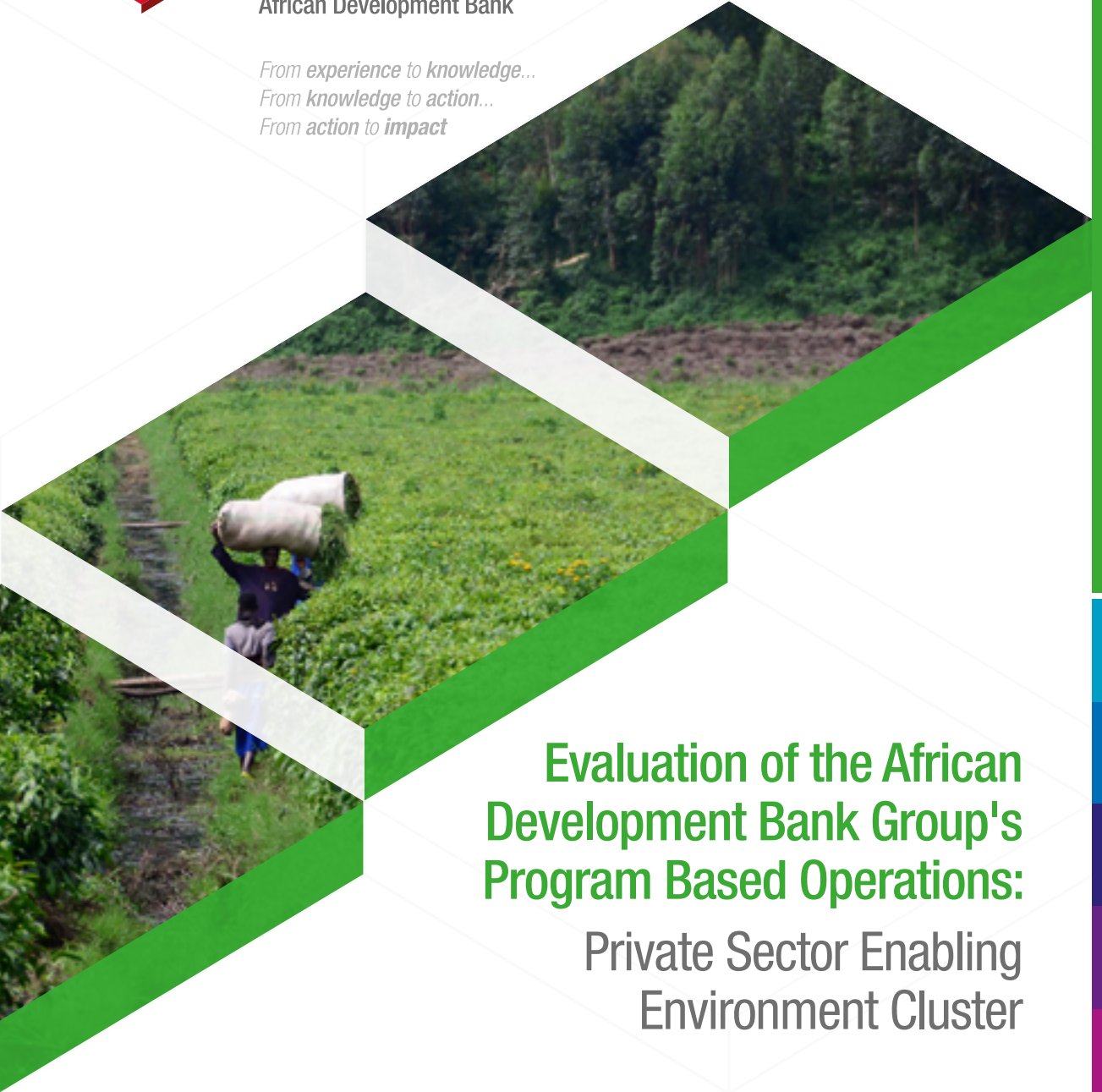


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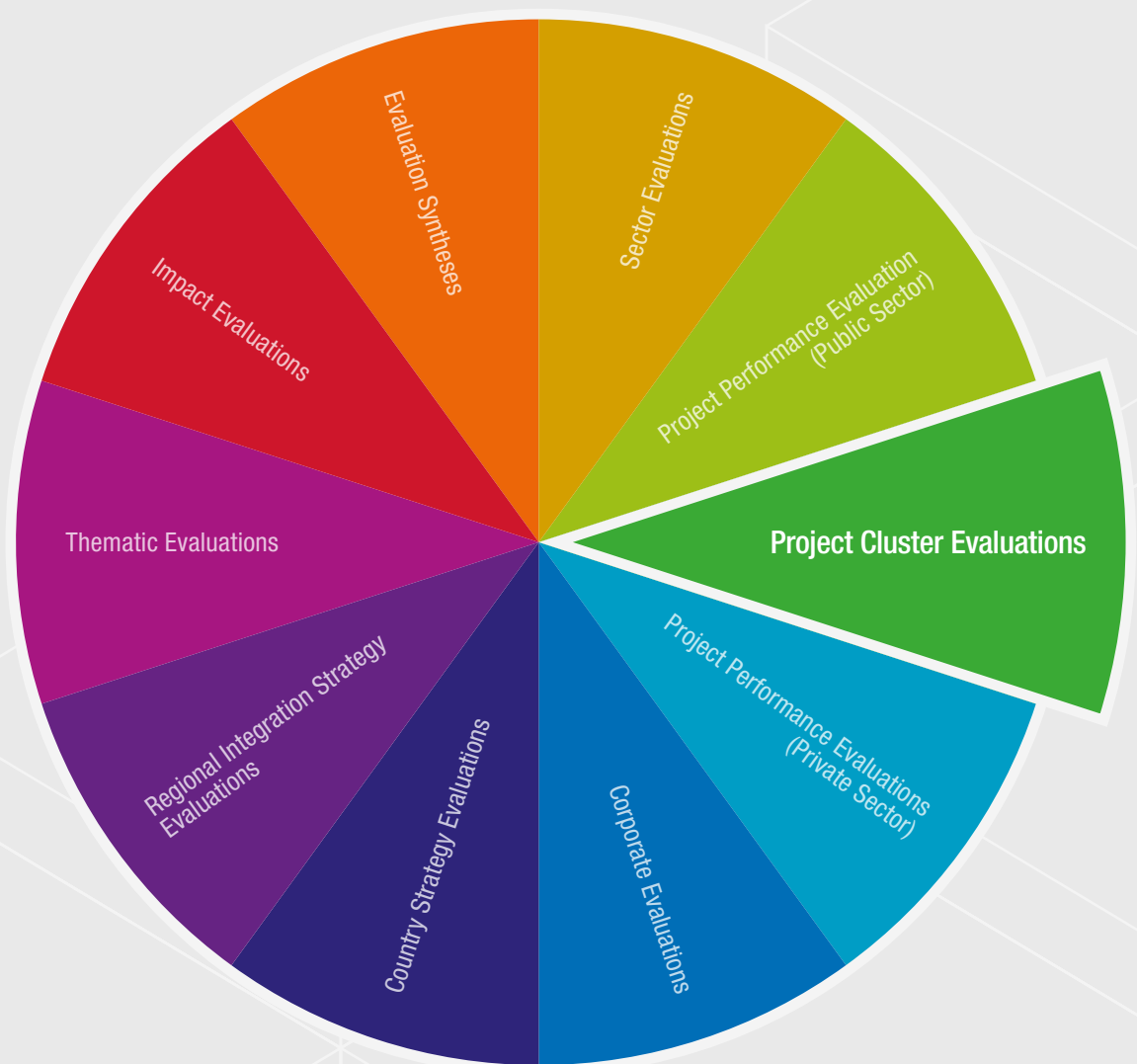
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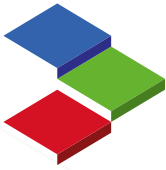


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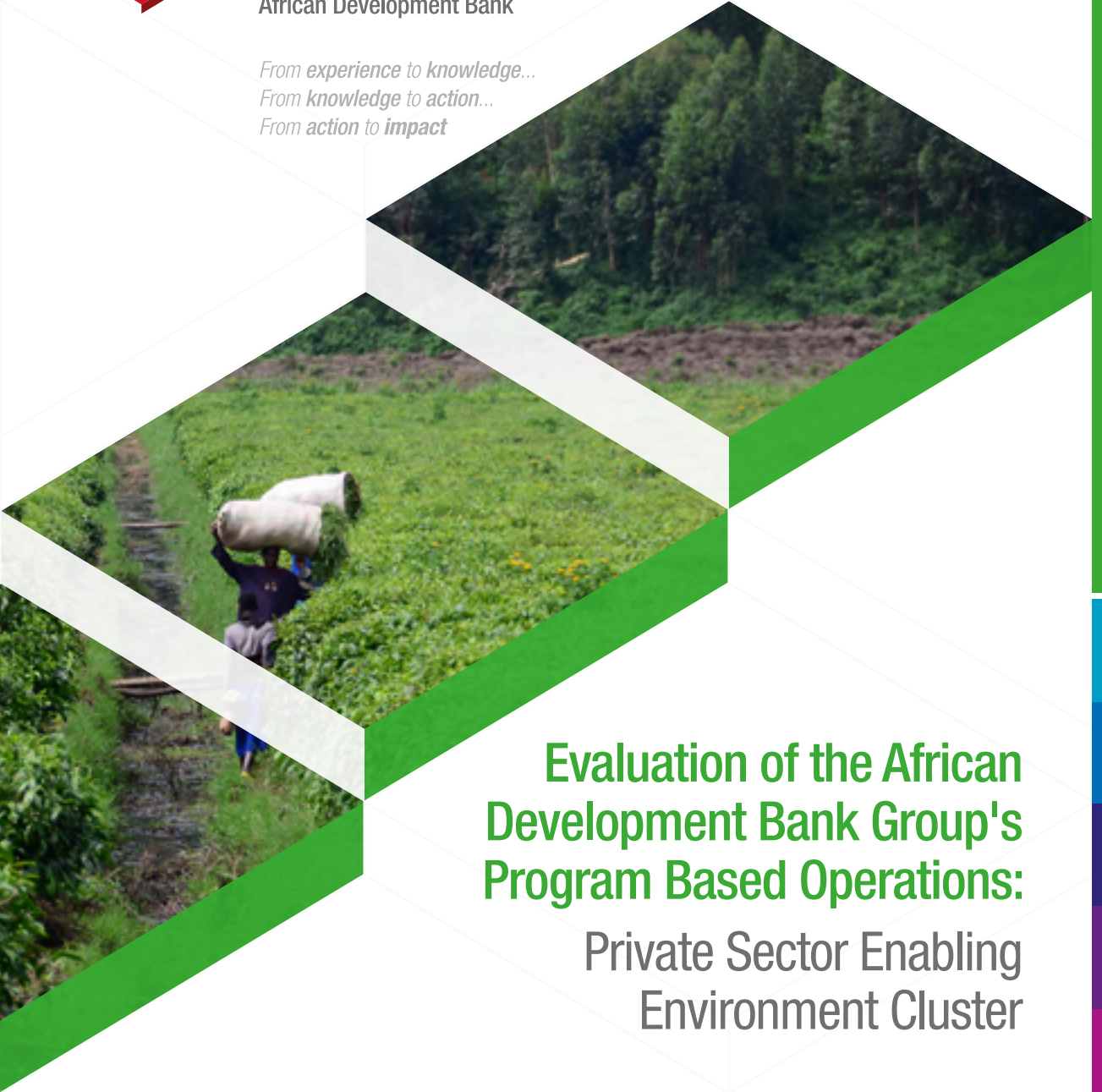




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Evaluation of the African Development Bank Group's Program Based Operations: Private Sector Enabling Environment Cluster



AFRICAN DEVELOPMENT BANK GROUP

April 2019

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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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Abbreviations and Acronyms

CM	Country Manager	PBO	Program Based Operation
C-M-O	Context – Mechanism - Outcome	PCR	Project Completion Report
CPO	Country Program Officer	PEFA	Public Expenditure and Financial Accountability
CSP	Country Strategy Paper	PFM	Public Financial Management
DP	Development Partner	PFMPSC	PFM and Private Sector Competitiveness Support Program
EGESP	Economic Governance and Energy Support Program	PPDR	Project Portfolio Document Review
GBS	General Budget Support	PPP	Public Private Partnership
HIC	High Income Country	PSE	Private Sector Enabling Environment
HQ	Headquarters	RMC	Regional Member Country
IDEV	Independent Development Evaluation	SBS	Sector Budget Support
IMF	International Monetary Fund	SME	Small and Medium-Sized Enterprise
IPSDCP	Inclusive Private Sector Development and Competitiveness Program	RMC	Regional Member Country
LIC	Low Income Country	TA	Technical Assistance
MIC	Middle Income Country	ToC	Theory of Change
MTR	Mid-Term Review	UA	Unit of Account
PACEM	Programme d'appui à la compétitivité de l'économie marocaine	VAT	Value-Added Tax
PAR	Program Appraisal Report	WAEMU	West African Economic and Monetary Union
PARGE	Programme d'appui aux réformes de la gouvernance économique	WB	World Bank
		WGI	Worldwide Governance Indicators



Executive Summary

Introduction

This report synthesizes key findings of the evaluation of a cluster of nine Program Based Operations (PBOs), focusing on the Private Sector Environment (PSE), as approved and implemented in five countries (Egypt, Ghana, Mali, Morocco and the Seychelles) between 2012 and 2017 by the African Development Bank (AfDB, or “the Bank”).

The objective of the PSE Cluster Evaluation is to assess the relevance, effectiveness, efficiency and sustainability of the above PSE-related PBOs, and to draw relevant lessons for the future design and management of PBOs by the Bank.

The PSE Cluster Evaluation is one of the seven components of a broader evaluation on the use of PBOs by the Bank in 2012-17.

Quality of PBO Mechanism

The evaluation finds a largely satisfactory picture on the relevance of the PSE-related PBOs – based on their programming, design and broad adherence to the Bank’s policy and guidelines, and international good practice.

The quality of PBO mechanisms is rated as satisfactory in three of the five cases (Egypt, Ghana and the Seychelles), with the remaining two cases (Mali and Morocco) being rated as unsatisfactory¹.

In most cases, programming and design were compliant with internal guidelines, and timeliness of disbursements and transaction costs are assessed as satisfactory or highly satisfactory.

However, policy dialogue, and coordination with other Development Partners (DPs) were satisfactory in only Egypt and Ghana but not in the remaining three countries. In the cases of Morocco and Mali, opportunities were missed in improving coordination with DPs.

Overall, the PBO instrument was relevant to strengthen PSE and governance related reforms. However, PBO design and delivery suffered from several weaknesses, notably: (i) the absence of a strong medium-term perspective, (ii) insufficiently prioritised results frameworks, (iii) a weak engagement in policy dialogue, and (iv) overambitious objectives. Weaknesses in the provision of technical assistance were also detected, partly explaining some limitations in the policy dialogue.

Contribution of the PBOs to landmark reforms

Overall, the performance of PSE related PBOs on Intermediate Outcomes was rated satisfactory, with bold reforms undertaken by Regional Member Countries (RMCs) in most of the targeted outcome areas reviewed. In some cases (Egypt and the Seychelles), intermediate outcomes observed in the PSE and energy areas turned out to be more positive than those in the Public Financial Management (PFM) area. This is explained by the fact that the PBO focused on specific reforms in sub-areas of the PFM sector, which were not assessed as landmark policy changes; and in some cases, results were mixed in these sub-areas.

However, the influence of PBOs on these outcomes is considered modest. The specific influence of PBOs was often limited to helping keep reforms “on track”.

The most significant PBO contributions were observed in cases where the provision of financial support was accompanied with active and continuous engagement in dialogue and adequate technical assistance arrangements (Egypt and Ghana).

The PBOs, through their support for policy measures, have only contributed, to a limited extent, to the positive evolution of outcomes. This can be related to two main observations: (i) the contribution of the PBO to policy changes has not been substantial in many areas; and (ii) the policy changes did not contribute to broader positive effects due to several factors, including the complexity of certain reform processes and adverse elements in some institutional environments.

Overall, the sustainability of PBOs is rated unsatisfactory. Scores are low in three out of the five cases – a consequence of the inherent complexity of the institutional contexts despite the strong country ownership in most countries.

Key lessons learned

Lesson 1 (strategic relevance): *PBOs are relevant, and an integral part of the Bank's portfolio, as they can play a strategic role in satisfying the development objectives of the Bank, and those of the RMCs and DPs.*

In general, the PBO instrument has been relevant to strengthening PSE and governance related reforms and has proven its potential to help the RMCs achieve the High 5s by supporting cross-cutting issues of PFM and PSE. While headquarters (HQ) staff have played an important role, the capacity of the AfDB to seize opportunities offered by the instrument has often depended on the actual engagement of the relevant country/regional offices.

Lesson 2 (PBOs' focus): *Creating a conducive private sector environment starts with ensuring a stable macroeconomic context, strengthening public sector governance (including procurement rules) and improving access to key (e.g. energy) infrastructure.*

The PBOs reviewed show the intertwined nature of these multiple dimensions. The dual focus of the PBOs examined, which covered both governance and PSE, has been appropriate. However, the case of Ghana shows that it can be difficult to maintain a balance between these various dimensions as PBOs tend to focus on responding to pressing macro-fiscal stabilisation issues relegating specific SME development/business environment issues to lower-level attention.

Lesson 3 (sustained multi-level support): *The achievement of medium- and long-term structural reforms requires multi-level and sustained support in PBO design, programming, implementation and post-implementation.*

There has been insufficient continuous monitoring and engagement in policy dialogue to support RMCs' medium term efforts in policy reforms. At the same time, the most significant contributions to policy reforms have been observed in cases where the AfDB has managed to complement its financial support with active engagement in the dialogue and provision of relevant complementary technical support.

Lesson 4 (capacity): *Appropriate dialogue, and technical support are important for the systematic and strategic use of the PBO instrument.*

This is also illustrated by the fact that some PBOs have performed well despite an unfavourable context. But, case studies also show that PBOs are a highly demanding instrument in any context and that, overall, the AfDB's capacity to engage in dialogue and provide the necessary accompanying technical support has been insufficient for a more systematic and strategic use of the instrument. The way the AfDB engages in the design and implementation plays an important role in the success of these programmes.

Lesson 5 (collaborative efforts): *Successful government implementation of complex reforms in key areas requires adequate collaboration among development partners including the Bank.*

In several cases, the AfDB has been able to build on its high degree of responsiveness to the needs of its RMCs, and its long history of partnership to successfully join forces with international partners, especially the World Bank (WB). However, this collaboration has often declined over time, partly due to the fact that staff lack sufficient time to supervise PBOs after approval (as opposed to the identification and appraisal stage).



Introduction

Context

The **Private Sector Environment (PSE) Cluster Evaluation** is one of the seven components of a broader evaluation on the use of PBOs – Program Based Operations (formerly known as “policy based operations”). This evaluation - conducted by the African Development Bank’s (AfDB) Independent Development Evaluation (IDEV) covers nine PBOs, focusing on the Private Sector Environment (PSE), as approved and implemented in five countries (Egypt, Ghana, Mali, Morocco and the Seychelles) 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?
- Looking forward, how can the AfDB ensure it optimizes its use of PBOs, including the achievement of the High 5s?

Objectives

The objective of the PSE Cluster Evaluation has been to assess the relevance, effectiveness, efficiency and sustainability of the PSE-related PBOs conducted in five countries², synthesising the results so as to draw relevant lessons for the future

design and management of PBOs by the AfDB. These lessons have relevance both for the organisation of work on the PSE sector as a whole and for the design and management of PBOs in general.

The rationale for focussing on the PSE is that the PBOs in this sector are current and highly relevant to the AfDB’s strategic priorities for the future. The PSE is integral both to the AfDB’s ten-year strategy (2013-2022) and to the High 5s, where it is integral to the objective “Industrialise Africa”. Indeed, putting aside all the general governance or PFM focused PBOs – which are cross cutting and may also be mapped to “Improving the Quality of Life” – the second most supported High 5 is “Industrialise Africa” (33 operations) mainly through support to the PSE focused PBOs. It therefore provides a complementary focus to that of the Energy cluster. Supporting the private sector is also a key pillar of the AfDB’s current Governance Strategic Framework and Action Plan (GAP II 2014-2018).

The PSE cluster evaluation applied a Contribution Analysis and a realist synthesis inspired approach (see details presented in annex 1). The thematic focus of the cluster evaluation was on PSE but, it also examined the PFM issues addressed by the PBO operations analysed. Two case studies – Egypt and Ghana – involved analysis of both the PSE and energy components.

Methodology and limitations

The evaluation applies a theory of change approach. 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 to clarify how results are understood.

The methodological approach requires 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 the implementation arrangements for the PBO) and the **Outcomes** achieved with respect to "Landmark Policy Changes³" - the more important Intermediate Outcomes (Induced Outputs) targeted by the PBOs – and Final Outcomes. 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 the 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, two key shortcomings emerged:

- Firstly, there were some gaps in the availability of supporting documentation. Specifically, in most

cases, due to the relatively recent completion of the PBO operations, Program Completion Reports (PCRs) had 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 one week provided for field mission for each country case study did not allow sufficient time for detailed data collection, thus constraining the robustness of the Contribution Analysis. Although most of the missions 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. 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 and of certain shortcomings and, on this basis, to draw out key lessons for the future.

Country Contexts and Quality of PBO Mechanisms

The Country Contexts

An analysis of PBOs with PSE components was carried out in five case studies – Egypt, Ghana, Mali, Morocco and Seychelles. The Country Contexts of each case were assessed in relation to four dimensions. Performance against each of these was ranked from 1 ('Very difficult', lowest score) to 4 ('Highly favourable', highest score) and the scoring for the Country Context was then derived from a simple average of these scores. The four dimensions were as follows: (i) the socio-economic status, as assessed by the ranking against UNDP's Human Development Index (HDI);

(ii) the Political Governance Status, as assessed by the ranking against the three relevant dimensions of the Worldwide Governance Indicators (WGI); (iii) the Technical Governance Status, as assessed by the ranking against the three relevant dimensions of the WGI and (iv) the quality of relations with Development Partners (DPs) at country level.

Table 1 summarises the ratings made for the five case studies.

Table 2 presents additional qualitative elements for each case study.

Table 1 : Overview of the country context in the five PSE cases

Dimension	Egypt (MIC)	Ghana (MIC)	Mali (LIC)	Morocco (MIC)	The Seychelles (MIC/HIC)
Socio-economic status (HDI) ⁴	3	2	1	2	4
Political Governance (WGI) ⁵	1	3	2	2	3
Technical Governance (WGI) ⁶	2	3	2	3	4
Relations with DPs ⁷	3	3	3	4	2
Overall score	2	3	2	3	3

Table 2 : Complementary information on the country context in the five PSE cases

Country	Development co-operation	Broader country context
Egypt	<ul style="list-style-type: none"> ■ A "strategic" country (incl. for security and migration concerns) for many DPs, but some international partners hesitant to "step in". ■ Ongoing IMF programme⁸: no (IMF programme – USD 12 bn – approved in Nov. 2016, one year after PBO approval). 	<ul style="list-style-type: none"> ■ Several post-revolution challenges at political and economic levels, incl. important macro-fiscal imbalances. ■ Longstanding structural issues (e.g. energy subsidies).
Ghana	<ul style="list-style-type: none"> ■ Multi-donor budget support (MDBS) framework broke down in 2014. ■ Marked shift in the development finance architecture since attainment of MIC status. ■ Ongoing IMF programme: yes (PBO approved in Nov. 2015, a few months after approval of IMF assistance). 	<ul style="list-style-type: none"> ■ Increasing macro-fiscal imbalances since 2011. ■ Long-term steady decline in poverty, but persisting inequalities. ■ Persisting good governance challenges at central and local levels.
Mali	<ul style="list-style-type: none"> ■ Main providers of BS: WB, EU, AfDB (bilateral donors dropped BS in recent years). ■ Ongoing IMF programme: yes (Rapid Credit Facility arrangement (Jan. 2013) preceded an ECF one (Dec. 2013); assistance temporarily frozen in mid-2014). 	<ul style="list-style-type: none"> ■ The coup in 2012 led to serious political and economic challenges. ■ West African Economic and Monetary Union (WAEMU) directives/deadlines: a key force driving policy (PFM) reforms. ■ Increased poverty rates since 2012. ■ Malian Peace Agreement.
Morocco	<ul style="list-style-type: none"> ■ Solid relationship with multilateral and bilateral donors (7th country in Africa in terms of volume of aid), with clear strategic sectors of co-operation. ■ Ongoing IMF programme: yes (continuous Precautionary and Liquidity Line (PLL) arrangements since 2012). 	<ul style="list-style-type: none"> ■ Positive trend in control of corruption. ■ Persisting challenges in PSE-related issues: investment attractiveness, independence of the judiciary, SMEs' access to finance, etc.
The Seychelles	<ul style="list-style-type: none"> ■ Relatively small aid volume and no formal donor coordination mechanisms. ■ Ongoing IMF programme: yes (Extended Fund Facility (EFF) arrangement since June 2014). 	<ul style="list-style-type: none"> ■ HIC since 2015; economic growth + steady decrease of the debt burden. ■ Vibrant multiparty democracy.

Overall, the assessment of the country contexts shows that:

- PBO implementation took place in **highly challenging environments**:
 - Political instability was particularly high in two countries (e.g. Mali, Egypt).
 - Countries had initiated ambitious reforms, illustrated by cases such as Ghana or Mali, but some of these reforms were facing important obstacles linked to complex

institutional dynamics at both central and local levels.

- In most case studies, the country was also in a difficult macroeconomic situation and in **critical need of filling a large fiscal gap** to ensure progress in the reform agenda while maintaining a stable macroeconomic environment.
- In the last five years, major evolutions occurred in the development finance architecture and in **donor coordination** mechanisms in all countries reviewed.

- Overall, there was a decline in formal donor coordination and increasing reluctance by some donors to finance development cooperation in the form of budget support.
- At the same time, there are cases (e.g. Egypt, Ghana) where some international partners such as the WB engage in historically large programmes to help countries respond to challenging macro-fiscal situations.
- In almost all cases, there was an ongoing IMF arrangement when the AfDB approved the PBO; in the case of Egypt, the IMF started providing assistance a few months after the launch of the joint AfDB-WB support program.
- Despite the overall decline in formal coordination mechanisms, most cases reviewed concern countries which, in general, benefitted from strong relations with development partners, including the AfDB.
- In the case of Morocco, despite good relations with partners, the country seems to prefer bilateral relations with partners to the detriment of a framework of donor coordination under the leadership of the country. However, partners take initiatives to coordinate their interventions better.

The Quality of the PBO mechanisms

The quality of the PBO mechanisms was assessed following a similar scoring system to the assessment of the Country Context. The overall scores were derived from simple averages of the 1-4 rankings against five criteria: (i) programming according to PBO Policy & Guidelines; (ii) design in line with PBO Policy & Guidelines and established good practices; (iii) quality of dialogue related to PBO design and implementation; (iv) quality of coordination between the AfDB and other DPs during formulation and implementation and (v) timeliness of disbursements and perceptions of transaction costs.

Table 3 summarises the ratings in the five case studies.

Table 3 : Overview of the quality of PBO mechanisms in the five PSE cases

Dimension	Egypt	Ghana	Mali	Morocco	The Seychelles
Programming (compliance)	3	4	2	3	3
Design (quality)	3	3	3	2	3
Policy Dialogue ⁹	2	3	2	2	2
Coordination with other DPs ¹⁰	4	3	2	2	2
Transaction costs/Efficiency ¹¹	4	4	2	3	3
Overall score	3	3	2	2	3

Overall, the quality of PBO mechanisms is rated as satisfactory (3) in three of the five cases.

- Almost all cases score well on timeliness of disbursements and on transaction costs. In Mali, disbursements were planned in the last month of the fiscal year, leaving little room to ensure payment, and, while the grant component was disbursed on time, the loan part was disbursed with several months of delay.
- The programmatic approach adopted in most cases (Egypt, Ghana, Mali, the Seychelles)¹² was seen as a positive element of design by stakeholders interviewed. In particular, it helped to better respond to the evolving context and ensured some continuity of the AfDB support to medium-term policy reforms. Several interviewed stakeholders, including DPs, underlined the fact that support to the type of reforms targeted by the PBOs would have been complicated through a one-off operation.
- Design elements described in the appraisal reports are compliant with the PBO policy and guidelines, which explains the overall positive ratings for the quality of design.
- However, none of the PBOs has reached the highest score on the criterion related to the quality of design. PBO design suffered from weaknesses such as unfocussed results frameworks and insufficient depth of the context

analysis in appraisal documents. Despite the use of a programmatic approach in most PBOs analysed, the case studies show weak medium-term planning to support the sequence of reforms initiated in the RMC in the PBO targeted areas.

- Moreover, in almost all cases, the AfDB engagement in policy dialogue has been rated as unsatisfactory. Policy dialogue often sharply declined after PBO approval. Even in the case of Ghana, which receives the highest score, the case study has identified important limitations to the AfDB engagement in dialogue.
- In general, linkages with AfDB technical support and investment projects were limited. Some linkages were ensured in cases such as Mali.
- In Morocco and Mali, the case studies identified a number of missed opportunities to coordinate more closely with other DPs, especially during implementation. In the Seychelles, the relatively low level of coordination with other DPs is more related to the absence of permanent teams in the country (for the AfDB but also most other development partners) and a context of shrinking aid volumes with less pressing need to avoid overlaps and achieve synergies.

Table 4 presents further details for each of the dimensions analysed.

Table 4 : Key findings related to the quality of PBO mechanisms in the five PSE cases

Dimension	Key findings
Programming (compliance)	<ul style="list-style-type: none"> ■ The programmes have been largely compliant with programming guidelines, including the assessment of eligibility criteria. ■ However, linkages with past and future interventions were not always described in sufficient depth. In Morocco, the PACEM PBO played a role in bridging the gap between two cycles and prepared the basis for an ambitious PBO (PAIM¹³) focusing on supporting the national industrialisation strategy. However, there was no explicit plan foreseen (in the design of PACEM) on how the PBO should have played this bridging role and what could have been the likely focus of future follow-up programmes to ensure continuity of the support. In Mali, the discussion on how experience with past PBOs could enhance future programmes has been limited. ■ Moreover, a discussion on the added value of PBOs (compared to project finance) is often lacking in programming and design documents.

Dimension	Key findings
Design (quality)	<ul style="list-style-type: none"> ■ Overall, most design elements described in the appraisal reports are compliant with the PBO policy and guidelines. <ul style="list-style-type: none"> ● In particular, the specific policy reforms to be supported are well identified and the analysis of fiduciary risks is adequately described. ■ However, there have been some weaknesses: <ul style="list-style-type: none"> ● Results frameworks are often broad in scope and not adequately prioritised (e.g. Ghana, Mali, Morocco, the Seychelles). ● It is rarely clear how the PBO (through its targets, prior actions and associated policy dialogue and technical support) is addressing the often long-term nature of the targeted policy reforms; results frameworks are usually not well integrated into broader medium-term strategic frameworks although this has been less problematic for programmatic operations (e.g. Egypt, Ghana). ● The depth of the context analysis (e.g. identification of capacity development needs, assessment of the political economy of reform processes such as in the area of land tenure in Mali) has been inadequate given the ambition of certain PBO objectives/targets. ● In Ghana, the PBO targeted reform directly related to SME development consisted of a "downstream" activity related to SMEs listing on the Ghana (alternative) stock exchange market; it has been assessed by the team as not being a strategic reform; it rather appeared to be an artificial "add-on" to better comply with the initial focus on the PSE foreseen in the CSP.
Policy Dialogue	<ul style="list-style-type: none"> ■ AfDB used, with some level of success, PBOs to enhance dialogue with key stakeholders in the broader context of its country-level cooperation. ■ However, actual policy dialogue on targeted policy reforms has been weak in all case studies. <ul style="list-style-type: none"> ● Some AfDB country offices (e.g. Ghana and Egypt) have interacted quite actively with national stakeholders during PBO design and implementation (for some sectors more than others). ● In some cases, dialogue was perceived by interviewed stakeholders as rich during the appraisal stage; but, in all cases, the intensity and quality of dialogue dropped after PBO approval. ● In general, the depth of policy dialogue has been unsatisfactory. This was mainly due to the lack of accompanying technical support and the inadequate level of human resources, especially given the breadth of reforms targeted by the PBOs. A key challenge was related to the fact that dialogue after approval was often mainly conducted by the PBO task manager alone and that the PBO task manager was often based at HQ.
Coordination with other DPs	<ul style="list-style-type: none"> ■ Overall there has been good coordination and complementarity with other DPs. ■ However, coordination at sector level remained uneven; there have been insufficient exchanges on strategic issues during implementation in relation to the specific reforms targeted by the PBOs. ■ Examples of joint missions (Egypt) are scarce and the AfDB often faces difficulties to sustain these experiences over time (the Seychelles).
Transaction costs/ Efficiency	<ul style="list-style-type: none"> ■ Overall, predictability and timeliness of PBO disbursements have been high. In Mali, disbursements were planned in the last month of the fiscal year, leaving little room to ensure payment, and, while the grant component was disbursed on time, the loan part was disbursed with several months of delay. ■ Level of transaction costs was perceived as satisfactory by both parties (Government and AfDB) in all case studies except Mali where a few concerns (incl. in terms of the use of joint frameworks) were raised by national stakeholders. ■ The flexibility shown by the AfDB in some cases (e.g. use of a streamlined approach/initial concept note waiver in Egypt) was well justified and positively appreciated by stakeholders interviewed. ■ In some cases (Mali, Morocco), the absence of stronger joint frameworks with other DPs providing budget support was seen as a missed opportunity to enhance efficiency.

Table 5 provides further details on the AfDB engagement in policy dialogue during PBO design and implementation in the five case studies.

Table 5 : Complementary observations on AfDB engagement in policy dialogue in the five case studies

Country (PBO)	Key findings on dialogue & accompanying measures
Egypt (EGESP I&II)	<ul style="list-style-type: none"> ■ Dialogue was conducted formally and informally (incl. at high level) although not always in a continuous way. ■ The AfDB country office played an important role in supporting dialogue at a general level (CPO working closely with two successive CMs). ■ Formal policy dialogue in the context of the PBO has mainly taken place during the appraisal phases of the different tranches. ■ Policy dialogue on energy has been more continuous, given the presence and active role of the Energy Officer. ■ The lack of TA was seen as a missed opportunity by most stakeholders interviewed.
Ghana (PFMPSC I&II)	<ul style="list-style-type: none"> ■ Overall, continuous dialogue maintained with Government officials thanks to a very active country office and, to some extent, involvement of high level HQ staff. ■ But, limited technical support was provided. Institutional Support Project (ISP) provided in the area of support to SMEs (GAX), but this was a very specific sub-area in a wide range of policy reforms supported by the PBO.
Mali (PARGE)	<ul style="list-style-type: none"> ■ Overall, limited time and resources dedicated to appraisal, supervision and more strategic policy dialogue in target areas. ■ AfDB engagement in policy dialogue narrowly focussed on some aspects of PBO appraisal such as conditions for disbursement. ■ Limited access to sector expertise given by the AfDB to national stakeholders. ■ Quality of dialogue within the Joint Budget Reviews declined in recent years, following the withdrawal of bilateral donors and a change in government.
Morocco (PACEM)	<ul style="list-style-type: none"> ■ Little to no policy dialogue (incl. on targeted reforms) after the PBO was approved. ■ Some issues to ensure continuity of dialogue were faced after the initial PBO task manager left. ■ Some synergies between PBO and TA (e.g. PPP¹⁴), but, overall, rather limited linkages. ■ Dialogue was renewed at a broad level during the design of new PBO (PAIIM).
The Seychelles (IPSDCP I&II)	<ul style="list-style-type: none"> ■ Important role played by PBO task manager, but mainly during design stage or in relation to specific institutional support projects. ■ Although institutional support projects were relevant, they came too late to enhance PBO-related policy dialogue and faced efficiency issues (which also lowered the attractiveness of this support for national stakeholders, especially compared to the opportunities of technical support provided by other development partners such as the WB or the IMF). ■ Overall, limited policy dialogue during PBO implementation. ■ Role of the AfDB regional office limited to specific activities (e.g. CSP MTR) and not linked to Task Manager in HQ. ■ Joint policy dialogue with other DPs, planned in the first PBO, has never materialised.

Contribution of the PBOs to Intermediate and Final Outcomes

Intermediate Outcomes

The results frameworks of the PBOs reviewed cover three broad areas of intermediate outcomes, which the AfDB intended to contribute to. These are: PSE, PFM and, in two cases, energy. In each of these areas, the team assessed:

- The progress achieved, including the “significance” of the reforms pursued (see definition of a “landmark policy change” in Box A1.1, Annex 1)¹⁵, and
- The role played by the AfDB PBO in the observed evolutions.

Table 6 below summarises the achievements in each of the outcome areas targeted by the PBOs (rating 1-4) and the influence of the PBO on these achievements (rating 1-4).

In order to see the Context – Mechanism - Outcomes (C-M-O) combinations in the five country case studies, the table also presents the summary scores for the Country Contexts and the Quality of PBO mechanisms.

Case studies show some positive intermediate outcomes in all PBO target areas.

- All case studies show examples of bold policy reforms undertaken by partner governments and positive evolutions at the institutional level.
- In some cases (e.g. Egypt and the Seychelles), intermediate outcomes observed in the PSE and Energy areas turned out to be more positive than the ones in the PFM area. This is explained by the fact that the PBO focussed on specific reforms in sub-areas of the PFM sector which were not assessed as landmark policy changes and, in some cases, results were mixed in these sub-areas. In the case of Egypt, the focus of the PBO partly reflects a division of its role with the World Bank. In the case of Ghana, the targeted reforms directly related to SME development were not assessed as landmark policy changes.

Table 6 : Overview of the PBO contribution to intermediate outcomes in the five PSE cases

Dimension	Egypt	Ghana	Mali	Morocco	The Seychelles
Intermediate outcomes - PSE	3	2	3	3	3
<i>PBO influence</i>	2	2	2	2	3
Intermediate outcomes - PFM	2	3	3	3	2
<i>PBO influence</i>	3	2	2	2	2
Intermediate outcomes - Energy	3	3	-	-	-
<i>PBO influence</i>	3	4	-	-	-
Quality of PBO mechanisms (reminder) ¹⁶	3	3	2	2	3
Country context (reminder) ¹⁷	2	3	2	3	3

■ It is important to highlight that, despite overall positive intermediate outcomes, there have been serious delays in the implementation of certain important reforms (e.g. implementation of the investment bill in Morocco, approval of a range of bills in the Seychelles, implementation of the land reforms in Mali, rolling out the integrated financial management and information system in Ghana). No case received the highest score (4) for any of the intermediate outcomes reviewed. This illustrates the complexity of the reform processes targeted.

However, PBO influence has often been unsatisfactory.

- While, in general, evidence points to PBOs having helped keep reforms “on track” (in terms of the timeliness of implementation), PBO’s influence has been assessed as quite substantial or very substantial only in a few target areas and only in three countries (Egypt, Ghana and the Seychelles).
- In all other cases, the PBO influence has been assessed as modest (a score of 2 out of a maximum of 4).

The analysis does not highlight any specific C-M-O combination that would determine PBO’s success or failure, but it highlights a strong role played by PBO mechanisms (whatever the country context).

- None of the cases with a score of 2 for quality of design have achieved a high level of PBO influence. Conversely, in each of the three cases which have a score of 3, the AfDB PBO has managed to achieve a high level of PBO influence in at least one target area.

The results of the detailed contribution analysis carried out at intermediate outcome level largely mirror the strengths and limitations observed in the analysis of PBO mechanisms.

The main PBO contributions were observed in the areas where the AfDB has managed to be actively

engaged through technical support and active policy dialogue, and where synergies were sought with other DPs.

- The role of policy dialogue is illustrated by the positive contributions achieved in the energy sector in Egypt and in Ghana. In these cases, the right technical people were engaged in dialogue and PBO implementation was backed by high level AfDB support.

- The role of the positive combined effects of budget support with accompanying technical support is illustrated by the case of the PSE achievements in the Seychelles. But, most case studies also highlight missed opportunities in terms of combined effects that could have been achieved between these two forms of support. In particular, this was the case in Egypt, Morocco and, to some extent, the Seychelles and Ghana. In all these cases, it was assessed that more could have been achieved in the presence of accompanying technical support. These cases also highlighted the limited range of tools available at the AfDB to provide adequate technical assistance in Middle Income Country (MIC) countries.

- The importance of synergies with other DPs is illustrated by the combined effects of the support provided by AfDB and the World Bank in the cases of Ghana and Egypt. These positive synergies actually relied on two key aspects: (i) the increased “weight” in policy dialogue, hence the related policy influence achieved, when several international partners speak with one voice; and (ii) the possibility to rely on international partners such as the World Bank to complement or sustain - including through technical assistance - the support provided by the AfDB in some areas and, as a consequence, to strengthen it and help achieve greater (sustained) effects. In both cases, despite the shortcomings (e.g. in policy dialogue) described in previous sections, the AfDB was not limited to a secondary role. The AfDB played a critical role thanks to the active engagement of the country office and HQ staff, especially during appraisal stage.

The country context (as measured) has not played a major role in determining the PBO influence at intermediate outcome level, although it did influence broader effects of the support (see next sections on Final Outcomes and Sustainability). This confirms the importance of the quality of PBO mechanisms as a key determinant of PBO performance.

- Despite a country context assessed as not favourable, the PBO in Egypt has achieved some positive results. Conversely, despite a favourable context, the PBO in Morocco (PACEM)

didn't perform particularly well (although it still did contribute to some positive intermediate outcomes). These two cases actually illustrate the importance of certain design aspects (rather well elaborated results framework and synergies sought with other DPs in the case of Egypt¹⁸) and strong engagement in dialogue (despite some shortcomings, there was a higher level of AfDB engagement in policy dialogue in Egypt) when comparing the specific PBOs analysed.

Table 7 provides further details of the AfDB contribution to intermediate outcomes in the five case studies.

Table 7 : Complementary observations on achieved outcomes and PBO contribution to outcomes

Country (PBO)	Key findings on intermediate outcomes and PBO contribution to these outcomes
Egypt (EGESP I&II)	<ul style="list-style-type: none"> Bold reforms undertaken by the Government, although some serious delays, as compared to what the PBO envisaged. <p>PBO influence:</p> <ul style="list-style-type: none"> PBO funding, especially in combination with the WB support, helped to respond to an urgent financing need and to create the fiscal space to implement a bold policy reform agenda. The AfDB and WB helped to speed up certain reforms, esp. in the energy sector (government representatives interviewed indicated that the AfDB PBO and WB Development Policy Financing (DPF) served as an extra supporting argument when seeking approval or when urging people to act, etc; various interviewees also pointed out that it contributed to inter-ministerial coordination, as it served as a rallying point). However, AfDB influence on initiating and enhancing the content of reforms remained modest in many target areas. Beyond limitations related to irregular policy dialogue, influence of the PBO has been hampered by limited technical assistance.
Ghana (PFMPSC I&II)	<ul style="list-style-type: none"> Bold policy reforms undertaken (e.g. PFM Act in 2016, Energy Sector Levies Act 899 in 2015). Some challenges (staff's culture and mindset change) have slowed down the implementation of reforms (e.g. delays in rolling out the integrated financial management and information system). <p>PBO influence:</p> <ul style="list-style-type: none"> Important role of the AfDB in elevating energy sector challenges in policy discussions; some reforms in the sector were initially not assessed as a priority by other international partners, but received renewed attention thanks to the discussions which took place around these issues during PBO appraisal. Some AfDB contributions to strengthening the focus on PFM reforms, which was critical in the context. However, absence of technical inputs made it difficult for the AfDB to engage more actively in policy dialogue. AfDB contributions in the PSE-specific area have remained limited.
Mali (PARGE)	<ul style="list-style-type: none"> Considerable progress in some reform areas, but, overall, important delays compared to initial plans. Some substantial resistance to reforms in areas such as land reform. <p>PBO influence:</p> <ul style="list-style-type: none"> Although measures chosen were timely and relevant, the AfDB's contribution has been limited. Other factors (including WB and IMF support, Malian peace agreement and WAEMU directives) played a more substantial role in pushing forward some reforms. The areas in which the AfDB was also engaged through accompanying support (TA) are the ones where the most important contributions have been observed.

Country (PBO)	Key findings on intermediate outcomes and PBO contribution to these outcomes
Morocco (PACEM)	<ul style="list-style-type: none"> ■ Some reforms took more time and turned out to be more complex than foreseen (e.g. the Investment Bill). ■ But some positive institutional evolutions (e.g. CNEA¹⁹ and PPP unit). <p>PBO influence:</p> <ul style="list-style-type: none"> ■ PBO contributions to the reforms implemented have been limited in most areas. ■ The main area with visible contributions has been where the PBO was linked to a capacity building project (PPP), but, even if this area, the contribution has been modest.
The Seychelles (IPSDCP I&I)	<ul style="list-style-type: none"> ■ Mixed results in the PSE (some positive achievements out of a wide range of expected results, but some achievements came later than planned) and low results in PFM (no landmark policy changes). <p>PBO influence:</p> <ul style="list-style-type: none"> ■ Some positive AfDB contributions to the PSE thanks to policy dialogue (mostly during design stage) and complementary technical assistance. ■ Some AfDB contribution to debt reduction. ■ Overall, rather limited contributions to the targeted PFM reforms (positive influence on budget processes, but limited contributions to reporting on procurement).

Final Outcomes

Table 8 summarises:

- The broader changes achieved in the various outcome areas targeted by the PBOs (rating 1-4);
- The overall contributions to these achievements made by the PBOs through the intermediate outcomes they intended to support.

The case studies show two main findings:

- Overall, **results have been mixed at final outcomes level** (scores are 2 out of 4 in

three out of the five cases). This observation should be balanced by the fact that reforms take time to materialise. The positive results in the case of Morocco (where, for instance, the country recorded significant improvements in the Doing Business ranking and some improvements in investment in emerging sectors) actually correspond to a long-term dynamism that started well before the PBO.

- It was assessed that **PBOs, through the policy measures they have supported, have contributed only to a small extent to strengthening positive evolutions at final outcomes level** (the evidence points to an unsatisfactory level of influence: 2 out of 4). This is to be related to two main observations:

Table 8 : Overview of final outcomes and influence of PBO targeted policy measures

Dimension	Egypt	Ghana	Mali	Morocco	The Seychelles
Final outcomes - Governance/ PFM	2	2	2	3	2
Final outcomes - PSE	2	2	2	3	3
Final outcomes - other ²⁰	3	2	-	-	-
<i>Influence of PBO targeted policy measures on the final outcomes</i>	2	2	2	2	2
Quality of PBO mechanisms (reminder) ²¹	3	3	2	2	3
Country context (reminder) ²²	2	3	2	3	3

- The contribution of the PBO to policy changes has not been substantial in many areas.
- Some policy changes did not contribute to broader effects because of a variety of factors, including the complexity of certain reform processes and adverse elements in certain institutional environments. This also reflects a natural tendency: the more one goes down the

results chain in terms of processes supporting broader development results, the more the country context and a broad range of other factors and initiatives play an important role.

Sustainability

Table 9 summarises some key findings on sustainability in the five cases studies.

Table 9 : Overview of key findings on sustainability

Country (PBO)	Ratings	Key findings
Egypt (EGESP I&II)	Overall: 2 Political: 3 Ownership & partnerships: 3 Institutional: 2 Financial: 2	<ul style="list-style-type: none"> ■ Strong country ownership of the reform agenda. ■ But sustainability compromised by a variety of factors, such as important social challenges, fragility of macroeconomic stability and limited institutional capacity to fully implement the reforms.
Ghana (PFMPSC I&II)	Overall: 2 Political: 2 Ownership & partnerships: 2 Institutional: 2 Financial: 2	<ul style="list-style-type: none"> ■ Sustainability of the reforms potentially hampered by a recent change of government (unclear orientations in certain reform areas). ■ Institutional environment remained a key constraint at multiple levels. ■ Uncertain evolutions at macroeconomic level. Risks have been somewhat mitigated by the WB and AfDB support, but they remain high.
Mali (PARGE)	Overall: 2 Political: 2 Ownership & partnerships: 3 Institutional: 2 Financial: 2	<ul style="list-style-type: none"> ■ Some factors hampering sustainability have been partially addressed by the AfDB and other DPS (including through complementary support). ■ But, overall, sustainability remained fragile.
Morocco (PACEM)	Overall: 3 Political: 3 Ownership & partnerships: 3 Institutional: 3 Financial: 3	<ul style="list-style-type: none"> ■ Strong country ownership of the reform agenda / strong political will. ■ Positive evolutions in terms of institutional environment. ■ Strong partnership between the country and the AfDB (and other development partners).
The Seychelles (IPSDCP I&II)	Overall: 3 Political: 3 Ownership & partnerships: 3 Institutional: 3 Financial: 3	<ul style="list-style-type: none"> ■ Strong ownership of the reform agenda at political level. ■ Reduced debt burden and increased macro-fiscal stability. ■ Evolving and complex institutional environment likely to hamper sustainability of some effects.

The case studies show that:

- **Overall, despite strong country ownership in most countries, the sustainability of effects contrasted across countries.** Sustainability has been assessed as relatively high for all dimensions in the Seychelles and Morocco. The strength of the economy, the stability of key state institutions and of the political environment in these countries are seen as important explanatory factors. Sustainability has been assessed as low in countries such as Egypt, Ghana and Mali.
- **PBOs have contributed only to a limited extent to addressing factors adversely affecting sustainability** such as the fragility of

the macroeconomic context.²³ This observation has to be balanced with the fact that sustainably restoring macro-fiscal stability often requires implementing deep structural reforms of which the effects take time to materialise. It would be unrealistic to expect that the AfDB could contribute to substantially influencing such sustainability factors in the short time frame covered by the analysed PBO. In most cases, key factors influencing sustainability were well identified during appraisal and somewhat addressed in the PBOs' design. The main weakness identified in the case studies relate to the fact that **appraisal documents give an overly optimistic picture regarding the level of sustainability that could be achieved through the PBOs.**





Observations on the Overall Evaluation Questions

In this section of the synthesis report, we present observations emerging from the private sector environment cluster in relation to 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 PBOs appropriately, including how, when and where the policy and guidelines indicate it should?*

With regard to the **programming process**, one of the PBOs in the sample was assessed as unsatisfactory (Mali), three as satisfactory (Egypt, Morocco and the Seychelles) and one as highly satisfactory (Ghana).

- In Mali, the details on the future PBOs provided in the CSP were limited. The document envisaged the PBO instrument without first analysing if the country met the PBO eligibility criteria (except for an annex on fiduciary risk). In addition, the CSP did not provide additional analysis on PBO's past achievements as well as on the likely benefits of PBOs (compared to project finance). The fact that PBO was a well-established

instrument in the country only partially explained these shortcomings.

- In Ghana, the PBO was an integral part of the AfDB's portfolio at the time of preparing the CSP. Specific reference was made to a PBO with a focus on PSE in the CSP. The CSP assessed the eligibility criteria broadly as part of the analysis of the country context; the PBO's PAR made specific reference to that assessment and provided an update on the eligibility criteria. Overall, programming guidelines were adequately applied.
- In most cases, the CSP and PBO appraisal documents envisaged support (e.g. institutional strengthening projects) complementary to the provision of budget support. But, these references remained often general and did not reflect the idea of a "package of support" with tight linkages between financial support, dialogue, TA and analytical support.

Overall, the programming and appraisal documents provided a clear **justification** of the use of the instrument. For instance:

- In Morocco, the rationale for budget support was clearly related to the objective of sustaining the long partnership between the country and the AfDB (following the series of PBOs: PARAF²⁴ I-IV and PARGEF²⁵ - HAKAMA) while supporting the government's response to the policy issues identified in the recent "Diagnosis of Growth Constraints" study. However, the choice of a stand-alone operation was not clearly justified and did not reflect the idea of accompanying the country in its reform process over the medium term. Moreover, the linkages with past and, especially

future, potential interventions is assessed as not having been sufficiently developed.

- In Egypt and Ghana, the PBOs clearly pursued a double objective of “strengthening fiscal consolidation” and “improving the efficiency and competitiveness of the private sector”. The justification for budget support was “premised on the need to create fiscal space for the government to implement fiscal consolidation” (Ghana PFMPSC PBO appraisal report). Budget support was also aiming at supporting the government’s “strong commitment to sustain and deepen on-going reforms efforts”.
- In Egypt, the AfDB and the World Bank came in at a critical time, when the country was much in need of support to stabilise its macro-fiscal situation, and laid a solid basis for gradual, deep policy reforms. The focus of the PBO covered three areas of reform which were crucial to achieve these objectives.
- In Ghana, the AfDB also came in alongside the World Bank at a critical time to help the country to respond to macroeconomic challenges. However, in this case, the PBO finally had a strong emphasis on fiscal consolidation which led the PBO component, focused specifically on the PSE, to lose its strategic dimension.
- All PBOs were broadly consistent with the GAP II strategy and the PBO policy. They all covered cross-cutting issues in the governance area, which explains the choice of GBS instead of SBS. However, in a case such as the PACEM PBO (Morocco), the choice of SBS would not have changed fundamentally the nature of the support.
- In general, the PBOs examined reflected the orientation taken by the AfDB to increasingly focus on sector specific reforms. But, in many cases, the results frameworks were assessed as not sufficiently prioritised (see next sub-section on design).

The programming and design of PBOs built on broad **consultations** with a wide range of stakeholders. However, in some cases, the AfDB teams faced challenges in terms of ensuring a fully inclusive appraisal process.

- In Egypt, involvement of civil society in the programming process has been very limited. Interviews reveal that it was only in the appraisal phase of PBO I that a meeting was organised to consult civil society organisations, which was not the case for PBO II and III. Admittedly, strong and meaningful civil society engagement was complicated by the limited space granted by the government to civil society organisations.
- In Morocco and Mali, private sector consultations during the preparation phase were also very limited.

Design: *To what extent is the Bank appraising and designing its PBOs in accordance with the PBO policy and the good practices established by OECD-DAC (2006)?*

PBO design was rated ‘satisfactory’ in all cases, but none of the cases reached the highest score.

In terms of the specific sub-questions included within the evaluation matrix, the findings 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 Bank analytical work and that of other partners - mainly the World Bank and the IMF.
 - In Morocco, beyond the African Economic Outlook report and the support to the last Public Expenditure and Financial Accountability (PEFA) exercise, the AfDB financed the publication of specific studies (e.g. Country Growth Diagnosis, Accelerating Job Creation and Growth through MSMEs)

which directly fed into the design of the PSE-related PBOs. However, several case studies have also shown some limitations in the analysis of the specific sector contexts in the targeted areas.

- In Mali, the identification of capacity development needs and the assessment of the political economy of reform processes such as in the area of land tenure were particularly weak.
- The quality of the **results frameworks** varied and represented one of the weakest aspects of design. Although, as mentioned above, PBOs were increasingly focused on sector specific reforms, with results frameworks often still broad in scope and, even more problematic, not adequately prioritised (e.g. Ghana, Mali, the Seychelles).
- Some elements such as the PSE component of the Ghana PBO (which focused on a “downstream” activity related to SMEs listing on the Ghana alternative stock exchange market) were not well integrated in the PBO results framework and rather appeared as artificial “add-ons” to comply with guidelines or programming orientations taken in the initial CSP.
 - In several cases, the set of objectives pursued proved to be overly ambitious (in terms of timeframe and breadth) given the partner country’s institutional capacity to implement these reforms and AfDB’s capacity to engage in policy dialogue in several reform areas at the same time. In particular, in the Seychelles, it was not well anticipated that an institutional bottleneck would arise (at the level of the Attorney General) with so many reforms involving cabinet approval at the same time; in cases such as Mali, ambitious targets for certain reform areas reflected an insufficient understanding of the political economy in these sectors.
- The **choice of conditions, prior actions and triggers** was generally appropriate, but suffered somewhat from the weaknesses of the results framework mentioned above.
- In most cases, conditions, prior actions and triggers were drawn exclusively from government plans and country-owned indicators.
 - However, in cases like Morocco where the PBO did not follow a programmatic approach, the level of incentives created by prior actions was assessed by the team as limited.
 - In some cases, there has been a tendency to choose easily achievable policy measures to avoid “blocking” points. In particular, in Mali, the two policy measures on internal control (i. reforming the institutional framework; ii. establishing an internal audit bureau) initially foreseen in the concept note were replaced by lighter measures (i. implementation of a risk mapping; ii. establishment of delegated units of the National Directorate for financial control) in the final appraisal document without a clear explanation on whether and how the initially envisaged measures - which are crucial for the broader reform process in this area - could still be pursued/supported with an adjusted timeframe.
- The role of **policy dialogue and the other non-financial aspects of the PBO package** (in particular, accompanying technical support) was only loosely articulated in appraisal documents.
- There have been some references to gender issues in the results framework (gender-related targets and/or sex disaggregated indicators could be found in all PBOs examined as highlighted in the Project Portfolio Document Review or, PPDR, assessments²⁶); but, beyond that, there has been limited consideration of **cross-cutting issues** in the PBO design.

■ In all cases examined, risks assessments carried out during appraisal identified relevant elements while the quality of fiduciary risks assessments was assessed as satisfactory. However, in most cases, risk mitigation measures outlined in the appraisal documents remained very partial or appeared to be overambitious; in several cases, some planned measures were actually never implemented (e.g. in Egypt, TA in specific target areas such as PFM).

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

As already highlighted in “*The Quality of the PBO Mechanisms*”, almost all cases score well on timeliness of disbursements and on transaction costs, reflecting an **efficient management** of PBOs. In Egypt, the appraisal team used streamlined procedures and waivers to respond swiftly to the government request. This decision was justified and well appreciated by the stakeholders interviewed.

However, the case studies show that PBO **monitoring reports** were often not produced by the AfDB in a timely manner and rarely integrated **feedback loops** for the various parties involved in PBO management (including government staff).

Moreover, in most cases, **PBOs were not accompanied by strategic and regular policy dialogue** on PBO associated reforms and technical advice in relevant areas. The Mali case illustrates the importance of having a detailed understanding of the political economy of targeted reforms, especially in a context of a **transition state**; the PBO examined show some important shortcomings in this area.

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

Overall, the AfDB managed to mobilise **large teams with relevant profiles for PBO appraisal**. However, case studies show multiple examples where **lack of human resources, especially at the country office level**, hampered PBO implementation. In many cases, **inputs from HQ staff** (including from the governance department) have been praised by stakeholders interviewed, but there is a general recognition that there are limits to what HQ staff could do in engaging in continuous and strategic dialogue in targeted reform areas.

In some cases (e.g. Ghana, Egypt), a particularly **active country office** has managed to maintain a useful line of dialogue with key government staff and has somewhat compensated for this situation. But, in general, this was assessed as insufficient, and the **AfDB engagement in policy dialogue, especially in technical areas of reform**, has been greatly limited by the challenge of involving relevant in-house sector experts and the difficulties in mobilising dedicated technical assistance.

PBO Performance

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

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

In the preceding section, 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:

- Despite several shortcomings, the overall performance on Intermediate Outcomes is positive.
- In terms of the relative influence of PBOs on Intermediate Outcomes, in most cases, this is considered quite modest. The ‘extra’ influence of PBOs was generally limited to helping to keep reforms “on track” and, in some cases, being an accelerator of reform.
- Most scores for sustainability are low – a consequence of the inherent complexity of the country contexts and the time necessary to substantially reduce the factors negatively influencing sustainability.
- In terms of contributions to Final Outcomes, only a few PBOs score well and only in relation to a few sub-areas.

Two cases show some positive unintended effects: in Egypt and Morocco, government staff used the PBO in a strategic way which helped enhancing inter-ministerial coordination, a use which was not explicitly anticipated in appraisal documents. This situation was particularly marked in Egypt, where the AfDB and the World Bank budget support operations actually served as “rallying points” for the various stakeholders involved in the targeted reforms although this was not an explicit initial objective of the PBO.

In terms of direct outputs, the model of ToC used in the PSE cluster evaluation identifies three main objectives:

- Better DP coordination and alignment of policy dialogue, TA, and conditionalities
 - In this area, two cases (Ghana and Egypt) stand out for the positive effects observed, especially in relation to joint efforts with the World Bank; in the other countries, the case studies also show positive efforts in terms of coordination, especially during appraisal stage.
 - However, results are more mixed in the other three case studies, with clear missed opportunities identified in the cases of Mali and Morocco. In these two countries, there is very limited evidence as regards to the AfDB having actively tried to revive the large multi-donor budget support frameworks which declined or fell apart in recent years.
- Enhanced sector dialogue
 - Although the case studies show a few positive experiences in terms of sector policy dialogue, overall, there is very limited evidence pointing to the AfDB having contributed to enhancing sector dialogue in the PBO targeted areas. The AfDB's engagement in policy dialogue has tended to drop after PBO approval despite the use of programmatic approach in several cases.
- Increased predictability of external funding and increase use of national systems
 - Interviews showed that budget support remained the preferred modality of cooperation for most partner governments although some national institutions would have liked to see more technical support in addition to the PBOs.
 - The team could not assess whether the share of external aid using national systems

has actually increased in the five countries examined; however, the use of PBO has naturally contributed to the increase of the absolute volume of aid using national systems in these countries.

- Although in some cases (e.g. Mali) delays have been observed, overall, the PBOs reviewed score well on timeliness of disbursements and on transaction costs.

Success factors and lessons learned

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

Table 10 summarises the main findings on enabling and hindering factors identified in the five case studies.

Table 10 : Main factors facilitating or hindering success

	Hindering factors	Enabling factors
Context factors	<ul style="list-style-type: none"> ■ Worsening of the macroeconomic situation due to external/global factors (Egypt). ■ Unstable political and security situation (Mali, Egypt). ■ Lack of clarity in institutional arrangements and lack of high level government leadership (Mali, Ghana). ■ Decline in formal donor coordination (Ghana, Mali, and Morocco). 	<ul style="list-style-type: none"> ■ Country ownership (all case studies) and leadership in donor coordination (Morocco, Egypt). ■ Institutional capacity (Morocco, the Seychelles).
Factors under direct control of the AfDB	<ul style="list-style-type: none"> ■ Weak policy dialogue in key target areas, especially after PBO approval (Egypt, Ghana, Mali, Morocco & the Seychelles). ■ Little readily available technical assistance (Egypt, Ghana, Morocco, the Seychelles) and limited mobilisation of in-house sector expertise after PBO approval (Mali). ■ Overly ambitious objectives in terms of breadth of reforms (Morocco, the Seychelles) and insufficient attention to political economy of certain reform areas (Mali). ■ Weak focus on key reforms in parts of the results framework (Ghana, the Seychelles). ■ Close coordination with the IMF and the WB limited to appraisal stage (the Seychelles). 	<ul style="list-style-type: none"> ■ Programmatic approach which allowed for continuous dialogue over the medium terms in a few specific areas and at broad level (Egypt, Ghana). ■ Strong multi-sectoral appraisal teams (Egypt). ■ Strong engagement of the country office (Egypt, Ghana). ■ AfDB's responsiveness, flexibility and open approach (Egypt, Ghana, Morocco, the Seychelles), including possibility of streamlined procedures (Egypt). ■ Close coordination with the IMF and the WB (Egypt, Ghana, and the Seychelles).

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

Five key lessons emerge from the case studies:

- **Lesson 1 (strategic relevance):** PBOs are relevant, and an integral part of the Bank's portfolio, as they can play a strategic role in satisfying the development objectives of the Bank, and those of the RMCs and DPs. In general, the PBO instrument has been relevant to strengthening PSE and governance related reforms and has proven its potential to help the continent reaching the High 5s through supporting cross-cutting issues of PFM and the PSE. While HQ staff have played an important role, the capacity of the AfDB to seize the opportunities offered by the instrument has often depended on the actual engagement of the relevant country/regional offices.
- **Lesson 2 (PBO focus):** Creating a conducive private sector environment starts with ensuring a stable macroeconomic context, strengthening public sector governance (including procurement rules) and improving access to key (e.g. energy) infrastructure. All PBOs reviewed show the intertwined nature of these multiple dimensions. The dual focus of the PBOs examined, which covered both governance and the PSE, has been appropriate. However, the case of Ghana shows that it can be difficult to maintain a balance between these various dimensions as the PBOs tend to focus on responding to pressing macro-fiscal stabilisation issues relegating specific SME development/business environment issues to lower-level attention.
- **Lesson 3 (sustained multi-level support):** The achievement of medium- and long-term structural reforms requires multi-level and sustained support in PBO design, programming, implementation and post-implementation. There has been insufficient continuous monitoring and engagement in policy dialogue to support RMCs' medium term efforts in policy reforms. At the

same time, the most significant contributions to policy reforms have been observed in cases where the AfDB has managed to complement its financial support with active engagement in dialogue and provision of relevant complementary technical support.

- **Lesson 4 (capacity):** Appropriate dialogue, and technical support are important for the systematic and strategic use of the PBO instrument in key areas of reform. This is also illustrated by the fact that some PBOs have performed well despite an unfavourable context. But, case studies show that PBO is a highly demanding instrument in any context and that, overall, the AfDB's capacity to engage in dialogue and provide the necessary accompanying technical support has been insufficient for a more systematic and strategic use of the instrument. The way the AfDB engages in design and implementation plays an important role in the success of these programmes.
- **Lesson 5 (collaborative efforts):** Successful government implementation of complex reforms in key areas requires adequate collaboration among development partners including the Bank. In several cases, the AfDB has been able to build on its high degree of responsiveness to the needs of its RMCs, and its long history of partnership to successfully join forces with international partners, especially the World Bank. However, this collaboration has often declined over time, partly due to a lack of sufficient staff time for supervising PBOs after approval (as opposed to identification and appraisal stage).

Table 11 summarises how the main lessons emerging from the case studies can support the AfDB in terms of:

- Improving the way it programs, designs and manages PBOs.
- Reviewing the strategic framework for PBOs.
- Strengthening its organisation and capacity to make better use of the instrument.

Table 11 : Summary of key lessons learned

Potential implications for AfDB's:	Approach to programming, design and management	PBO strategic framework	Organisation and capacity
Lesson 1: Strategic Relevance	<ul style="list-style-type: none"> ■ PBO forms an integral part of the AfDB's portfolio and can be seen as a core element of the AfDB engagement at country level. ■ Importance of CSP stage where the overall relevance of the instrument in the specific country context is justified. 	<ul style="list-style-type: none"> ■ Relevance of the instrument to be re-affirmed. 	<ul style="list-style-type: none"> ■ Importance of the country manager to ensure that PBO plays the pivotal role it can play in the AfDB portfolio. ■ Important role played by HQ to enhance the quality of design in line with best practices and integrating lessons from other countries.
Lesson 2: PBOs' focus	<ul style="list-style-type: none"> ■ The results framework needs to be well focused and without logical leaps. ■ It is important to clearly spell out the different objectives pursued and make a distinction between short term macro-fiscal stabilisation objectives and longer-term policy reforms. ■ Focus needs to be "manageable", i.e. not too broad in scope. 	<ul style="list-style-type: none"> ■ A distinction between GBS and SBS is still made in PBO strategic frameworks, although, in practice, the distinction has become blurred since GBS operations are increasingly focussed on specific areas of reforms. ■ The orientation towards more focussed PBOs are justified. 	<ul style="list-style-type: none"> ■ Keeping in mind the multi-sector nature of many PBOs, cross-sector work and the presence of sector experts in the country after appraisal can be critical to PBO performance. ■ Quality assurance of results frameworks is important. This means accompanying appraisal teams during the design, not just ensuring compliance check once documents have been elaborated.
Lesson 3: Sustained Multi-level Support	<ul style="list-style-type: none"> ■ Following up on progress in key reforms after PBO approval is critical to avoid reducing PBO to mere financial assistance. ■ It is vital to recognise the often long-term nature of reform processes. 	<ul style="list-style-type: none"> ■ One-off operations have not proven to be instrumental to successfully support policy reforms. Programmatic approach could be better recognised as a preferred modality. 	<ul style="list-style-type: none"> ■ It is important to mobilise sufficient in-house resources to ensure continuous dialogue.
Lesson 4: Internal Capacity	<ul style="list-style-type: none"> ■ Capacity needs of national institutions to be better identified by AfDB teams during appraisal stage (and before) in consultation with national stakeholders and other DPs. 	<ul style="list-style-type: none"> ■ Availability of instruments to provide timely technical support to accompany targeted reform processes is critical. 	<ul style="list-style-type: none"> ■ Capacity of country office critical for PBO implementation.
Lesson 5: Collaborative Efforts	<ul style="list-style-type: none"> ■ It is important to pro-actively promote joint support to policy reforms during design stage and keep up that momentum during implementation. ■ Added value of the AfDB in policy dialogue and the support to specific reforms areas to be well identified during design stage. 	<ul style="list-style-type: none"> ■ Both the WB and the AfDB have comparative advantages, but the current strategic framework does not fully acknowledge the importance of building partnerships with the World Bank for the provision of PBOs. 	<ul style="list-style-type: none"> ■ Importance of the role of country office staff to seek synergies with international partners.





Annex 1- Cluster Evaluations - Methodology for Case Studies

This annex summarises key methodological elements related to the Cluster Evaluations described in the inception report of the evaluation.

Introduction and Overview of Steps in completion of Country Matrix

Table A1.3 provides an overview of the Country Report Template used by the consultants to undertake each of the country case studies for the Cluster Evaluations. In addition to completing the Country Report Template, the case study teams also needed 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 developed a customised Theory of Change (ToC) for the PBO or series of PBOs, which form the subject of the case study. This package of documentation together with the interview notes and the list of references consulted comprise the evidence from each case study, which is 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 AfDB's contribution to results through PBOs. For each country, evaluators assessed the performance of the most recent Energy/PSE-related PBO or the most recent series of Energy/PSE-related PBOs. However, the focus was on the Energy/PSE components of these PBOs, as well as the PFM components. The rationale for focusing only on these components of PBOs, which in some 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 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.

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 the guidelines followed by the team for each step are provided below.

i. Project Document Review

The first stage in the analysis – to be undertaken in advance of field work - will be the detailed document review of the PBOs in each cluster country 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 Theory of Change, 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) With regard to Induced Outputs/ Intermediate outcomes and Final Outcomes, details would be limited to the Energy (or PSE) and PFM components; (iii) those Induced Outputs/Intermediate outcomes²⁷ identifiable as Landmark Policy Changes would be highlighted as such; and (iv) within the assumptions section the anticipated Paths of Influence²⁸ would also be explicitly identified.

The customised ToC would be derived, starting from the specification of the logical framework. However, other project documentation would be considered where appropriate, and a consultation would 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: (i) to inform the rating of the country context, comprising section 2 of the Country Report Template; (ii) to ensure an adequate understanding of the key policy documents, reports and evaluations relevant to the Contribution Analysis; and (iii) to 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 would 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 would be 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 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 would help to complete sections 4 and 5 of the Country Report Template. These data would be reported in the Bank's own reports, notably the Implemented Progress Reports (IPR), Back To Office Reports (BTOR) and Project Completion Reports (IPRs). It would also be useful to complement such data with reports from independent sources, such as annual reports against progress for joint Budget Support Program 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 would seek to understand why, identifying the specific hindering factors where possible. Where changes in Final Outcomes are also reported, Contribution Analysis would 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 & 5 of the Country Report Template, in particular those sub-questions relating to the degree of PBO influence²⁹.

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 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 Informed Third Party Observers, it is likely that largely the same staff could be interviewed in relation to each of the Landmark Policy Changes. However, 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; and (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 meetings³⁰ 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 member³¹.

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 to capture key findings while they are fresh in the mind. A process of internal peer review 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.

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, 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, that 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 technical assistance 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 technical assistance. 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, for example, 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”).

In synthesising the results of the five case studies for this report, the evaluation team has adopted an approach inspired by Realist Synthesis, based upon a comparison of the Context-Mechanism-Outcome (C-M-O) combinations identified in each country case study. From this comparison, a range of lessons have been drawn about the conditions in which a PBO is most likely to be able to exert a significant positive influence on desired outcomes, and hence some corresponding lessons for the future design and implementation of AfDB PBOs.

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. Table A1.1 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 Annex 2.

Table A1.1 : Explanation of the Ratings for Context, Mechanisms, Outcomes and PBO Influence

Ratings	Context	Mechanisms	Outcomes	PBO 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

With regard to the **documentation of evidence** for the findings and conclusions of the cluster evaluations, in addition to completing individual Country Report Templates, the case study teams have also completed PPDR grids, detailed scoring tables for the PBOs assessed, and developed a customised ToC for the respective PBO or PBO series. Detailed interview notes have also been kept (based on semi-structured interview outlines) as well as a list of references consulted.

Overview of the country cases

The choice of countries was based on a purposive sampling strategy to ensure that the selected cases were illustrative of the overall AfDB's portfolio, reflected a diversity of cases and fulfilled 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 programmatic PBOs, and countries with stand-alone operations.
- **Diversity in terms of country contexts:** The sample chosen covered (i) MICs, LICs and transition countries; (ii) countries in at least three of the five sub-regions where the AfDB operates; (iii) Anglophone, Francophone, and Lusophone countries.
- **Size:** The sample reflected the significant diversity in the size of AfDB PBOs in the portfolio as a whole. It included some of the most materially important PBOs, balanced with smaller and mid-range cases.

As for the Energy cluster evaluation, five country cases have been covered. Based upon the above criteria, the following countries were selected for the PSE Cluster evaluation: **Egypt, Ghana, Mali, Morocco and the Seychelles.**

Table A1.2 : Selected Countries and PBO operations for the PSE Cluster Evaluation

Country	PBO Operations to be assessed	Approval Date	Disbursement ratio	Net Loan
Egypt: ■ MIC ■ Arabic/ Anglophone ■ North Africa	EGESP II - Economic governance and energy support program Phase II (P-EG-K00-010) Programmatic operation	2016	100%	371.3
	EGESP I - Economic governance and energy support program Phase I (P-EG-K00-009) Programmatic operation	2015	100%	371.3
Mali: ■ Transition state ■ Francophone ■ West Africa	PARGE II - Programme d'appui aux réformes de la gouvernance économique Phase II (P-ML-KA0-004) Programmatic operation	2016	100%	23.2
	PARGE I (P-ML-KA0-006) Programmatic operation	2015	100%	15
Morocco: ■ MIC ■ Francophone ■ North Africa	PACEM - Morocco Economic Competitiveness Support Programme (P-MA-H00-004) Stand-alone operation	2015	100%	83.5
Ghana: ■ LIC/MIC ■ Anglophone & Francophone ■ West Africa	PFMPSC II - Public Financial Management and Private Sector Competitiveness Support Programme - Phase II (P-GH-KA0-006) Programmatic operation	2016	100%	35
	PFMPSC I (P-GH-K00-013) Programmatic operation	2015	100%	40
The Seychelles: ■ HIC ■ Anglophone ■ East Africa	IPSDCP II - Inclusive Private Sector Development and Competitiveness Programme Phase II (P-SC-K00-005) Stand-alone operation	2015	100%	7.4
	IPSDCP I - Inclusive Private Sector Development and Competitiveness Programme Phase I (P-SC-K00-004) Programmatic tranching	2013	100%	14.9

Scope of the analysis and structure of the PSE Cluster Report

The focus of the analysis in the case studies and in this synthesis, report has been kept deliberately narrow in order to concentrate on results and the AfDB's contribution to results through PBOs. Specifically, the Cluster evaluation focussed on the following dimensions:

- 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 AfDB's PBOs to those changes³², 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.

In line with these objectives, this report follows a simple structure consisting of five sub-sections:

- This opening section, outlining the Objectives and Methodology;
 - An overview of the findings of the five case studies, which:
 - Presents and explains the ranking of the Contexts, Mechanisms and Outcomes of each case,
 - Analyses the C-M-O combinations emerging; and
 - Assess the contribution of the PBOs to the Intermediate and Final Outcomes achieved in each country case, as well as the sustainability of those outcomes;
- A presentation of the observations emerging from the cluster evaluation in relation to the overall Evaluation Questions (EQs). These relate to:
 - Programming, design and management;
 - PBO performance in target outcomes areas; and
 - The factors facilitating or hindering success, as well as Lessons Learned.

Country Report Template and Guidance Notes

Table A1.3: Country Report Template & Guidance Notes for the Energy/PSE Cluster Survey

Area of Attention	Questions Assessed	Rating ³³	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")</p> <p>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>■ 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 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.</p>	<p>Use UNDP HDI 2016</p> <p>WGI 2016: 3 'political' dimensions: Voice & accountability, Rule of Law, Political Stability & absence of violence.</p> <p>WGI 2016: 3 'technical' dimensions: Regulatory Quality, Govt. effectiveness, control of corruption.</p> <p>Relationship with DPs seeks to assess whether there is a good potential for strategic dialogue with DPs.</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>	<p>Agg. 1-4 (av.)</p>		

Area of Attention	Questions Assessed	Rating ³³	Basis of Rating	Methodological Guidance Notes
3.Quality of PBO Mechanism ³⁴	3.1 Programming according to PBO Policy	1-4	3.1 is Score 1 from PPDR section on 'Programming & Quality of Design'	<p>Ratings for 3.1 & 3.2 drawn directly from PPDR. For Quality of Design, include score 6 in average, where relevant (for Transition countries)</p> <p>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.</p> <p>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.</p> <p>NB. Where Bank = sole PBO provider, this can be rated Not Applicable and not rated.</p>
	3.2 Quality of Design	1-4	3.2 Quality of Design is average of scores 2-5 of PPDR Programming & Quality of Design'.	
	3.3 Perceptions on Time Efficiency & Transaction cost efficiency	1-4	Evaluator rating on timeliness of approvals/ disbursement processing and RMC perceptions over high/low transaction costs of Bank appraisal & management processes	
	3.4 Quality of framework for Policy Dialogue with Government	1-4	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	
	3.5 Quality of Donor Coordination F/work for PBO providers & related support	1-4	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>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 ³³	Basis of Rating	Methodological Guidance Notes
4. PBO Intermediate Outcomes ("Induced Outputs") and Landmark Policy Changes	4.1 Energy/PSE Intermediate Outcomes Achieved 4.2 Degree of PBO influence on Energy/PSE Landmark Policy Changes 4.3 PFM Intermediate Outcomes Achieved 4.4 Degree of PBO influence on PFM Landmark Policy Changes	1-4 1-4 1-4 1-4	Basis of Rating for Energy & PFM is same: Achievement: 1 = few, if any Int. Outcomes achieved; 2 = some Int. Outcomes but no Landmark Policy Changes' 3 = One Landmark Policy Change achieved; 4 = Two or more Landmark Policy Changes achieved 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.)	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.
	Overview on Performance in respect of Intermediate Outcomes and Landmark Policy Changes Summarize 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.) Highlight any trends over time, where there is a PBO series or multi-year tranching. Comment upon the differences if any in performance and influence between energy/PSE and PFM. In so far as there have been unintended outcomes, which were not envisaged in the ToC, these should also be identified and explained			
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
	Overview of Performance in relation to Final Outcomes 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.			

Area of Attention	Questions Assessed	Rating ³³	Basis of Rating	Methodological Guidance Notes
	<p>6. Synthesis of Findings and their implications for Relevance, Efficiency and Effectiveness.</p> <p>This sub-section brings together the findings on Context, Mechanisms, and Outcomes. 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/ORBS and of franchising mechanisms (SSO/Programmatic/Multi-tranche) may help to explain the outcomes, this should also be discussed.</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>			
7. Sustainability of Outcomes ³⁵	<p>7.1 Ownership & sustainability of partnerships</p> <p>7.2 Political sustainability</p> <p>7.3 Institutional sustainability</p> <p>7.4 Financial sustainability</p>	<p>1-4</p> <p>1-4</p> <p>1-4</p> <p>1-4</p>	<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 analyses. Validation of judgements on sustainability should be sought from the two planned Focus Group discussions.</p>
	<p>Overview of the Assessment of Sustainability of Outcomes:</p> <p>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 ³³	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 observations/ opinions formed by Country Case Study team.</p>	

Annex 2- Theory of Change for the Evaluation

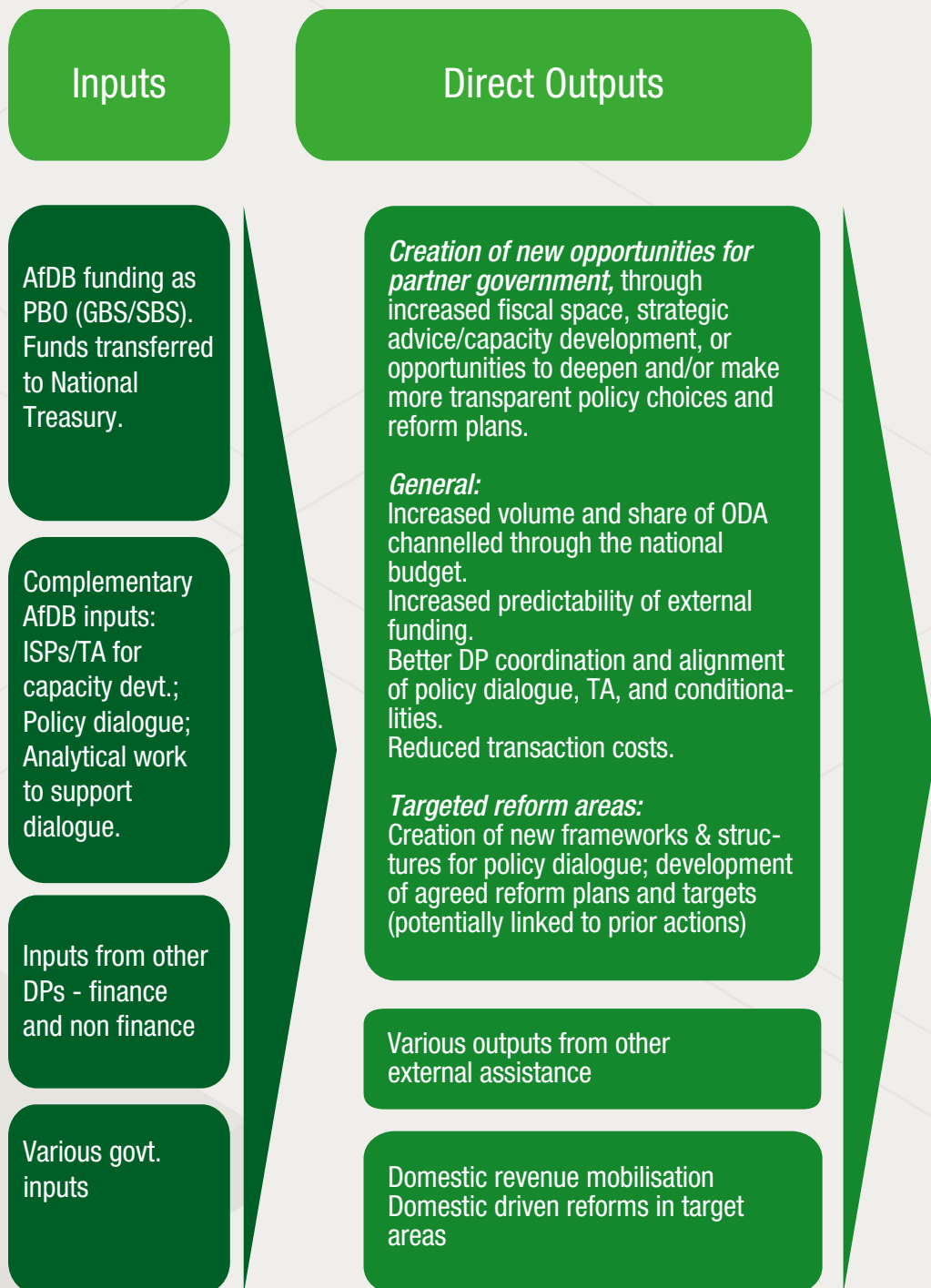
This annex presents the overarching ToC which has been used for the evaluation. The ToC, which is summarised in the figure below, is based on the review of the 2012 Policy and linked guidance, as well as cross referencing with internationally established theories for budget support lending, including the one used in the OECD DAC methodology for evaluating budget support.³⁶ 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 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/SDGs 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 program 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. The assessment used a four-level scale going from highly unsatisfactory to highly satisfactory.
2. See Annex 1 for details on the selection of case studies.
3. 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 Theory of Change (see details in box A1.1).
4. 1 = lowest 20% of HDI country rankings; 2 = 20-40%, 3 = 40-60%, 4 = top 40%.
5. Averaging country rankings across three WGI dimensions (Voice and accountability; Political stability and absence of violence; Government effectiveness); same rating basis as for HDI score (1 = lowest 20% of country rankings; 2 = 20-40%, 3 = 40-60%, 4 = top 40%)
6. Averaging country rankings across three WGI dimensions (Regulatory quality; Rule of law; Control of corruption); same rating basis as for HDI score.
7. 1 = No 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.
8. Ongoing programme at the time of PBO approval.
9. 1 = No formal framework for regular policy dialogue; 2 = "A poorly functioning formal framework" or "no formal framework, but ad hoc contacts regular"; 3 = Formal framework, supported by regular informal exchanges; 4 = same as 3 but also supported by AfDB analytical work and strong engagement on policy/technical issues.
10. 1 = No formal coordination framework; 2 = No formal framework but regular communications, or a poorly functioning formal framework; 3 = Formal framework, supported by regular informal exchanges; 4 = Joint framework and joint missions.
11. Main criteria used: timeliness of approvals/disbursement processing and RMC perceptions over high/low transaction costs of AfDB appraisal and management processes.
12. In the Seychelles, for administrative reasons, the AfDB used a programmatic tranching modality in IPSDCP I and a stand-alone PBO modality in IPSDCP II. There was a strong continuity between the two operations and the two PBOs together could be seen as a form of programmatic approach.
13. PAIIM: Programme d'appui à l'accélération de l'industrialisation du Maroc.
14. PPP: Public Private Partnership
15. Within the "Outcome scores", greater weight was given to those Intermediate Outcomes targeted within the PBOs, which were deemed by the evaluators to constitute "Landmark Policy Changes". 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 = "A few Landmark Policy Changes achieved"; 4 = "Several Landmark Policy Changes achieved, comprising a majority of the Landmark Policy Changes targeted".
16. See "The Country Contexts" for details
17. See "The Quality of the PBO mechanisms" for details
18. In the Egypt case, the results framework was well aligned with the government's reform plans and there were clear causal linkages between outputs, outcomes and impacts. Moreover, the results framework contained an appropriate number of indicators, and relied on a strong mix of action-based (e.g. setting up a PFM Improvement Unit), process-based (e.g. legal framework for the liberalisation and regulation of the gas sector) and result-based indicators (e.g. reduced central government wages and salaries as % of GDP). Beyond the fact that the good quality of design has facilitated policy exchanges on specific targeted reforms, it reveals an overall approach to support these reforms which was carefully thought by the AfDB and its main partner (the World Bank).
19. National Business Climate Committee (CNEA)
20. Outcomes areas covered by the PBO: Energy for Egypt, Macro-fiscal consolidation for Ghana.
21. See "The Country Contexts" for details
22. See "The Quality of the PBO mechanisms" for details
23. As illustrated by the case of Ghana, the macroeconomic context has remained uncertain in some countries analysed.
24. PARAF: Public Administration Reform Support Programme
25. PARGE: Support Programme for the Revitalization of Economic and Financial Governance.
26. The Project Portfolio Document Review (PPDR) is one of the seven components of the overall evaluation.

27. We assume that for energy/PSE and for PFM, 2 or 3 of the Intermediate Outcomes would be classified as Landmark Policy Changes, thus some 4-6 for the case study as a whole.
28. 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.
29. 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 needed 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).
30. 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.
31. In the case of the Comoros, it might prove more appropriate to hold this focus group discussion in the regional office in Nairobi, on the return journey from the Comoros.
32. As we note above, it did not prove possible to undertake a robust Contribution Analysis in any of the five case studies, thus the findings on the relative contribution of the AfDB PBO must be considered indicative but not conclusive.
33. 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.
34. 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.
35. 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.
36. 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

Independent Development Evaluation at the African Development Bank Group (AfDB) conducted an evaluation of a cluster of nine Program Based Operations (PBOs) focusing on the Private Sector Environment (PSE), which were implemented by the AfDB in five countries (Egypt, Ghana, Mali, Morocco and the Seychelles) between 2012 and 2017.

The objective of this evaluation was to assess the relevance, effectiveness, efficiency and sustainability of the PSE-related PBOs, 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 PSE-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 in the majority of cases, with the related transaction costs and timeliness of disbursements scoring well. However, challenges were noted in the PBOs' design and delivery, policy dialogue, coordination with other Development Partners and provision of technical assistance.

The evaluation provides key lessons for the AfDB that relate to the focus, level of support, capacity and collaborative efforts for PBOs.



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