intermediate. outcomes achieved"; 2="Some intermediate outcomes but no Landmark Policy Changes" 3="One or Two Landmark Policy Changes achieved"; 4="Three or more Landmark Policy Changes achieved, comprising a majority of the Landmark Policy Changes targeted".
41. All of the ratings would be based on a simple 1-4 scale where 1="Poor", 2="Moderate"; 3="Good"; 4="Excellent". Wherever an aggregate score is called for within any category or sub-category, this would be derived from a simple average, with equal weights given to all characteristics aggregated.
42. Official Development Assistance
43. Where two PBOs are analysed within one country case, then the ratings for each dimension of this area of attention are averaged across the two operations.
44. Environmental and social sustainability has not been incorporated here because this is applicable only to Environmental Category I & II projects. None of the PBOs in the energy case studies fall under these categories; indeed PBOs are rarely categorised I & II.
45. 2012 OECD DAC guidance available at: http://www.oecd.org/dac/evaluation/dcdndep/Methodological%20approach%20BS%20evaluations%20Sept%202012%20_with%20cover%20Thi.pdf



IDEV

Independent Development Evaluation
African Development Bank



About this Evaluation

The Independent Development Evaluation (IDEV) of the African Development Bank Group (AfDB) conducted an evaluation of a cluster of eight Programme Based Operations (PBOs), focussing on energy which were implemented by the AfDB in five countries (Angola, Burkina Faso, Comoros, Nigeria and Tanzania) between 2012 and 2017.

The objective of the evaluation was to assess the relevance, effectiveness, efficiency and sustainability of energy-related PBOs conducted in the five countries, to synthesize the results and to draw relevant lessons for the future design and Management of PBOs by the AfDB. This evaluation was one of the components of the thematic evaluation entitled, "Independent Evaluation of AfDB Program Based Operations (2012-2017)".

The evaluation found that the energy-related PBOs were relevant, based on their programming, design and broad adherence to the Bank's PBO policy guidelines. The overall quality of the PBOs was found satisfactory, with the related transaction costs and timeliness of disbursements scoring particularly well. However, challenges were noted in the quality of design and in the support arrangements (dialogue and technical assistance) for the PBOs, as well as their role in the achievement of PBO objectives.

The evaluation provides key lessons for the AfDB that relate to the engagement terms, fiscal space, reform programs and support systems for PBOs.



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