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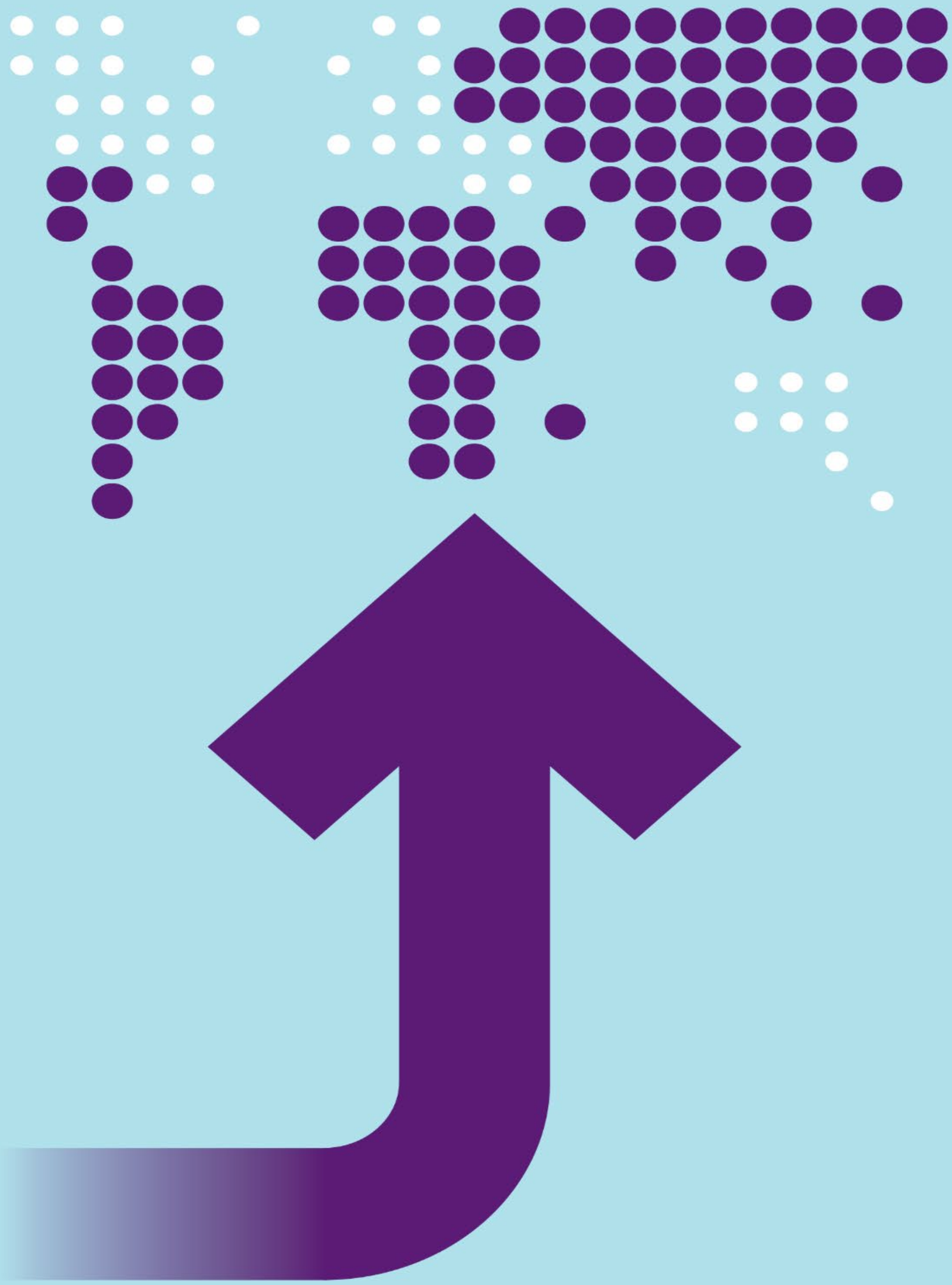
2013-2017 PSD STRATEGY BACKGROUND REPORT NO. 2

Country Case Studies

Independent Development Evaluation Department

Centennial Group International



CENTENNIAL GROUP INTERNATIONAL
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ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
ADOA	Additionality and Development Outcome Assessment
CPPR	Country Portfolio Performance Review
CSP	Country Strategy Paper
DBDM	Delivery and Business Development Model
DFI	Development Finance Institution
GDP	Gross Domestic Product
IDEV	Independent Development Evaluation
IFC	International Finance Corporation
IPP	Independent Power Producer
LOC	Line of Credit
MDB	Multilateral Development Bank
MSME	Micro, Small and Medium Enterprise
MTR	Mid-Term Review
NDP	National Development Plan
NSO	Non Sovereign Operation
PBO	Policy Based Operation
PAR	Project Appraisal Report
PCR/EN	Project Completion Report/Evaluation Note
PIU	Project Implementation Unit
PPP	Public Private Partnership
PRG	Partial Risk Guarantee
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
PSO	Private Sector Operations
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
RMF	Results Monitoring Framework
SO	Sovereign Operation
SOE	State Owned Enterprise
TA	Technical Assistance
TYS	Ten Year Strategy
UA	Unit of Account
WBG	World Bank Group
XSR/EN	Extended Supervision Report/Evaluation Note

EXECUTIVE SUMMARY

Introduction

i. The PSD strategy was approved by the Bank's Board in 2013; its implementation horizon was initially expected to last until 2017. This was extended to June 2020 in order to provide time for an evaluation of the strategy by the Independent Evaluation Department and to prepare a new strategy for 2020-2024.

ii. The country case studies report reviewed the design relevance, effectiveness and sustainability of the Bank's private sector work in selected Regional Member Countries. Seven countries were selected: Côte d'Ivoire, Kenya and Morocco (which were visited) and DRC, Nigeria, Sierra Leone and South Africa (for which desk reviews were conducted). The country cases were selected based on: presence of both sovereign and non-sovereign commitments; diversity in country income categories; representation of sub-regions; and a sufficient number of non-financial sector NSOs.

iii. The case studies all reviewed national strategies, country strategies and country strategy evaluations where available and appraisal and supervision documentation for sovereign and non-sovereign PSD operations. No separate analysis of financial sector programs and projects was undertaken nor reviews of multinational operations being implemented in the case study countries.

Main Findings

iv. Three main areas were assessed: **Strategic Alignment** i.e. the fit between national strategies and CSPs with regard to PSD; **Program Design** i.e. design of PSD content of CSPs and the use of the PSD strategy; and **Program Delivery** i.e. the actual delivery of PSD programs.

v. **Strategic Alignment. The PSD objectives of CSPs were consistent with the Ten Year Strategy, the 2013-2017 PSD Strategy and the High 5s. The PSD objectives of the Country Strategies/Country Strategy Papers (CSPs) were also well aligned with countries' national development plans and strategies and their PSD objectives and priorities. There was, however, scope in some countries to address two issues i.e. within country regional disparities as well spatial inequality; and an improved focus on support to small and medium enterprises (SMEs).**

- While there was broad alignment, in two out of seven case studies the Bank's private-sector interventions needed to more granularly address country specific private-sector impediments. In South Africa, the Bank needed to better address the dual economy and the magnitude of the challenges of the townships, as well as their potential for development; this has now been addressed in the recent CSP. In Nigeria, the Bank needed to better focus on the country's regional disparities ranging from high income to low income and from resource rich to agricultural communities.

- An improved focus is required on small and medium industries. Several country programs utilized upstream sovereign operations to help strengthen the business environment which can disproportionately benefit SMEs. However, inadequate financing and non-financing support for SMEs was provided in some countries (e.g. Côte d'Ivoire and South Africa).

vi. **Program Design. The translation of strategies into operational interventions faced four main challenges i.e. limited complementarity among operations; tension between development impact and financial sustainability; tailoring design to be commensurate with institutional capacity and resource availability; and putting in place monitoring and evaluation arrangements that sufficiently captured results.** PSD strategies were translated into operational interventions (similar to the three pillars of the PSD strategy) which strengthened the enabling environment through improved physical, financial and institutional/regulatory infrastructure (upstream interventions) and combining this with enterprise development (downstream interventions). These findings are based on the portfolio of 19 sovereign operations and 49 non-financial sector non-sovereign operations in the seven countries.

- **Limited complementarity among operations**. Ensuring internal consistency across operations was challenging in the absence of a clear Theory of Change at the program level - particularly the link between impact, outcome indicators and project level outputs. For example, Policy Based Operations which have been the primary sovereign operations supporting PSD, often lacked complementary sovereign Technical Assistance or investment operations. In fragile states like Côte d'Ivoire, sovereign operations supporting business environment were not always complemented by non-sovereign operations e.g., to support growth of cocoa value chains. In countries with more mature financial markets (e.g. Nigeria), the absence of a Theory of Change makes it difficult to determine whether there is an appropriate balance between indirect financial sector and direct real sector non-sovereign operations in commercial agriculture and industry.
- **Tension between financial sustainability and development impact**. A narrower focus on ensuring financial sustainability of operations may detract from longer term attention to improving productivity which often requires competition in and for markets. Both sovereign and non-sovereign interventions need to pay attention to market structure. In some countries (e.g. Morocco) which have a dominant state sector, it is likely that a significant share of funding – even in non-sovereign operations –may have been provided to SOEs. In other cases, such as Côte d'Ivoire, non-sovereign operations may have helped to strengthen entrenched private interests, e.g., in cocoa.
- **Tailoring design to be commensurate with institutional capacity and resource availability**. Program design did not always take into account existing client and Bank institutional and organizational capacity for private sector development.

Resource availability for sovereign operations was also more limited for ADF countries and country risk considerations limited non-sovereign operations in such countries (e.g., in Sierra Leone there was only one private-sector operation).

- **Putting in place Monitoring and Evaluation systems which gathered sufficient evidence regarding effectiveness of program design.** Challenges were encountered in gathering evidence of measurable outcome indicators, for downstream private-sector interventions. This was particularly true for enterprise support provided through financial intermediation (lines of credit, private equity funds, guarantees, etc.). Subprojects were often difficult to track and reporting was more transaction oriented rather than developmental.

These issues contributed to program delivery not always meeting expectations.

vii. **Assessment of Program Delivery faced significant challenges as there were a limited number of project completion reports and associated evaluation notes that could be utilized leading to a dependence on CSP evaluations, wherever available. Initial findings point to: institutional capacity being built in sectors with sufficient number of similar projects (e.g. through infrastructure PPP operations); monitoring and evaluation challenges spilling over from design into implementation; and organizational changes within the Bank impacting on delivery.** CSP evaluations were the primary source of independent assessment with limited availability of self-assessed completion reports of individual operations and even fewer independently validated completion evaluation notes. This arose in part since 50% or more of the non-sovereign portfolio (i.e. 29 projects out of 49 projects and UA 1,129.8 billion out of UA 2,238.9 billion) had been committed during the second half of the implementation of the PSD strategy (i.e. 2016-2019). The assessment of program delivery was, hence, based largely on status reporting, which could be subject to change in the future, as experience across all MDBs would seem to suggest. Hence, rather than focusing on ratings provided by projects, a qualitative analysis of lessons learned from program reviews was undertaken.

- In most cases it was difficult to discern if the causes of poor program delivery were, inappropriately set goals or delivery not meeting realistic expectations, especially since assessments were undertaken relative to objectives established at time of CSP and project preparation.
- **In-country institutional capacity improved as experience with Non-sovereign operations (e.g. infrastructure PPPs) was acquired over time.** For example, an increased number of energy transactions in Kenya helped to develop a core knowledge base of contractual arrangements and legal documentation required for PPP transactions. Experience also contributed to building of a track record which augmented Government's credibility and offered greater comfort to private sector operators; this was evidenced by later projects not needing the same level of Bank guarantees as the earlier projects.
- **Monitoring and evaluation remained an issue in delivery as in design.** In the case of financial sector non-sovereign operations in particular, a significant number

of Lines of Credit operations required intermediaries to provide information regarding the additionality and development outcomes of underlying sub- projects. In the absence of any standardization in the gathering of such information, development outcomes were difficult to assess. While this is an issue which impacts all Development Finance Institutions, the Bank could give priority to addressing this during the design and implementation of the next PSD and/or FSD strategies.

- **Continuing organizational changes within the Bank impacted program delivery supervision.** Changes in staffing, staff location and division of responsibility for PSD between regional and sector departments within the Bank impacted program delivery supervision. The recent finalization of implementation responsibilities through the One Bank approach could, as discussed in the first Background Report, be an important element improving the supervision of program delivery.

I. INTRODUCTION

1. IDEV is undertaking an evaluation of the (2013-2017) Private Sector Development (PSD) strategy to inform the new PSD strategy that is currently under preparation by Bank management and expected to be completed by 2020. The scope of this assignment is to support the IDEV evaluation of the strategy by preparing a set of background papers as input for the IDEV evaluation.

2. The Consultant's deliverables for this assignment comprise three background reports: literature review and benchmarking; portfolio reviews and institutional performance; and country case studies. The country case studies, which were selected to ensure sufficient diversity of Bank programs, would review the design relevance, effectiveness and sustainability of the Bank's private sector work in RMCs. The main findings of the case studies are summarized in this background report, with the actual case studies included in the attached annexes.

3. The main findings from the case studies reviewed for this evaluation focus on three main topics:

- **Strategic Alignment**: The fit between national strategies and CSPs with regard to PSD;
- **Program Design**: The design of PSD content of CSPs and the use of the PSD strategy; and
- **Program Delivery**: The actual delivery of PSD programs.

4. The remainder of this report is structured into five sections: Section II addresses country case selection. Sections III, IV and V provide the main findings on strategic alignment, program design and program delivery respectively. Each section begins with a summary of the topic for the country cohort covered by the case studies, followed by a more detailed review for each of the seven countries. Section VI summarizes the main conclusions and recommendations.

II. COUNTRY CASE SELECTION

5. The country cases were selected based on: presence of both sovereign and non-sovereign commitments; diversity in country income categories; representation of sub-regions; and a sufficient number of non-financial sector NSOs (given the more limited focus of the PSD evaluation on financial sector programs) (**Table 1**).

Table 1: Key Characteristics of Case Study Countries

Country -> Criteria	Côte d'Ivoire	DRC	Kenya	Morocco	Nigeria	Sierra Leone	South Africa
Region	West	Central	East	North	West	West	South
Doing Business 2019 Rank	122	184	61	60	146	163	82
Per Capita Income	1,520	420	1,380	2,850	2,450	490	5,480
ADF/ADB Classification	ADF Gap	ADF-only	ADF Blend	ADB	ADF Graduating	ADF-Only	ADB
Sovereign Portfolio	PBO Investment	Investment TA	Investment TA	PBO TA	Investment TA	PBO Investment	-
Non-Sovereign Portfolio	Agriculture Power Transport	Fin. Sector Ind. /Mining	Fin. Sector Power	Fin. Sector Ind./ Mining	Fin. Sector Agriculture Power Transport Ind./ Mining Other	Power	Fin. Sector Power Transport

6. For each country case study, desk reviews were conducted of all relevant strategy, project and evaluation documents. In addition, three countries (Côte d'Ivoire, Kenya and Morocco) were visited. It should be noted that the case studies drew, wherever relevant, on the separate and concurrent IDEV evaluation of the Bank's Financial Sector Development Policy and Strategy. No separate analysis of financial sector programs and projects was undertaken[1]. It should also be noted that the case studies did not directly review multinational operations being implemented in the case study countries. Finally, the coverage of the program delivery section was constrained by unavailability of certain project completion documents such as PCRs, PCRENs, XSRs, and XSRNs. The detailed templates used for analysis in each country are contained in **Annex 1**.

[1] As per the agreed scope in the inception report, "in order to avoid duplication, the background papers would exclude analysis of financial sector programs and operations/projects (which constitute a significant proportion of the NSO portfolio) and draw on the FSDPS evaluation report as the primary input for the financial sector analysis".

III. STRATEGIC ALIGNMENT

III.1 Summary of Findings

7. **The seven country case studies[2] indicate close alignment between the PSD objectives of the Country Strategies/Country Strategy Papers (CSPs), and the national development plans and strategies and their PSD objectives and priorities.** Many of the CSPs had their origins in the national development strategies and other diagnostic work identifying the constraints to PSD in the country, with most having been developed in close coordination with the preparation of some of those national strategies. As such they were, in general, responsive and consistent with the PSD needs of the countries reviewed.

8. **The CSPs were largely consistent with internal Bank strategies as they were largely aligned with the Ten Year Strategy, the 2013-2017 PSD Strategy and the High 5s**. In most cases, the CSPs also covered similar periods as the national PSD strategies.

9. **Despite this broad alignment, CSP's may need to better address country specific private sector development constraints**. Areas for improvement include: within country regional disparities as well spatial inequality; and a focus on small and medium businesses.

10. The remainder of this section provides details of the specific country cases in terms of the alignment with national priorities as well as the Bank's institutional strategies.

III.2 Morocco

11. **The PSD aspects of the Morocco 2017-2021 CSP are fully aligned with several national policies and strategies**. The main constraints to PSD are: business climate, SMEs' access to medium- and long-term financing, skills mismatch, infrastructure (power and transport), and the existence of a relatively large informal sector. These were to be addressed through the National Strategy for Sustainable Development 2030 (SNDD) and the Industrial Acceleration Plan 2014-2020 (PAI). Several other national strategies are also relevant for PSD including: the Logistics Acceleration Plan in 2014 and the National Industrial Acceleration Plan for 2014-2020 (for competitiveness and industrialization); the Green Morocco Plan and the National Rural Development Strategy and the Development Fund for Rural and Mountainous Areas (for agriculture and rural development); Royal Guidelines for renewable energy to account for 42% of the electricity output by 2020; the 2015-2025 Employment Strategy and the 2015-2021 National Vocational Training Strategy in 2015 (for employment and human capital training); and the 2017 finance law which included acceleration of economic transformation through industrialization and exports, strengthening of competitiveness and promotion of private investment, improvement of human resources and the reduction of disparities and institution-building and good governance as its four development pillars.

[2] Centennial Group undertook six case studies and IDEV directly undertook the seventh case study (Sierra Leone).

12. The CSP had 2 pillars: (i) support for green industrialization by SMEs and the export sector, and promoting the development of renewable energy; and (ii) Improving the quality of life through jobs for youth, women and in rural areas. The second pillar would specifically support entrepreneurship, adaptation of training to employment and sustainability of jobs created by the agricultural sector.

III.3 Côte d'Ivoire

13. **The CSPs mirrored the National Development Plans and were clear in supporting private sector development priorities.** Coming out of a difficult crisis, the government needed significant additional resources to deliver on its strategy, especially in the private sector. The country's first NDP (2012-2015) focused on business climate, financing stability and access, governance, institutions, and regional integration. Strong results from this NDP led to a more ambitious 2016-2020 NDP to transform Côte d'Ivoire to an emerging country with a solid industrial base by 2020, with a PSD agenda for developing strategic infrastructure, regional integration and global trade.

14. Alignment with the Government's program was important for AfdB's strategy in Cote d'Ivoire. Cote d'Ivoire's CSP covers 2013 to 2017 which coincides with the initial period for the Bank's PSD strategy. The CSP set out to be responsive to Cote d'Ivoire's PSD constraints (i.e. poor business environment, lack of competitiveness, low access to finance and limited SME base in the composition of the private sector, not to mention power shortages and limited transport connectivity). Several PSD reforms were implemented over the 2013-2017 period (for example, after successfully reaching the Heavily Indebted Poor Country (HIPC) completion point and significantly reducing its external debt, Côte d'Ivoire overhauled its investment code to foster private investment).

15. Overall, there does not seem to have been any divergence between the 2012-2015 and 2016-2020 NDPs and the CSP (2013-2017). The Bank's upstream interventions in Governance supported business environment reforms (Pillar 1 of the CSP), and specific infrastructure development in support of agricultural value chains (Pillar 2 of the CSP). However, **direct support to SMEs was not ubiquitous in this strategy**. NSO operations were aligned with the Government's vision regarding the type of public-private partnerships (PPPs) and flagship transactions with support provided to the cocoa value chain (SUCDEN), developing the energy potential (Azito, Sogrebo and Zola) and the focus on regional transport (Air Côte d'Ivoire).

III.4 Kenya

16. **There was significant continuity in PSD content over 3 CSPs[3], consistent with the national development strategy's focus on PSD.** Vision 2030 (2008-2030) is the country's long-term development plan with the vision of a globally competitive and

[3] 2008-2012; 2014-2018; 2019-2023.

prosperous nation. The vision is being implemented through a series of Medium-Term Plans with the Third Medium-Term Plan (MT III 2018-2022) currently under implementation. It prioritizes implementation of the 'Big 4' initiatives i.e. increasing manufacturing share of GDP and agro-processing; building affordable houses; enhancing Food and Nutrition Security; and, achieving Universal Health Coverage. Additionally, the Plan targets improving Kenya's Doing Business rank.

17. Since 2008 (i.e. the start of Vision 2030), the national development strategy has had a consistent focus on private sector development which is similar to that contained in the Bank's PSD strategy. Given the CSPs' alignment with national development strategy, there was limited change in the PSD content of pre- and post- adoption of the Bank's 2013-2017 PSD strategy. The three CSPs (i.e. 2008-2012, 2014-2018 and 2019-2023) have each had a pillar focused on PSD which has allowed for significant continuity in PSD activities.

III.5 Democratic Republic of Congo

18. The 2019-2023 National Strategic Plan for Economic and Social Development (PNSD) has as its key PSD priorities: improving the business climate through simplification of administrative procedures in key sectors; development of tourism; and free movement of goods and people. DRC's Growth and Poverty Reduction Strategy Paper (2011-2015 GPRSP) had also previously identified greater contribution by the private sector to economic growth as one of its priorities. In the 4 operations, including 2 PSOs during the tentative 2019-2020 scenario, for which PARs were available, the development outcomes were relevant and well aligned with the overall Bank strategy in terms of PSD measures.

19. The PSD aspects of the Bank's country strategy paper, which was extended to 2020 to, inter alia, fine tuning the areas of interventions it would pursue in PSD, were solidly aligned with the country's priorities. The 2 pillars of the 2013-2017 country strategy properly identified PSD challenges and aimed at reducing them. Priority was given to sustainable infrastructure development likely to boost economic growth such as energy, transport and rural tracks while paying close attention to the effective contribution of such infrastructure to strengthening the community fabric and development of local enterprises. The CSP also provided support to the pursuit of appropriate reforms aimed at, improving the business climate.

III.6 Nigeria

20. **The CSP 2013-2017, is consistent with national development strategies**. Nigeria's development priorities were outlined in the Economic Growth and Recovery Plan (EGRP) 2017-2020 and the National Integrated Infrastructure Master Plan (NIIMP) 2014-2030. The 2013-2017 CSP pre-dated the EGRP but both its pillars were in fact consistent with the EGRP's goals. The CSP was extended by 24 months (to December 2019) to fully align with the implementation of the EGRP and the updated CSP also incorporated the High 5s. The Bank's sovereign operations supported private-sector-led infrastructure development through the mobilization of private capital and also supported the easing of financing

constraints for SMEs; the CSP was, hence, aligned with all three pillars of the Bank's PSD strategy. However, there is little evidence of the impact of non-sovereign operations.

21. The 2017 IDEV country strategy evaluation covering 2004 to 2015 reviewed projects over three strategy cycles and confirmed that sovereign operations, primarily in infrastructure, paved the way for non-sovereign operations to generate business activity which would depend on this infrastructure. **The evaluation also recommended that, the Bank's future approach to private sector development in Nigeria needs to more specifically address its deep regional disparities and increase the focus on impactful downstream non-sovereign operations**.

III.7 South Africa

22. **The adequacy, relevance and consistency of the pillars of the 2013-2017 CSP with the Government's NDP and MTSF[4] in terms of job creation and inclusive growth, and climate change were confirmed by the CSP mid-term review (MTR) as well the Completion and Validation Report. There were, however, concerns[5] regarding the design relevance of the CSP as it did not focus on cross-cutting issues such as gender, HIV/AIDS and violent crime.** The Bank's support was relevant in terms of expanding credit availability to agriculture and agro-processing, where access by SMEs was problematic. However, the CSP was insufficiently structured towards actions needed to address some of South Africa's more urgent needs such as income inequality, the housing shortage, lack of black economic empowerment (BEE), reduction of violent crime and strengthening of institutional capacity at sub-national levels.

23. **The 2013-2017 CSP was also aligned with the Bank's Ten-Year Strategy (TYS) 2013-22 and the High-5s.** Although the CSP was approved before the adoption of the high-5s, the portfolio distribution remained aligned to the five major priorities.

24. **It should be noted that the design of the 2018-2022 CSP incorporates lessons learned with regard to the shortcomings of the previous CSP**. In particular, the CSP focuses on addressing the infrastructure shortcomings in order to improve the connectivity of townships and rural areas with highly developed metropolitan areas.

III.8 Sierra Leone

25. **The Bank's private-sector efforts in Sierra Leone were closely aligned with the country's own programs not only in terms of strategy but also sector focus.** The Sierra Leone CSP was formulated in a participatory manner, guided by selectivity, and alignment with the Government's PRSPIII[6] for the period 2013-2018 and key policies and strategies of the Bank Group, as well as the evolving New Deal for Engagement in Fragile States for which Sierra Leone was a pilot country. AfDB support addressed drivers of fragility in the

[4] Medium Term Strategic Framework.
[5] Expressed in the Completion and Validation Report pages v, 6, 7 & 11.
[6] Poverty Reduction Strategy Paper.

PRSP III; for example, the Bank promoted broad-based PSD by improving the business environment through structural and regulatory reforms, and SME development. Adjustments were made during CSP implementation with the inclusion of agribusiness and agro-processing. The updated CSP 2018-2019 continued the emphasis on PSD. Pillar 1 of the CSP 2013-2017 was well aligned with one of the Sub-pillars of Pillar 1 (Economic Diversification to promote Inclusive Growth) of the A4P focusing on improving agriculture and agro-processing. The CSPs were also aligned to the Sub-pillars of Pillar 4 (International Competitiveness) focusing on energy and transport/roads improvements. Furthermore, the Bank's program was expected to use the same monitoring and evaluation framework as the country's A4P.

26. The sector distribution of operations of the country portfolio reflected strategic alignment; the 2013-2017 lending program had a strong strategic fit though during CSP implementation more than 40% of resources had to be diverted to non-programmed social emergency responses. Non-lending operations were largely in alignment with country needs and priorities and filled missing elements of the country's PSD enabling framework and deepened on-going support to accelerate Public Financial Management reforms for transparency, accountability, and efficiency in managing natural resources and revenues.

IV. PROGRAM DESIGN

27. The seven case study countries had a portfolio of 19 sovereign operations and 90 non-sovereign operations (including 49 non-financial sector non-sovereign operations) (**Table 2**). As noted earlier, the financial sector non-sovereign operations in the 7 countries were not subjected to detailed reviews.

Table 2: PSD Lending Operations in Case Study Countries (2013-2019)

Country	Sovereign			Total Non-Sovereign			Non-financial sector non-sovereign		
	No.	UA million	%	No.	UA million	%	No.	UA million	%
Côte d'Ivoire	2	41.2	1.1	11	572.6	5.7	11	572.6	12
DRC	2	53.0	1.4	6	88.7	0.8	3	56.0	1.2
Kenya	1	1.2	0	22	602.2	6	12	259.3	5.5
Morocco	8	637.4	17	5	333.8	3.3	2	187.2	4.0
Nigeria	3	20.2	0.5	32	1,675.8	16.7	13	660.2	14
Sierra Leone	3	16.7	0.4	4	25.1	0.2	2	21.5	0.4
South Africa	0	0.0	0	10	670.0	6.7	6	481.8	10.2
Total 7 countries	19	769.7	20.8	90	3,968.1	39.5	49	2,238.7	47.7
Total Portfolio	114	3,687.0	100	299	10,041.0	100	146	4,695.0	100

Figures may not add due to rounding. Total portfolio includes operations in all Bank countries.

IV.1 Summary of Findings

28. The general approach to translating PSD strategy into operational interventions at the country level, has been to ensure an enabling environment through improved physical, financial and institutional/regulatory infrastructure (upstream interventions) and combine this with enterprise development (downstream interventions).

29. While this approach is sound in principle, the case studies reveal four main issues with implementation: Internal consistency; impact on sector competition policy (particularly with regard to the role of state owned enterprises); realism of program design; and monitoring and evaluation arrangements.

30. **Internal Consistency**. Several factors impacted on the internal consistency of program design, including: lack of a clear Theory of Change; selectivity across the three pillars of the PSD strategy; balance between sovereign and non-sovereign operations; and choice of instruments i.e. financial or real sector non-sovereign operations.

- **Limited Complementarity among operations arising from lack of a clear Theory of Change for PSD programs.** This shortcoming in the Bank's PSD strategy (previously noted in the earlier background report) was also an issue in the country case studies. In particular, the link between impact and outcome indicators and project level outputs was unclear other than for infrastructure operations. For example, in countries like Côte d'Ivoire, where SME growth was stated as a CSP outcome, it was unclear how this was supported through outputs from sovereign operations (which were predominantly Policy Based Operations) and non-sovereign financial sector operations (which were often Lines of Credit).

- **Selectivity across three pillars of the PSD strategy**. While many CSPs indicated a focus on the first pillar of the Bank's PSD strategy (i.e. improving the business environment), there were a limited number of operations which directly addressed this issue. Policy Based Operations were the primary approach for supporting this pillar but while these may have been a suitable anchor, complementary Technical Assistance and investment operations were very limited. While, directing selectivity of non-sovereign operations and their 'fit' with the CSP are often impractical for Bank staff and management in intermediation situations, institutional resource deployment for sublimating the flow of funds through selective support may be given greater consideration.
- **Balance between sovereign and non-sovereign operations**. Theoretically sovereign and non-sovereign operations should complement each other and be appropriately sequenced. However, in practice, limited availability of sovereign resources (especially in ADF countries) and differential criteria applied for non-sovereign operations (particularly country risk profile of fragile states) lead to limited coordination and inadequate sequencing. Hence, for example in fragile states such as Côte d'Ivoire, sovereign operations supporting business environment improvements may not be sufficiently complemented by support to the private sector to grow value chains to restart the economy.
- **Choice of instruments - financial or real sector non-sovereign operations**. While demonstration of additionality is part of the project preparatory analysis for non-sovereign operations, there is limited guidance on instrument choice. For example, for countries with more mature financial markets, the Bank should require that additionality be demonstrated through longer maturity or innovative instruments (the provision of local currency loans). In these and some other countries, such as Nigeria, the Bank's non-sovereign interventions should better balance financial intermediation operations with operations focused on real/productive sectors such as commercial agriculture and industry.

31. **Tension between financial sustainability and development impact.** Program design does not appear to have been sufficiently taken into consideration how the Bank's support – particularly for non-sovereign operations - would impact on longer term competition policy within a given sector. Competitive pressures drive innovation and in turn help improve in within-sector productivity. Consequently, the Bank should have given greater attention to analyzing whether the estimated benefits from its operations – particularly in the case of non-sovereign operations which often support existing large enterprises – arose out sector dominance or innovation. With changes in the NSO policy in 2018 to allow for lending to State Owned Enterprises, analysis of competition policy within sectors is likely to have become even more relevant. In some countries (e.g.

Morocco) which have a dominant state sector, it is likely that a significant share of funding – particularly for non-sovereign operations – would be provided to SOEs.

32. **Tailoring design to be commensurate with institutional capacity and resource availability.** In several country cases, the Bank's program appeared to be somewhat ambitious given the resource availability, institutional capacity at the country level and given the agreed timeframe. Resource availability for sovereign operations was generally more limited for ADF countries and country risk considerations also limited non-sovereign operations in such countries (e.g., in Sierra Leone there was only one private-sector operation). Program design should also have taken into account existing client and Bank institutional and organizational capacity for private sector development. A particular challenge was that Government institutions were involved in the selection of non-sovereign operations only to the extent that sovereign guarantees or other assurances were required.

33. **Putting in place Monitoring and Evaluation systems which gathered sufficient evidence regarding effectiveness of program design.** The country case studies identified the challenges of gathering evidence of measurable outcome indicators particularly for downstream private-sector interventions. Roughly half of the enterprise support ("downstream") had been provided through financial intermediation (lines of credit, private equity funds, guarantees, etc.) where intermediaries needed to report on the impact of sub-projects or the onward investment of the Bank's resources.

IV.2 Morocco

34. The seven proposed PSD operations (one in the 2012-2016 CSP and 6 in the 2017-2021 CSP) were strongly aligned with the PSD priorities for the Government and the Bank. The choice of operations, sectors of intervention, and financing instruments were well aligned with the Bank's PSD Strategy and the Morocco CSP. There is no evidence of strategic sequencing nor synergy between SOs and NSOs with Bank support happening in an opportunistic fashion. However, the 2017-2019 pipeline of operations in the latest CSP has given greater attention to synergies between SOs and NSOs[7].

35. Close to two-thirds (13/21) of the operations in the 2017-2019 pipeline have a PSD focus and support, among other areas, the agribusiness export sector, agro-industrial development, the promotion of agricultural value chains and entrepreneurship, an investment fund for the manufacturing industry, and youth and women employability and employment.

36. Forty percent (9/22) of technical assistance and ESW have a PSD focus and address, among others, the identification of regulatory constraints to SMEs, the institutional framework and

[7] For example, the PAAIM I and II, both SOs, were complemented with NSOs such as the Investment Fund for Agro-industrial Development, the line of credit for industries and export enterprises integrating into global value chains, and the Investment Fund for the manufacturing industry.

opportunities for PPPs, the development of new guarantee products to facilitate financing for SMEs, the impact of tariff policy on export competitiveness. The Bank's PSD knowledge work in Morocco, included, among others, technical assistance to develop new guarantee products and also included studies on the regulatory and logistical constraints to SMEs, the development of a financial model for PPPs, and the identification of export tariff barriers in Africa.

37. Coordination with other development partners in the country, even though it did not include a specific formal institutional arrangement, such as a thematic working group on private sector, did make it possible to diversify risk. Bank's environmental and social safeguard requirements remain important value addition to their operations.

38. However, some of the following design issues might need to be addressed in future CSPs:
- The Theory of Change for some projects could be improved. While the development outcomes for The Inclusive and Sustainable Development Support Program for Agricultural Sectors (PADIDFA) and for the Results-Based Program for Improving Access to Employment (RBPIAE) were measurable and well related to the operation, outcomes listed in the logical framework for each phase (increase in GDP growth, total PS investment) seem overly ambitious and not easily measurable.
- The relatively mature nature of the Moroccan financial market limited the Banks competitiveness in terms of pricing and conditions (interest rate and absence of local currency loans).
- Lack of clarity as to whether operations, particularly those funding SOEs, were reinforcing dominance.
- The list of outputs (for operations for which PARs could be found) seems excessive to be achieved in the agreed timeframe. This is particularly true of PBOs with short (1-2 years) implementation timeframe and where the majority of outputs are reforms.
- Bulk of M&E seemed to rest with the Bank team, instead of having a government structure be responsible for implementation.

IV.3 Côte d'Ivoire

39. The CSP adopted good practice in fragile states to focus on improving the business environment while helping grow some value chains to help restart the economy and create jobs. The sovereign PSD program consisted of a series of budget support operations (PBOs) where the issue of youth employment and business environment were tackled, while simultaneously including infrastructure projects (in energy and transport) and agricultural value chain projects and agro-processing industrial zones (including for cocoa). The financial institution and capacity building activities in this portfolio, showed selectiveness and effectiveness in use of resources. Rather than embarking on country-wide reforms to help grow the private sector overall, the Bank chose the activities that were the most relevant to specific value chains in specific regions.

40. In the non-sovereign program, the CSP proposed to provide direct support to "flagships" involving well known firms in critical sectors, such as Air Côte d'Ivoire in air transport, SUCDEN in the cocoa value chain, or CIPREL in power generation. The CSP also proposed to support a specific PPP approach to help finance the large infrastructure gap in transport and energy. Hence, a significant element of the strategy was to rely on the ability to leverage private sector resources. In addition to traditional instruments (equity financing and senior debt), the NSO portfolio also made use of a good range of financial instruments. For instance, the SUCDEN operation piloted the first soft commodity trade finance instrument extended by the Bank. The Zola Energy project proposed a very innovative partial credit guarantee secured against receivables (receivable backed financing). The Air Côte d'Ivoire operation proposed the use of a partial risk guarantee to crowd in private financing.

41. The design of the program and the interventions had some shortcomings:
    - A review of all development outcomes proposed under these operations reveals some over-ambitious objectives (e.g. activities in the PARCSI project seem to be very limited in the context of the overall expected outcomes of creating 250,000 jobs). Further, the information provided in Project Appraisal documents does not allow confirmation of the causal link between the intervention and the expected Outcome.
    - The additionality of the Bank's intervention is often not well explained in project documents. With regard to financial additionality, it is unclear whether the Bank's intervention allowed financing to close or whether it substituted for private financing. For instance, it is not clear why SUCDEN, a French firm with a solid balance sheet, did not raise corporate financing in Europe as an alternative to seeking AfDB's financing.
    - Surprisingly, the CSP did not propose to engage into any significant activities to support the growth of SMEs[8], during the review period. The SME area seemed to have been overlooked in the design, especially the link between upstream interventions and SME growth
    - There has not been a specific ESG due diligence on the PARCSI, PAGEC, PAGFIC and PARES. Yet these four operations were processed under Environmental Category 3 (i.e. no adverse environmental and social impact).

IV.4 Kenya

42. The Bank delivered 56 projects over the period of which 37 were in infrastructure. The PSD portfolio consisted of 1 sovereign project and 3 NSO projects with associated sovereign financing e.g., prior sovereign lending, ADF Partial Risk Guarantees or concessional finance (particularly climate finance). Specifically:
    - Lake Turkana Wind Power Project (LTWP): The Project involved the construction and operation of a 300 MW wind farm near Lake Turkana in the Great Rift Valley. The

[8] Through the PAGFIC, approved outside the review period, the Bank provided direct business development services support to 50 SMEs active in the cocoa value chain. The Bank also extended a series of credit lines to BOAD for the purpose of increasing access to finance in the sub-region, including in Cote d'Ivoire.

power which constituted 17 percent of power generated in the country would be sold to the power utility through a 20 year Power Purchase Agreement. A transmission line was to through parallel project with financing from Government of Spain and the first ever ADF PRG for Euro 20 million. Total project cost was estimated at approximately EUR625 million at appraisal; it was to be financed with equity (20%), subordinated debt (10%) and senior debt (70%). The Bank was the Mandated Lead Arranger and was pivotal in ensuring the implementation of this innovative project. The Bank also administered a Euro 10 million grant from the Dutch Government for road construction and subsequently issued.

- Menengai Geothermal Project: The project is one of three IPPs which would generate 105 MW of geothermal energy; it involves the development of a 35 MW geothermal power plant under a Build-Own-Operate (BOO) model. The total project cost is USD 97.8 million, to be financed with a debt to equity ratio of 75:25; the Mandated Lead Arranger (MLA) and senior debt would be provided by the Bank, the Clean Technology Fund (CTF) and other DFIs. A Partial Risk Guarantee (PRG) was approved in October 2014 to backstop contractual payment obligations by two SOEs for all three IPPs. The Bank (and the Government) provided or arranged close to $500 million of sovereign funding for geothermal steam drilling and collection as this was perceived to be too risky for the private sector to finance.
- Kopere Solar Power Project: This is a 40MW solar photovoltaic plant to be constructed on a 157 hectare site and operated under a 20-year Power Purchase Agreement. Total project cost is USD 64 million to be funded by equity of USD 16 million and debt of USD 48 million. As a co-Mandate Lead Arranger, the Bank secured USD 12 million from the Scaling-Up Renewable Energy Program under the Climate Investment Funds which played a critical role in ensuring the project's financial viability.

43. All three energy projects undertook economic and financial analyses and ADOA reviews; given private sponsor involvement, there was third party validation of key technical and financial assumptions. However, there were some design flaws. For the LTWP, the transmission line was not part of the program package; hence, when power was generated, there was no way to evacuate the power but under the 'take or pay' arrangements, the power utility was required to meet a significant 'deemed energy' payment. Lessons were learned and the two subsequent projects ensured financing was in place for the timely evacuation of power from the generation sites. The first two projects (i.e. LTWP and Menengai) required Partial Risk Guarantees (PRGs) (for different sponsor concerns both related to SOE payment assurances). However, the Kopere Solar Power project did not have an accompanying PRG which suggest greater private sector comfort with energy PPP structures in Kenya.

44. The Presidential Delivery Unit (PDU) in Kenya was established in 2015 directly under the Office of The President with a mandate to improve the coordination of National Government flagship programs, as well as to monitor, evaluate and report on progress made on key development priorities specified under the country's national development plans.

The TA project though small in size (it was a $1.8 million operation funded from the Middle Income Countries Technical Assistance Fund) had a key role in the Bank's PSD interventions in Kenya and potentially learning for other countries. Three issues undermined its effectiveness:

- The agenda supported by the PDU work is central to the country's PSD agenda but the operation had a weak Theory of Change. This small TA operation was expected to achieve ambitious DO indicators (launch and successful implementation of B4 initiatives and reduction in problem projects in the Bank's portfolio) despite unclear project outputs (e.g. for reducing Bank problem projects).
- The operation could have been more focused; rather than designing a monitoring system for the large number of projects (11,000 per the PAR) spread across the country, it could have focused on a smaller subset, for example the top hundred projects, for more detailed monitoring.
- The project was not ready for implementation and a significant portion of the 'implementation period' was actually spent on detailed design.

IV.5 Democratic Republic of Congo

45. DRC has, over the past several years, been adopting and implementing a comprehensive program of regulatory reforms to improve its business environment. However, there has been a lag between the introduction of new regulations and their actual implementation which has slowed the pace of improvements in the business environment. Extensive consultations with Government, TPFs, Private sector operators, civil society and provincial Governments, provided input to the Bank's program design. Stakeholder priorities included better coordination with stakeholders, more attention to fragility, long term commitment, and support for PPPs and SMEs. In its design, the Bank also emphasized linking infrastructure more to agriculture and also private but inclusive investment in agriculture.

46. Even though the 2013-2017 CSP was produced before the Bank's PSD Strategy, the operational program of this CSP, presented in the tentative 2013-2017 lending program were consistent with its priorities and included several activities in support of PSD including operations in support of infrastructure development, a project for youth entrepreneurship in agriculture and agribusiness, a study of agribusiness parks, and 2 NSOs: the NYUMBA Cement Works project, and a line of credit to Rawbank. The Bank's active portfolio at end 2018 included 31 public sector operations in 6 sectors: transport (41%), energy (26%), agriculture (12%), water and sanitation (12%), governance (7%), and social (2%). The portfolio as presented in the CPPR did not include any NSO at the end of 2018, date of the CPPR, although the NYMBA Cement project was still in execution at end 2018.

47. Under pillar II of the extended CSP (up to 2019-2020), new interventions will focus on creating the conditions for inclusive and diversified growth, driven by private investment, particularly in the agricultural sector. The indicative 2019-2020 lending Program includes

7 operations, of which 5 would be for PSD and 3 for infrastructure (agribusiness park infrastructure, agricultural value chain development, and line of credit to Sofibanque). Also, in the 2 PSOs during 2019-2020, mentioned above, the development outcomes were also well aligned with the objectives of the operations.

48. With regards to technical assistance and ESW specifically addressing PSD challenges, the extended CSP includes feasibility studies for the DRC component of the Central-Africa Fibre-Optic Backbone Project.

IV.6 Nigeria

49. Pillar II of the CSP (2005-2009) was designed to contribute to a more conducive environment for private sector activity through improved water supply and sanitation, power supply and enhanced road transport and mobility. There were about 13 private sector projects in the portfolio in 2005. Private sector interventions increased over the current CSP, from about 14 projects to about 27. The composition of private sector projects at the end of 2017, was: LOCs 70 percent; senior loans 27 percent; and equity 3 percent. However, the design of the program left room for further improvement:
    - The Bank's public sector operations (75% at the inception of the current strategy cycle), were largely directed to infrastructure (primarily, power, water and transportation) needed by private-sector as envisaged in the EGRD to which the CSP was aligned. However, most of the power sector investments were in generation even though the downstream privatized distribution companies, were in dire financial straits, indicating a need for a shift in the focus of CSP 2020-2024 towards downstream operations.
    - The private sector interventions also needed to have better addressed the deep regional disparities within the country. As noted in the CSP, there are "four different economies" in Nigeria: Lagos state which is high/middle income, Niger Delta which is resource rich, Northeast which is fragile and the rest of the country, which is low income. Tailoring PSD solutions to these disparities would help to further strengthen the CSP 2020-2024.
    - The CSP evaluation report[9] expressed the view that the program needs to diversify from the asymmetric concentration on intermediation (LOCs) and include more real and productive sectors such as commercial agriculture and industry. Where the Bank's support through LOCs continues, since current operations LOCs largely support to well-regulated financial intermediaries with inherently low risk, additionality needs to focus on how LOCs support growth sectors or higher risk beneficiaries. Given the size of the country, some allocation and deployment of the Bank's sector resources to appropriately address this concern, merits consideration.

[9] 2018 page 4, 43.

IV.7 South Africa

50. Consistent with the CSP strategy of supporting infrastructure development and regional integration, the portfolio was structured to significantly support private-sector activity with a full 55.6% the portfolio dedicated to private-sector operations. There was 7 sovereign operations and 9 non-sovereign operations in the CSP 2013-2017 portfolio. To leverage resources and defray risk, the CSP's reliance on syndication, co-financing, and private equity participation could be further extended to include Partial Credit Guarantees for bond issuance and/or foreign exchange swaps, PPPs etc.

51. The design of the current CSP 2018-2022 could be improved by:

- Structuring the CSP to better address income inequality, the housing shortage, lack of Black Economic Empowerment, reduction of violent crime and strengthening of institutional capacity at sub-national levels.
- Improving and expanding credit access by SMEs in agriculture and agro-processing.
- Improving and institutionalizing donor coordination mechanism for better information sharing and collaboration efforts and greater co-financing, [10]
- Improving Quality-at-entry for private-sector projects with proper scrutiny of funding structures and better use of country systems to avoid delays and errors.
- Improving the linkages between inputs, activities, outputs, outcomes and expected impacts in the theory of change for better monitoring and evaluation of implementation and results.

52. The bank's new CSP 2018-22, also places more emphasis on accelerating the country's reindustrialization with a view to more effectively addressing its overarching development challenge of the "dual economy": high poverty, unemployment and income inequality, as well as spatial socio-economic disparities.

IV.8 Sierra Leone

53. The CSP 2013-2017 and its 2017 updated version, sought to promote and emphasize, inter alia, a private-sector led inclusive and green growth. It set out the framework for the AfDB PSD activities for 2013 to 2017. The CSP underscored the challenges confronted by PSD in Sierra Leone, including, inadequate government regulation, restrictive policies, poor infrastructure, severe skills shortages and mismatches between employers' needs and available workers, trade restrictions, difficulties in obtaining medium- and long-term finance on affordable terms, and a large informal sector.

54. Direct and indirect support for PSD was embedded the in two (2) pillars of the CSP 2013-2017. As at 31st August 2017, the Bank's active assistance portfolio for Sierra Leone

[10] GIC in transport, co-financing of ESKOM (WB, EIB, KfW and AFD), in South Africa (CSP 2013-2017 page 13) in 2013 Also, "donor competition" was previously seen as a constraint to Bank operations in South Africa (Completion Report page 3).

comprised 19 operations. Seven (7) sectors were financed under the resource envelop, including: Power (5 operations; 26.32%); Multi-sector (3 operations; 15.79%); Transport/Roads (3 operations; 15.79%); water supply and sanitation (3 operations; 15.79%); Social (3 operations; 15.79%); Private Sector (1 operation; 5.26%); and Agriculture (1 operation; 5.26%). There was only one (1) private sector operation (Financing for Sierra Leone Union Trust Bank – LOC for SMEs and women owned businesses (NSO), although, Sub-pillar 3 of Pillar 1 also supported Improved Business Enabling Environment.

55. The scope of interventions of the AfDB in support of PSD could be expanded to consider other critical areas to bring about more impact and improve relevance. A country-specific PSD strategy as an integral part of the country operational strategy and monitoring the PSD impact of the Bank's portfolio would help to ensure development of the private sector. The design of projects could include consideration of better utilization of private sector capacity for project implementation. The current Country Office organizational arrangement and capacity for PSD could be strengthened through a dedicated PSD focal point in country.

V. PROGRAM DELIVERY

56. **There are significant challenges with assessing program delivery as there are a limited number of project evaluations that can be utilized.** There is reasonably good availability of CSP Evaluations for the case study countries. However, there is extremely limited availability of assessment of individual operations with few completion reports and even fewer completion evaluation reports.

57. **The situation is particularly acute for non-sovereign operations as there are no projects which have reached early operating maturity in the case study countries for which validated supervision reports (XSRENs) were available**. This is due in part to the young age of the non-sovereign portfolio; more than half of the number and volume of non-sovereign operations (i.e. 29 projects out of 49 projects and UA 1,129.8 billion out of UA 2,238.9 billion) have been delivered during the second half of the implementation of the PSD strategy (i.e. 2016-2019).

58. The assessment of program delivery is, hence, based largely on project status reporting which could be subject to change in the future and, based on history of such reporting across all MDBs. This is likely to provide an optimistic assessment of results delivered. Rather than focusing on ratings provided by projects, the project level focus of this section is on a qualitative analysis of lessons learned from the program review.

V.1 Summary of Findings

59. The case studies surfaced several issues, related to both design and implementation, which might have undermined the Bank interventions in terms of effectiveness and coverage of the PSD programs delivered.
    - Given that assessments were undertaken relative to objectives established at time of CSP and project preparation, in most cases it was difficult to disentangle the causes of poor program delivery i.e. whether goals were inappropriately set or whether delivery did not meet realistic expectations. Hence, examples given in the previous section (e.g. imperfections in the theory of change and the related lack of measurable outcome indicators; ambitious nature of the Bank's planned interventions; and difficulties of attribution) could all be contributing factors when program delivery does not meet expectations.
    - **In-country institutional capacity improved as experience with Non-sovereign operations (e.g. infrastructure PPPs) was acquired over time.** The structuring of PPP transactions have a long lead time. It often requires upstream projects which create a more conducive business environment for private sector development and/or support activities which the private sector may consider too risky to finance. Non-sovereign operations supporting PPPs – particularly when these are repeated over time – help support improved institutional capacity in the country concerned, by developing a core

knowledge base of contractual arrangements and legal documentation required for PPP transactions. The development of a track record also provides credibility for Governments and greater comfort to private sector operators; this was demonstrated by the fact that while initial PPP projects require guarantee support from the Bank, later projects may not. Given the long time horizon of implementing PPPs even when sufficient attention has been given to environmental and social impact issues during design, attention to such issues during implementation remains crucial as potential litigation has emerged over land and communications in some cases.

- **Monitoring and evaluation remained an issue in delivery as in design.** Financial sector non-sovereign operations, a significant portion of which were sub-projects of lines of credit, require intermediaries to provide information regarding the additionality and development outcomes of underlying private sector projects. In the absence of such information, development outcomes were difficult to assess[11].
- **Continuing organizational changes within the Bank impacted program delivery supervision**. During the field visits for the case studies, there was still an ongoing Bank-wide discussion regarding the implementation of a more concerted approach among different parts of the Bank under the One Bank principle. With regard to PSD, two aspects are important i.e. regional vs. sectoral division of responsibility for project preparation and management and central (i.e. the Private Sector Department) vs. sectoral division of responsibility for non-sovereign operation origination, preparation and supervision. This issue was discussed at greater length in the first background report; finalization of implementation responsibilities under the One Bank approach will impact on and most likely improve program delivery.

V.2 Morocco

60. Creating the enabling competition conditions and services to support all firms, particularly SMEs, was a fairly new focus for Morocco, but has reaped significant results, particularly in the automotive sector, which has overtaken phosphates as the country's largest export, making Morocco the continent's largest producer of personal vehicles, surpassing South Africa.

61. Before the start of the 2012-2016 Morocco CSP, the Bank's active portfolio in Morocco did not have any direct financing to the private sector. The 2012-2016 CSP made a modest start. The evolution of the Bank's direct lending to the private sector reflects the change in orientation to support PSD at end 2011. By June 2019, there were 4 NSOs in the Bank's portfolio, not including the first loan made in 2012 which had closed. The most recent CSP shows a pipeline of PSD projects for the 2017-2019 period where more than half of operations were NSOs (7/13), and now PSD remains the strongest response towards a more sustained and inclusive growth. Morocco was also ranked 43rd in starting a business (one of the topics of Doing Business) in 2019, a solid improvement of its 76th ranking in 2009.

[11] This finding is based on the country case studies (Kenya and Nigeria) undertaken as part of the evaluation of the Bank's Financial Sector Development Policy and Strategy.

62. The country case study also indicated certain other needs for improvement in the delivery of the PSD program from the Bank. Specifically, the Bank Office in Morocco was not sufficiently staffed in areas such as business development and that all private sector operations are managed from Tunis and Abidjan where transaction and portfolio management teams are posted. This results in limited interaction with the private sector, knowledge of context, and transaction opportunities.

V.3 Côte d'Ivoire

63. Overall, private sector investments represented only 15% of GDP in 2016. Despite this relatively small share, Côte d'Ivoire's Doing Business ranking sharply improved, from 177th in 2013 to 142nd in 2017, making it one of the top reformers in Sub Saharan Africa. Côte d'Ivoire was also ranked among the fastest improving countries on Transparency International's Corruption Perception Index, rising from 154th in 2011 to 103rd in 2017. Over the 2013-2017 period, the private sector grew significantly to become the main engine of growth, as it exceeded public consumption and investments in 2018.

64. In the 2013-2017 period, the Bank approved two sovereign loans, the PARCSI and PAGEC. If the review period is extended to the period 2012-2019, two additional operations fall in the sample, the PAGFIC and PARES. All operations were financed through the ADF window. Of the 4 operations, two were structured as budget support (PAGEC and PARES), while two as investment operations to finance technical assistance (PARCSI and PAGFIC).

65. For the evaluation period, there were 5 non sovereign operations. If we extend the review period to 2012-2019, the sample grows to 10 NSOs.[12]. The most important outcome of the NSOs reviewed, was the mobilization of private sector finance for each transaction. In addition, AfDB had also made a series of equity investments that directly support the private sector in Côte d'Ivoire. The portfolio as described above does not include regional credit line facilities that were made available to BOAD to support SMEs through financial intermediaries in Côte d'Ivoire.

66. There were however potential quality improvements in what was delivered:
    - The PARCSI team evidenced some critical gaps in project implementation. No mid-term review allowing to assess results or re-evaluate key performance indicators had been undertaken yet at the time of this evaluation. For example, the PAGFIC became effective in March 2019, and no inference can be made at this stage from implementation experience. The PARSEC had not been implemented yet.
    - It was difficult to attribute achievement of outcomes to the Bank's interventions from its upstream projects. Achieving outcomes such as growth of the industrial sector, number of jobs and growth of the private sector GDP, will depend on factors that go

[12] Firms in Cote d'Ivoire also received AfDB funding through 29 equity funds through regional credit line facilities provided by BOAD; such multinational operations were not reviewed in the country case study as previously noted.

beyond project interventions. In several projects[13], there was no reference to a specific theory of change or results framework to justify the Bank's intervention. No baselines or benchmarks were provided, making any causal link difficult to establish.

- While some private sector projects were all successfully delivered (or still under implementation) with a high leverage between public and private financing, indicating efficiency of the Bank's intervention financing mobilized through NSOs, the project documents reviewed (Project Appraisal Reports) did not provide evidence on the consistency of this leverage across all projects.
- Finally, dialogue on PSD development was often limited to the specifics of transaction leading to a dilution of the Bank's strategic influence on overall reform areas.

V.4 Kenya

67. The three energy projects took an average of 10 -13 years from concept to completion. Though the projects were in different renewable sub-sectors, they helped to develop a core knowledge base (in terms of contractual arrangements including legal documentation) and capacity (of local legal profession and Government/ parastatals). All projects are being effectively delivered. However, economic rates of return recalculated at project financial close, have been lower than originally calculated for some projects due to oil price rise & deemed energy payments caused by transmission delays and also higher in other projects due to tariff increases. In the subsequent projects (i.e. both Menengai Geothermal and the Kopere Solar Power Plant), the transmission line was funded and implemented as part of the project, showing that learning did take place. Two projects were at too early a stage of implementation to assess achievement of DOs.

68. The Bank's support to the PDU and the associated institutionalization of development program oversight committees is likely to provide resilience to outcomes absent a major Government restructuring.

69. These positive outcomes were somewhat dampened by some project specific concerns that have also emerged.
    - For the energy sector, the lower unit cost of renewable energy has not been passed onto the consumer since the existing thermal base load had to be funded (under take or pay arrangements). Reductions in unit costs will only materialize over the medium-term when current thermal and more expensive base load purchase arrangements expire.
    - At the time of the LTWP appraisal, there were considered to be no indigenous people within the project area. After that time, the Bank changed its IP definition and announced that the project area included IP. There is also an ongoing court case alleging the illegal expropriation of land from the local community. This case had been pending for several years in the Kenyan court system though a hearing was scheduled in late January 2020.

[13] For example, impact on regional air transport (Air Cote d'Ivoire), impact on jobs in the value chain (SUCDEN), impact on Gender (Zola) etc.

- For the PDU project, the level of ambition in the Bank's Theory of Change (arising out of the Government's rather ambitious program) could have been more realistic with a more modest set of outcomes and more concrete outputs.
- Procurement challenges with hiring 16 individual consultants for the PDU, led to many implementation delays. Moreover, there were difficulties in requiring this Government unit with weak capacity (hence the TA) to manage support from so many individual consultants. Consideration should be given during the next phase to hiring a firm with responsibility for making internally consistent recommendations and managing consultants.
- The quality of coordination between sovereign and non-sovereign operations varied by sector. Energy sector management had been field-based for some time and teams were composed of staff located at both headquarters and in the field; overall, the arrangements seemed to be working reasonably well. For industry and finance, arrangements appeared to be in flux; a field-based manager for non-sovereign operations was present but some industry operations and all financial sector operations still appeared to be managed directly from headquarters.

V.5 Democratic Republic of Congo

70. The Portfolio Performance Evaluation included in the end 2018 CPPR showed that, out of the 12 PSD operations for which scores were provided on progress towards achievement of development objectives, 8 had a score of 4 (out of 4), and 4 had a score of 3, giving an average score of 3.7. While M&E arrangements and the implementing agencies were ready, actual implementation took longer than projected between Board approval and effectiveness showing readiness to be often overly optimistic in PARs.

71. Out of two NSOs, only one (Nyumba Cement Project) was reviewed as the other was a financial sector operation (line of credit). The documents predominantly focused on the project's financial performance. There were difficulties with environmental and social safeguards identified as part of supervision but information regarding the resolution of these issues was not readily available.

V.6 Nigeria

72. The CPPR prepared at the beginning of CSP (2013-2017) rated all private sector operations as satisfactory with an average rating of 2.4. In the CSP (2013-2017), which was extended to accommodate delays in the EGRP, the Bank operations have focused on policy advice, analytical work and policies to reduce unemployment and social exclusion (Pillar I), as well as alleviating infrastructure bottlenecks, promoting agricultural development and easing financing constraints for SMEs (Pillar II).

73. The IDEV country strategy evaluation (2004 to 2015), found public sector portfolio projects to achieve the majority of the outputs but with low outcome achievements. Although, for a few, financial and economic performance upon implementation were satisfactory and exceeded expectations. While public and private sector projects had

similar effectiveness, the private sector projects were more efficient. But, as pointed out in the 2018 Country strategy evaluation, the use of quantitative outcome indicators needed to be strengthened to better assess development outcomes and additionality, especially for private sector projects and for LOCs in particular.

74. Sustainability of public sector projects was rated to be somewhat lower than those of private-sector projects. Non-sovereign operations (funds remaining unrated) were largely rated either poor or marginal for environmental impact and generally marginal for social impact. The only exception was the A-B University project which was rated excellent for social impact.

75. Based on project ADOAs, Appraisal Summaries, Preliminary Evaluations and Status Reports, of the 7 projects for which information was available, 4 had Outcomes rated (2)-Very Good and one rated (3)-Good; 2 were not rated but based on the narrative one (NIDF) could be rated Significant while the other (FAFIN) Moderate (Evaluator's own terms). In terms of additionality, three projects were rated (2)-Positive, one (1)-Strongly Positive and one (3)-Marginally Positive.

76. While the primary private sector focus of this CSP and its update, was on mobilizing private finance for large infrastructure projects, the Bank through the ENABLE youth Nigeria program, in 2016 also provided $250 million in loans with the specific objective of creating business opportunities and decent employment for young women and men along priority agricultural value chains. In addition, several of the TA and advisory engagements of the Bank, such as, Rural Access & Mobility Project; Community-based Agricultural & Rural Development Project; Capacity Building for PPP in Infrastructure Project, were likely to have included deep involvement with relevant PSD stakeholders.

77. Bank support for private infrastructure projects has had positive effects on development, though more can also be done to identify and structure projects that enhance regional trade and integration.

V.7 South Africa

78. The key instruments of the AfDB PSD strategy were Policy dialogue and advisory services. Accordingly, a total of six non-lending capacity building operations (excluding ESWs) were approved during the CSP period. These included Development Pilot Project (EDDP); Education for Sustainable Development in Natural Resources; Grant for the ICT sector to develop a corporate strategy for a broadband agency; Grant to support to local government Public Financial Management capacity building, implemented by the Ministry of Finance; and two water supply and sanitation projects were supported under the AWF grants.

79. The three main infrastructure projects with their CSP results accounting for 86% of the outputs and 71% of the outcomes were generally low risk and assessed to be viable. The

outcomes and additionality of the projects were rates satisfactory, positive or highly positive. However, there were delays in project implementation due to weak PIU capacity and limited knowledge of Bank procedures, as well as weak communication between different stakeholders. There was however, a wide deviation between intended and actual portfolio as no funding request was received for five of 7 sovereign operations and for one, the funding request was received but not Board approval[14]. Effectiveness at the CSP level was rated unsatisfactory.

80. There were also some environmental issues: (i) The ESKOM project resulted in the closure of three coal-fired plants; (ii) The railway project, TransNet, was not environmentally classified although there was a likelihood of significant environmental impact; (iii) The Xina Concentrated Solar Plant rated a Category B activity had mitigable environmental and social impacts with compliance.

81. In terms of the private sector, South Africa's ranking in the Doing Business Index had deteriorated in recent years, from 39th to 74th. (out of 190 countries) during 2013 to 2017, primarily due to counterproductive reforms such as making access to credit information more difficult, increases in property transfer and vehicle taxes. Even though non-sovereign operations were satisfactorily supervised and disbursed, and of the 9 private-sector projects in the portfolio, funding request was not received for only one of them, certain issues were in fact noted in the CSP performance review e.g.,

- the FRB loan agreements for South Africa remained undisbursed due to lack of demand by FRB SA, and they were subsequently cancelled and have exited the South Africa portfolio.
- The line of credit to the Land and Agricultural Development Bank had been flagged for slow disbursement in 2015.
- There were also minor design issues which required restructuring of some of the projects e.g., a waiver to switch the funding to commercial farmers and corporate commercial partners.

82. Overall, the Bank's performance for this CSP 2013-17 was rated unsatisfactory due to the limited progress achieved during implementation in areas other than the energy sector (caused by many of the sovereign projects not being approved), and the failure to address crosscutting issues including gender equality, HIV/AIDS, and violent crime.

V.8 Sierra Leone

83. The overall Bank performance in managing the portfolio is considered satisfactory and proactive. COSL engaged officials of the relevant institutions including the Ministry of Finance, the line ministries and the project implementation teams (PITs) on a regular

[14] The failure to proceed on other projects could be attributed to the Bank requirement for sovereign risk guarantees which GSA was reluctant to provide because to do so, the government contended, would reduce the incentives for SOEs to act fully commercially in undertaking appropriate due diligence and project appraisal work prior to investing.

basis to ensure timely resolution of issues that impede project implementation progress. Supervision frequency and quality, in terms of skill mix, has increased. COSL also hold quarterly portfolio meetings with key Government officials and the PITs to discuss in detail key implementation challenges in all projects and agree on how best to address them.

84. Although the Sierra Leone portfolio had several infrastructure related projects that could indirectly support private sector development in the country, as discussed in sections above, there was only one private-sector operation and no specific private sector development strategy component.

85. The institutional arrangement and capacity of the COSL to coordinate its PSD support portfolio requires strengthening. A separate unit should be established in the Country Office responsible for PSD and the requite personnel should be assigned to that office. PSD specialists, as well as PSO investment officers, will need to be recruited and given the responsible for country-level strategies and programs. Country and sector specialists in the programs and projects departments may support the processing of private sector projects, but because of the nature of risks involved and potential conflict of interest, the lead responsibility will be with PSO investment officers.

VI. CONCLUSIONS AND RECOMMENDATIONS

VI.1 Main Conclusions

86. **Strategic Alignment.** The PSD objectives of CSPs were consistent with the Ten Year Strategy, the 2013-2017 PSD Strategy and the High 5s. The PSD objectives of the Country Strategies/Country Strategy Papers (CSPs) were also well aligned with countries' national development plans and strategies and their PSD objectives and priorities. There was, however, scope in some countries to address two issues i.e. within country regional disparities as well spatial inequality; and an improved focus on support to small and medium enterprises (SMEs).

87. **Program Design.** The translation of strategies into operational interventions faced four main challenges i.e. limited complementarity among operations; tension between development impact and financial sustainability; tailoring design to be commensurate with institutional capacity and resource availability; and putting in place monitoring and evaluation arrangements that sufficiently captured results.

88. **Program Delivery.** Assessment faced significant challenges as there were a limited number of project completion reports and associated evaluation notes that could be utilized leading to a dependence on CSP evaluations, wherever available. Initial findings point to: institutional capacity being built in sectors with sufficient number of similar projects (e.g. through infrastructure PPP operations); monitoring and evaluation challenges spilling over

from design into implementation; and organizational changes within the Bank impacting on delivery.

VI.2 Recommendations

89. **Strategic Alignment**
    - Design of PSD programs and interventions as part of Bank CSPs could strengthen the focus on poverty and inequality by better addressing regional disparities and spatial inequalities.
    - More emphasis needs to be placed on SME development in PSD programs and interventions by tailoring interventions to specifically address SME needs.

90. **Program Design**
    - A greater focus on a country level PSD Theory of Change and better alignment of individual operations to the programmatic level is needed to ensure greater synergy across operations.
    - To ensure long-term development impact as well as financial sustainability of individual non-sovereign operations, greater attention should be given to the competition and market structure effects of non-sovereign operations.
    - The Bank could give priority in the next PSD and/or FSD strategies to improving the monitoring of additionality and development outcomes in non-sovereign operations which utilize intermediaries to provide support to private sector enterprises.
    - Program design should be calibrated based on existing client and Bank institutional and organizational capacity for private sector development and give consideration to capacity enhancement programs, where appropriate.

91. **Program Delivery**
    - The design of projects could give greater consideration to creation of and better utilization of private sector capacity for project implementation.
    - The Bank should closely monitor progress in the implementation of the One Bank approach and make adjustments as appropriate.

ANNEX 1

The templates used to gather information regarding the key evaluation topics for six countries (Morocco, Côte d'Ivoire, Kenya, Democratic Republic of Congo, Nigeria and South Africa) are included in this Annex. The Sierra Leone case study was prepared separately by IDEV.

Morocco PSD Country Case Review

Evaluation Topic	Narrative	Line of Evidence
Section 1. Introduction and Background		
1. Country Context		
a. Relevant political economy developments	Morocco has one of the highest investment rates in the world (at an annual average of 34 percent of GDP since the mid-2000s) but the returns in economic growth, job creation and productivity have been lower than expected. One key reason is that the public sector, who invests mostly through State-Owned Enterprises (SOEs) accounts for half of all investment. The state's portfolio includes 725 entities, including 210 statutory public establishments and 515 limited liability companies (mostly subsidiaries), in which the state is an ultimate owner with partial or total control. Six SOEs control about two-thirds of all subsidiaries and seven undertook nearly 60 percent of total SOE investments in 2016. This strong reliance on very high rates of public fixed capital accumulations is not sustainable, and stifle productive private activity. Few restrictions limit SOEs from venturing into other markets. SOE participation in a market may preempt the entry of new firms and the expansion of existing ones. In most countries, SOEs are prevented from expanding into activities outside their core markets either by their charter or by the SOE law. In Morocco, large public enterprises have created numerous subsidiaries across sectors either themselves or through joint ventures with foreign and national partners. The selection of joint venture partners does not seem to follow a clear process. The amended law on public-private partnerships could offer new investments opportunities. But the agricultural sector's strong dependence on climate could slow down expected growth. Opening trade and services still controlled by state-owned enterprises to the private sector would promote competitiveness.	African Economic Outlook 2020 Creating Markets in Morocco – Country Private Sector Diagnostic – IFC October 2019

Evaluation Topic	Narrative	Line of Evidence
b. Relevant macroeconomic developments	Real GDP growth slowed down from 4.1% in 2017 to 2.9% in 2019, reflecting the impact reduced rainfall had on the performance of the agricultural sector, which involves about 46% of the active population. Real GDP growth is expected to grow to 3.7% in 2020 and 3.9% in 2021.	African Economic Outlook 2020
2. Overview of the country's development strategy and PSD strategy (if applicable)	Morocco's development strategy is detailed in the National Strategy for Sustainable Development 2030 (SNDD) and in the Industrial Acceleration Plan 2014-2020 (PAI). The SNDD outlines a common set of recommendations for the public and the private sectors, to help them make strategic choices leading to sustainable development. It is based on the integration of 4 pillars: economic, social, environmental and cultural. The PAI builds on achievements of previous years, such as a substantial growth of industrial exports, infrastructures, and FDI, as well as the arrival of global industrial leaders to Morocco. It has 5 objectives: increase the share of industry in GDP; increase the quantity and quality of exports; improve attractiveness to investors; develop productivity; and increase the absorptive capacity of new entrants in the job market.	Stratégie nationale de Développement durable (SNDD) 2030 Plan d'Accéleration Industrielle 2014-2020
3. Country Private Sector Development constraints and Main Challenges (from Government strategies).	The SNDD identifies several constraints and challenges: • The various sectoral policies produced by different ministries lack harmonization and coordination • The public governance for all aspects of sustainable development, currently managed essentially by the government body responsible for sustainable development, must be extended to other players and stakeholders • The lack of cross-sectoral integration is one of the main constraints to competitiveness. The PAI identifies several challenges to faster growth: • Low industrial integration • Inadequate access to financing, particularly for SMEs • Insufficient positioning for international trade • Inadequate governance of this strategy. The Country Private Sector Diagnostic (CPSD) has identified several challenges to explain why Morocco's very high investment rate has not	Stratégie nationale de Développement durable (SNDD) 2030 Plan d'Accéleration Industrielle 2014-2020 Country Private Sector Diagnostic (CPSD) – Creating Markets in Morocco. IFC October 2019

Evaluation Topic	Narrative	Line of Evidence
	reaped the expected results in economic growth, job creation and productivity: • Half of all investments are in the public sector, mainly through State-Owned Enterprises (SOEs) (see section 1a). • In the private sector, economic activity has mostly been driven by established, often well connected firms, not by young firms. • The regulatory environment does not promote competition: the cost of entry is often prohibitive for start-ups and young firms, too many privileges are granted to certain public and private operations, and sanctions against anticompetitive practices are rare. • The profiles of vocational and tertiary education graduates do not match the private sector's needs. The SNDD and the PAI are Government strategies and do not raise, understandably, the challenges arising from the unlevel playing field created by the dominant presence of SOEs. Neither the Bank's PSD Strategy nor the Morocco CSP address the issue of SOEs. The TA and ESW program in the CSP does not include any activity to further research this issue.	
4. Bank Country Strategy and private sector development assistance program including advisory services, capacity strengthening and transaction services.	The CSP has 2 pillars: (i) support for green industrialization by SMEs and the export sector; and (ii) Improving the quality of life through jobs for youth, women and in rural areas. Under the first pillar, the focus is placed on operations that eliminate the constraints affecting the development of SMEs and the export sector, with a view to boosting industrialization. Meanwhile, industrialization should be made green by promoting the development of renewable energy. Under the second pillar, it is proposed that focus be placed on jobs for the most vulnerable groups, including the youth, women and in rural areas. This pillar will especially support entrepreneurship, adaptation of training to employment and sustainability of jobs created by the agricultural sector. Hence, there are very strong synergies in employment, between the first pillar, which will address supply through development of the industrial fabric and the second pillar, which will focus on satisfying the demand from young graduates and the development of self-employment and entrepreneurship.	Morocco CSP 2017-2021

Evaluation Topic	Narrative	Line of Evidence
	Close to two-thirds (13/21) of the operations in the 2017-2019 pipeline have a PSD focus and support, among others, the agribusiness export sector, agro-industrial development, the promotion of agricultural value chains and entrepreneurship, an investment fund for the manufacturing industry, and youth and women employability and employment. Forty percent (9/22) of technical assistance and ESW have a PSD focus and address, among others, the identification of regulatory constraints to SMEs, the institutional framework and opportunities for PPPs, the development of new guarantee products to facilitate financing for SMEs, the impact of tariff policy on export competitiveness, the identification of growth sectors for increased trade with Africa, and the assessment of the professionalization of university subsectors.	
5. Summary of SO and NSO Country Portfolio	The Bank's active portfolio in Morocco at the end of June 2019 comprised thirty-five operations in 7 intervention sectors: energy (31.5%), transport (19.8%), water and sanitation (15.5%), multi-sector and social (12.66%), private sector (11.2%), and agriculture (9.4%). Commitments are concentrated in infrastructure (66.8%) with the energy and transport sectors (51%) predominating. The portfolio included 4 non-sovereign operations: a line of credit to Banque centrale populaire (EUR 100 million), an extension programme for Jorf Lasfar Phosphate Hub of the Morocco Phosphates Authority (OCP) (USD 200 million), the TEKCIM Project (EUR 50 million), and equity participation in "Fonds Azur Innovation" (EUR 5 million). Some major infrastructure projects are being financed at the Government's request through the public window.	Morocco Combined Report on Mid-Term Review of Country Strategy Paper 2017-2021 and Country Portfolio Performance Review – October 2019
Section 2. Assessment of PSD Aspects of Country Strategy		
Country Strategy		
6. PSD aspects of the country strategy in CSPs. If feasible, compare CSPs prior to and after the commencement of the 2013-2017 PSD strategy.	The main areas of focus of the 2007-2011 and 2012-2016 CSPs were: strengthening governance, improving economic and corporate infrastructure. The few PSD aspects in the 2012-2016 CSP supported competitiveness by improving the business climate. The only operation in the 2012-2014 pipeline targeting PSD specifically was a small (UA 500,000) TA project (SO) to promote young agricultural business owners.	

Evaluation Topic	Narrative	Line of Evidence
	This is much different from the focus of the latest CSP (2017-2019). See Point 4 above.	
a. To what extent the country strategy identified the relevant PSD challenges and the assessments of needs and priorities in PSD (particularly the regulatory, legislative and institutional arrangements including private sector business and investment climate).	The CSP identifies several PSD challenges, needs, and priorities: lack of connection between industrial sectors which reduces synergies and the development of the industrial fabric based on SMEs; getting credit particularly for SMEs and VSEs; protecting minority investors; labor market effectiveness and the challenges of vocational and higher education in meeting the private sector's employment needs; the vulnerability of self-employed and/or informal sector workers; employment disparities affecting the youth, women, and some regions; and the low development and high fragmentation of agricultural value chains.	CSP 2017-2019
b. Alignment between PSD aspects of the Bank's country strategy and national level PSD policies, strategies and diagnostics. Responsiveness of the Bank in cases where country priorities changed or new priorities emerged.	The PSD aspects of the Morocco CSP are fully aligned with several national policies and strategies: in the area of competitiveness and industrialization, Morocco launched the Logistics Acceleration Plan in 2014 and the National Industrial Acceleration Plan for 2014-2020. In terms of employment and human capital training, Morocco adopted the 2015-2025 Employment Strategy and the 2015-2021 National Vocational Training Strategy in 2015. The 2017 finance law includes four development pillars, namely: (i) the acceleration of economic transformation through industrialization and exports; (ii) strengthening of competitiveness and promotion of private investment; (iii) improvement of human resources and the reduction of disparities; and (iv) institution-building and good governance. The Green Morocco Plan, the National Rural Development Strategy and the Development Fund for Rural and Mountainous Areas are flagship mechanisms for reducing inequalities in rural and disadvantaged areas though job creation. Lastly, the Government's objective is to ensure that renewable energy accounts for 42% of the electricity output by 2020.	CSP 2017-2019
c. Relevance of Bank's PSD strategy in the design and implementation of country PSD assistance and interventions. Differences in relevance for sovereign and non-sovereign programs.	The 2 pillars of the Morocco CSP Bank's PSD Strategy (support green industrialization by SMEs and the export sector, and improve the quality of life through jobs for youth, women and in rural areas) are well aligned with the Bank's PSD Strategy, whose 3 pillars address, among others:	AfDB Private Sector Development Strategy, 2013-2017

Evaluation Topic	Narrative	Line of Evidence
	(i) improving Africa's investment and business climate by further developing the formal sector, helping governments deepen and expand their financial and capital markets, strengthen their labor markets, and build the business skills of young people and entrepreneurs. (ii) expand business access to social and economic, hard and soft infrastructure, attract private investment to fill the infrastructure gap, supporting both public and private sectors to do so. (iii) Promote enterprise development by helping business gain access to finance, building its skills, and helping to add value to its activities. The Bank will, among others, invest in technology that can stimulate agricultural businesses. Although it is well aligned with the 3 pillars of the Bank's PSD Strategy, the 2017-2021 CSP does not mention the Bank's PSD Strategy. The previous CSP (2012-2016) was issued before the Bank's PSD Strategy.	
d. Adaptation of PSD solutions to country contexts including innovative approaches.	There were two particularly noteworthy approaches adopted by the Government: (i) Creating the enabling competition conditions and services to support all firms, especially SMEs, a fairly new focus for Morocco, has reaped tremendous results particularly in the automotive sector, which has overtaken phosphates as the country's largest export, making Morocco the continent's largest producer of personal vehicles, surpassing South Africa. The 2 phases of the Bank's Industrialization Acceleration Programme through SMEs and the Export Sector, a budget support operation, focused heavily on SMEs, although not on the automotive sector specifically. (ii) To strengthen the financing available to startups and innovative companies, the Moroccan Government has set up an innovation and seed financing mechanism, Innov-Invest. In 2019, the fund had committed \$24m and leveraged an additional \$43m from local and international, \$4m of which had been allocated to 67 start-ups as of May 2019. As of now, the Bank has not participated in the financing of Innov-Invest.	CPSD October 2019

Evaluation Topic	Narrative	Line of Evidence
e. Changes in Bank approach over time (for example, shift from upstream/sovereign to more transaction oriented/non-sovereign work or improved linkage between upstream and downstream).	The evolution of the Bank's direct lending to the private sector reflects the change in orientation to support PSD: at end 2011 (before the start of the 2012-2016 Morocco CSP), the Bank's active portfolio in Morocco did not have any direct financing to the private sector. The 2012-2016 CSP did not include any either but indicated that "in order to support the improvement of the business climate and the development of PPP initiatives, the Bank will explore the possibility of direct interventions in the private sector". Although not included in the tentative CSP pipeline, the first loan to the private sector took place in 2012. By June 2019, there were 4 NSOs in the Bank's portfolio, not include the first loan made in 2012 which has closed. The most recent CSP shows a pipeline of PSD projects for the 2017-2019 period where more than half of operations are NSOs (7/13).	CSP 2012-2016 CSP 2017-2021
Country PSD Dialogue & Partnerships		
7. Bank's strategic advice on PSD through dialogue or analytical work to country authorities. Topics considered: nature and level of private sector involvement in sector reforms, choice between public versus private investment, and types of PSD interventions. Evidence of advice based on incorporation in Government programs.	The Bank's knowledge work in PSD includes, among others, technical assistance to develop new guarantee products to facilitate access to financing for SMEs, and to study the establishment of logistics zones. It also includes studies on the regulatory and logistical constraints to SMEs, the development of a financial model for PPPs, and the identification of export tariff barriers in Africa.	CSP 2017-2019
8. Bank's involvement with relevant PSD stakeholders and partnerships (e.g. private sector associations, government authorities, beneficiaries, donors). Feedback from country visits regarding stakeholder views on strategic fit of the Bank's program and project delivery, coordination efforts and lessons learned.	There is a strong consensus among stakeholders interviewed during the in-country mission carried out for the purpose of this PSD Strategy evaluation, that PSD remains the strongest response towards a more sustained and inclusive growth. The major challenges to PSD noted in interviews were: business climate, SMEs' access to medium- and long-term financing, skills mismatch, infrastructure (power and transport), and the existence of a relatively large informal sector. Interviewees agreed that the Bank's presence among lenders builds confidence among other local and international lenders. TEKCIM, one of the four recipients of an NSO in the Bank's portfolio, indicated that only the maturity period is attractive to them as the relatively mature nature of the Moroccan financial market limits the Banks competitiveness in terms of pricing and conditions (interest rate and absence of local currency loan). Beneficiaries equally	AfDB Private Sector BTOR (1/8/2020) from Boubacar Ly, Evaluation Officer

Evaluation Topic	Narrative	Line of Evidence
	highlighted that the Bank's environmental and social safeguard requirements remain important value addition to their operations. These requirements have had a strong positive impact on the attention to be paid and the way these issues will be handled in the future by beneficiaries. Coordination with other development partners in the country does not include a formal thematic working group on private sector. However, the Bank has remained engaged on an informal basis with other partners on the issue and that there is strong informal collaboration with the Bank	
9. Major PSD donors/MDBs and the Bank's role in the country's PSD agenda. Coordination mechanisms/efforts vis-à-vis other major donors/MDBs.	The Bank, together with the WB, KfW, AFD and EU (and its institutions), is one of Morocco's leading donors. There are 3 key areas of commonality between the Bank and these institutions: (i) they all have similar strategies, involving the implementation of broad crosscutting approaches with very strong synergies between partners. This enables the leading partners to address major development challenges in an integrated and concerted manner, especially as these challenges are highly inter-dependent in emerging economies. It also makes it possible to diversify risk; (ii) there are strategic sectors in which Morocco's major partners are systematically committed. Such joint commitment builds substantial leverage in areas where financial and technical assistance needs are significant. However, the partners develop certain specificities in such operations; and (iii) the leading partners have also developed some very specific skills in selected sectors.	CSP 2017-2019
Section 3. Assessment of Private Sector Sovereign and Non-Sovereign Operations		
The checklist would need to be interpreted based on whether lending or non-lending/advisory operations were being considered. Even within lending interventions, separate consideration would be needed for investment and advisory services and analytical work (ESW), institutional capacity building and technical assistance.		
Sovereign Operations		
10. Quality at Entry.		
a. Project choices determined by CSP PSD priorities or responding to client requests for financing (beyond PSD priorities).	The one PSD operation listed in the CSP 2012-2016 and the 6 listed in the 2017-2021 CSP are strongly aligned with the PSD priorities from the Government and the Bank. In Morocco, SOEs are present and often dominant in the majority of sectors. The ICT sector is one of the rare sectors where the private sector dominates. The Bank's operational support has been essentially in the	CSP 2012-2016 CSP 2017-2021

Evaluation Topic	Narrative	Line of Evidence
	SOE-dominated sectors but, in view of their widespread presence, there is hardly a sector where the Bank could have intervened that was not dominated by SOEs.	
b. Assessment of development outcomes and additionality including ex-ante conduct of Cost-benefit Analyses (CBAs).	Project Appraisal Reports could only be found for very few of the PSD sovereign operations. One of the development outcome indicators for the 2 phases of the Industrialization Acceleration Support Programme (PAAIM I and II) were an improvement in the Doing Business Index from 75th (out of 190 countries) n 2016 to 60th in 2019 (for Phase I) and reaching 50th in 2020 (for Phase II). Actual 2019 ranking was 53rd , well positioned to meet the 2020 target. Actual data for indicators for other development outcomes could not be found. But, taken as a whole, the outcomes listed in the logical framework for each phase (increase in GDP growth, total PS investment,..) seem overly ambitious and not easily measurable. On the other hand, development outcomes for The Inclusive and Sustainable Development Support Program for Agricultural Sectors (PADIDFA) and for the Results-Based Programme for Improving Access to Employment (RBPIAE) are measurable and well related to the operation.	Doing Business 2020 PAR PADIDFA PAR RBPIAE
c. Tailoring of operational design based on assessment of country capacity to design, implement, monitor and evaluate PSD-SO policy reforms and operations.	The list of outputs (for operations for which PARs could be found) seems excessive to be achieved in the agreed timeframe. This is particularly true of PBOs with short (1-2 years) implementation timeframe and where the majority of outputs are reforms.	
d. Conduct of ESG due diligence.	Not applicable to PBOs. Information could not be found for investment operations.	
e. Risk allocation among public and private sectors.	Not applicable.	
11. Implementation Results.		
a. Achievement of development outcomes based on Level 1 RMF indicators e.g. reducing cost and time of starting a business, improving corruption perceptions, etc. (Table 1) or project DO indicators.	There were no Project Completion Reports available for the PSD projects in review. Some relevant information could be found in the Doing Business and the Global Competitiveness Indices. Morocco was ranked 43rd in starting a business (one of the topics of Doing Business) in 2019, a solid improvement of its 76th ranking in 2009. The country's overall ranking in the Global Competitiveness Index (GCI) has not moved much over the last ten years, always in the 70s (out of about 140 countries). One	Doing Business – WBG – 2009, 2019 Global Competitiveness Index – World Development Forum – 2011-2012, 2017-2018

Evaluation Topic	Narrative	Line of Evidence
	of the dimensions monitored is the percentage of respondents to the questionnaire who have identified corruption as one of the most problematic factors. This has not improved over the last few years. Corruption was the 2nd worst factor listed in the 2011-2012 GCI with 15.2% of respondent listing it as the worst. It was the worst factor in the 2017-2018 GCI (the last year when this dimension was presented in this form) with 15.1% of respondents listing it as the worst.	
b. Evidence on output performance of PSD enablers based on Level 2 RMF indicators (Table 1) or project output indicators.	No evidence was available	
c. Sustainability of outcomes beyond project closure/operational maturity.	No evidence was available	
d. Resilience of outcomes to risk (technical, financial, social, political, and other exogenous risks).	No evidence was available	
Non-Sovereign Operations		
12. Quality at Entry.		
a. Quality of cost-benefit analysis as per the Additionality and Development Outcomes Assessment (ADOA) Framework.	Project Appraisal Reports for the 4 NSOs in the portfolio at end June 2019 were not available.	
b. ESG due diligence	idem	
13. Implementation Results.		
a. Achievement of development outcomes based on level 1 RMF (Table 1) or project specific Additionality and Development Outcomes Assessment (ADOA) Framework indicators. Differentiate between financial (FRR) and non-financial additionality (ERR and other ADOA indicators).	idem	
b. Management of environmental and social impacts including through mitigation plans and compliance with safeguard policies.	The Environmental and Social Impact Assessment (ESIA) for the TEKCIM Cement Project covers very adequately the issues of compliance and mitigation. No information was available for the other 3 NSOs in the portfolio.	ESIA – Morocco-TEKCIM Cement Project – October 2017

Evaluation Topic	Narrative	Line of Evidence
Sovereign-Non-Sovereign Linkages		
14. Utilization of CSP or other mechanism as a business framework for maximizing synergies between upstream and downstream PSD operations.	The 2017-2019 pipeline of operations in the latest CSP shows strong synergies between SOs and NSOs. For example, the PAAIM I and II, both SOs, are complemented with NSOs such as the Investment Fund for Agro-industrial Development, the line of credit for industries and export enterprises integrating into global value chains, and the Investment Fund for the manufacturing industry. But the 1/8/2020 BTOR of the mission for this evaluation indicates that there is no evidence of strategic sequencing nor synergy between SOs and NSOs, whose support by the Bank continues to happen on a very opportunistic fashion.	CSP 2017-2021 BTOR 1/8/2020
Section 4. Assessment of Bank and Client Performance		
Bank Performance		
15. Quality At Entry. Using criteria previously identified, assessment of Bank performance in:		
a. CAS/PSD program design.	The choice of operations, sectors of intervention, and financing instruments are well aligned with the Bank's PSD Strategy and the Morocco CSP.	CSP 2017-2021
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. The assessment would identify common and differing factors for SOs and NSOs	Details on the implementation readiness and the M&E arrangements were quite skimpy for PAAIM I and II. In fact, the bulk of M&E seemed to rest with the Bank team instead of having a government structure be responsible for it. This is in contrast with the coverage for PADIDFA and RBPIAE where the information on implementation readiness and M&E arrangements are quite detailed and present a coherent and well-integrated approach.	PARs: PAAIM I and PAAIM II PADIDFA RBPIAE
16. Quality of Implementation /Supervision.		
a. Effectiveness of delivery of country PSD program.	Implementation/supervision of the operations are being implemented effectively	
b. Supervision of project content/PSD aspects including project restructuring to accommodate emerging needs or implementation challenges.	No information provided	
c. Supervision of Fiduciary and Safeguards.	No information provided	

Evaluation Topic	Narrative	Line of Evidence
17. Review of within Bank quality dimensions including impact of organizational structure, processes and incentives.		
a. Within Bank coordination of country level PSD activities (from the country needs assessment, to Bank's response by Bank regional hubs, country strategies, sector strategies and transactions/investments, lending and non-lending).	It was noted that the Bank Office in Morocco (COMA) is not sufficiently staffed in areas such as business development and that all private sector operations are managed from Tunis and Abidjan where transaction and portfolio management teams are posted. This results in limited interaction with the private sector, knowledge of context, and transaction opportunities.	BTOR 1/8/2020
b. Interaction between sovereign and non-sovereign teams at operational level as well as at regional, sectoral or strategic level.	No information provided	
Client and Government Performance		
18. Quality At Entry. Using criteria previously identified, assessment of Government/client performance in:		
a. CAS/PSD program design including: government ownership and commitment; and adequacy of consultations with stakeholders.	The Moroccan Government conducts the coordination of strategies and operations from all partners. Representatives from the relevant Government agencies and from development partners participate in several thematic groups (water, agriculture, social sectors,..), with the chairing of these groups handled either by Government officials or partners. The strong alignment between Morocco's various strategies and the Bank's Morocco CSP facilitates the Government ownership and commitment.	CSP 2017-2021
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. Assessment would identify common and differing factors for SOs and NSOs	The assessment presented above for the Bank's performance applies to the Government performance since the only details available are found in the Bank's SARs. Details on operational design were quite limited for PAAIM I and II, but were solid and well spelled out for PADIDFA and RBPIAE.	
19. Quality of Implementation/Supervision.		
a. Effectiveness of the delivery of country PSD program.	None of the Task Managers for operations in implementation had been interviewed at the time of this report.	BTOR 1/8/2020

Evaluation Topic	Narrative	Line of Evidence
b. Implementation of project content/PSD aspects including project restructuring due to emerging needs or implementation challenges.	No information available.	
c. Compliance with Fiduciary and Safeguards.	See discussion above re ESG requirements	
20. Review of client quality dimensions. Government organizational arrangements for PSD policy formulation and implementing agencies for PSD programs.	No information available.	

Côte d'Ivoire PSD Country Case Review

Evaluation Topic	Narrative	Line of Evidence
Section 1. Introduction and Background		
1. Country Context		
a. Relevant political economy developments	Cote d'Ivoire is the largest economy in French speaking West Africa. Civil war ended in 2011-2012, a new constitution was approved in 2016 and peacekeeping troops left after 14 years in 2017.	Economist Intelligence Unit Interview with Country Director, Interview with Lead country economist
b. Relevant macroeconomic developments	From 2013 to 2017, GDP grew an impressive 21%, from \$31.3bn to \$38.0bn. Agriculture (25% of GDP, almost 80% of total employment), and Services (55% of GDP) dominate. 50% of exports from Agriculture, with Cocoa making for 43% of all exports. HIPC completion point reached significantly reducing external debt.	World Development Indicators: www.wdi.worldbank.org Interview with Country Director, Interview with country portfolio manager
2. Overview of the country's development strategy and PSD strategy (if applicable)	The country's development strategy is formulated around the National Development Plan. The first NDP covers the period of 2012-2015 and lays the foundation for: improving the business climate; ensuring financing stability and increasing financial access; improving governance and transparency of public institutions; and increasing efforts to integrate regionally. Based on strong results achieved during 2012-2015 NDP, 2016-2020 NDP's main ambition is to transform "Côte d'Ivoire as an emerging country by 2020 with a solid industrial base." Five pillars support this ambition: Quality institutions and governance; Human capabilities; Changes in production and consumption patterns; Development of strategic infrastructure; and Regional integration and global trade and other networks. To strengthen the country's industrial base, the new NDP proposes a specific focus on agricultural output, promotion of the manufacturing sector and standard of living. Specific steps to modernize and	National Development Plan, IMF Country Report 16/388 December 2016 Interview with Ministry of Plan and Development Interview with Country Director, Interview with Country portfolio manager

Evaluation Topic	Narrative	Line of Evidence
	improve the business climate and access to credit for SMEs are identified, as well as plans to undertake major road and energy infrastructure projects, as a way to tackle negative externalities in the development of the private sector.	
3. Country Private Sector Development constraints and Main Challenges (from Government strategies).	Over the 2013-2017 period, the private sector grew significantly to become the main engine of growth, as it exceeded public consumption and investments in 2018. Several measures were undertaken including: overhauling the investment code to foster private investment; promoting local raw materials, production of competitive goods for domestic market and exports and creation of incentives for technology; and putting in place fiscal incentives for SMEs. Doing Business ranking sharply improved, from 177th in 2013 to 142nd in 2017, making it one of the top reformers in Sub Saharan Africa. Similarly, Transparency International's Corruption Perception Index, rose from 154th in 2011 to 103rd in 2017. However, structural deficiencies remain: despite its size, the agriculture sector has not contributed much to growth as it lacks diversification, suffers from low productivity, and is not linked to a flourishing transformation and agribusiness activity. Cote d'Ivoire supplies 40% of the world's cocoa but only receives between 5 and 7% of the profit generated by the sector globally. The industrial sector is still in a nascent state with a manufacturing activity mostly focused on the transformation of agricultural products with most manufactured goods being imported. Given the largely inadequate infrastructure, from poor electricity access to deficient transport networks, low skills development, and limited access to finance, diversification has been slow. The construction and telecommunication sectors have however helped sustain significant growth over the period. The retail sector is largely informal. Overall, private sector investments represented only 15% of GDP in 2016.	Country Strategy Paper, October 2013 IMF Country Report 16/388 December 2016 DoingBusiness report 2013, 2014, 2015, 2016, 2017 Transparency International Corruption Perception Index 2011, 2017 Interview with Ministry of Plan and Development

Evaluation Topic	Narrative	Line of Evidence
4. Bank Country Strategy and private sector development assistance program including advisory services, capacity strengthening and transaction services.	Cote d'Ivoire's CSP covers the years 2013-2017 and hence coincided with the original time horizon of the Bank's PSD strategy. CSP analysis of the private sector, completed in 2013, focuses on Cote d'Ivoire's poor business environment, lack of competitiveness, low access to finance and limited SME base in the composition of the private sector. It further emphasizes negative externalities that prevent the growth of a dynamic private sector, such as power shortages, limited transport connectivity. Three main pillars are highlighted in the CSP: 1- Strengthening governance and accountability, 2- Infrastructure development in support of economic recovery and 3- Repositioning of Cote d'Ivoire on the international scene. PSD is central to the implementation of the strategy. Under pillar 1, PSD activities support employment and vocational training, a national skills development strategy and improved financial governance. Under pillar 2, PSD activities focus on development of high potential value chains in the Center North and West regions (agricultural production, processing, marketing infrastructure, capacity building, support access to technologies, promotion of PPPs); improving the movement of goods (cross border corridors and development of a San Pedro autonomous port); electricity generation; direct support to private firms; PPPs for processing of agricultural products; establishment of growth poles; and supporting regionally oriented projects.	2013-2017 Private Sector Development Strategy: Supporting the transformation of the private sector in Africa Country Strategy Paper, October 2013
5. Summary of SO and NSO Country Portfolio	PSD activities supported by sovereign operations: PARCSI (2015): capacity building and business services to 50 industrial firms; value chains and supply chains analysis in the agro-industrial sector; support to quality and standardization; and marketing agreements between cooperatives and wholesalers PAGEC (2017): business environment reform: building permit, days to start a company, access to power; land reforms and land registry; and cacao value chain institutional structure PAGFIC (2018): institutional support and medium-term strategy for coffee-cacao sector; and marketing campaign	Interview with Country Portfolio Manager Project Appraisal reports: PARCSI, PAGEC, PAGFIC, PARES Interview with task managers of PARCSI, PAGEC, PARES, SUCDEN, Air Cote d'Ivoire, Zola CIV

Evaluation Topic	Narrative	Line of Evidence
	PARES (2019): Public procurement reform (geared towards more participation from the private sector in public tenders) and "Guichet emploi" in each city All operations are financed through ADF; two providing budget support (PAGEC and PARES) and two financing technical assistance (PARCSI and PAGFIC). NSOs: There were 10 operations; 4 operations for commodity finance (SUCDEN); 5 in energy (Azito, CIPREL, Singrobo and Zola) and 1 in air transport (Air Cote d'Ivoire). In addition, equity funds - which the Bank had invested in through multinational operations - made investments worth $24 million in 29 enterprises in Cote d'Ivoire.	
Section 2. Assessment of PSD Aspects of Country Strategy		
Country Strategy		
6. PSD aspects of the country strategy in CSPs. If feasible, compare CSPs prior to and after the commencement of the 2013-2017 PSD strategy.	The sovereign program includes a series of budget support operations to address youth employment and business environment while developing agricultural value chains, particularly cocoa, through sector-specific projects in energy, transport and agriculture sectors. To help bridge the infrastructure gap, the CSP also supported the development of agro-processing industrial zones to provide a conducive infrastructure platform to centralize and transform agricultural goods and provide specific investment incentives to firms. The non-sovereign program provides direct support to investors in strategic value chains, specifically in the cocoa sector. The CSP also proposes a specific PPP approach to help finance the large infrastructure gap in transport and energy. The CSP does not engage in significant activities to support the growth of SMEs during the review period; this was the only area of divergence between NDPs and the CSP.	Country Strategy Paper 2013-2017 Interview with Country Director, Country Portfolio Manager Interview with Director PINS

Evaluation Topic	Narrative	Line of Evidence
a. To what extent the country strategy identified the relevant PSD challenges and the assessments of needs and priorities in PSD (particularly the regulatory, legislative and institutional arrangements including private sector business and investment climate).	Cote d'Ivoire was classified as a fragile state during the CSP period. Consistent with good practice in fragile states the CSP proposes to improve the business environment while helping grow some value chains to jump start the economy and create jobs. The strategy sought to leverage private sector resources i.e. to identify private sponsors that would invest while using public resources to provide specific business development services to selected firms.	Country Strategy Paper 2013-2017 Interview with Country Director, Country Portfolio Manager
b. Alignment between PSD aspects of the Bank's country strategy and national level PSD policies, strategies and diagnostics. Responsiveness of the Bank in cases where country priorities changed or new priorities emerged.	The 2012-2015 and 2016-2020 NDPs sought to create a better level playing field for the private sector to grow, while focusing on a selected few marquee projects (such as agro-processing zones or PPPs) to signal Cote d'Ivoire's readiness to welcome investments and grow private sector activities. The PSD strategy – as contained in the CSP – supported this approach.	Interview with Ministry of Plan and Development, Ministry of Economy and Finance, Ministry of Investment Promotion Interview with CEPICI, CGECI Interview with IFC
c. Relevance of Bank's PSD strategy in the design and implementation of country PSD assistance and interventions. Differences in relevance for sovereign and non-sovereign programs.	The PSD portfolio composition reflects the three pillars of the Bank's PSD strategy and the special area of emphasis with regard to fragile states. There is a balance of cross cutting activities (such as business environment improvements, employment schemes), with specific support to three value chains (cocoa, pineapple and mango). Further, the approach is spatially focused on specific agricultural zones (in the Center West and North regions). This approach allows to support a diversification effort in the agricultural value chains, while providing new private sector development opportunities in areas that have been affected during the crisis. It also follows good practice in terms of nature of reforms: create a level-playing field for firms to start and grow, while providing financial support and fiscal incentives for firms to invest in well-defined value chains. This approach is	Interview with Country Director, Country Portfolio Manager, Director PINS

Evaluation Topic	Narrative	Line of Evidence
	consistent with what is considered as good practice in fragile countries, as it helps grow the private sector base, creates a better regional equilibrium and leads to jobs creation.	
d. Adaptation of PSD solutions to country contexts including innovative approaches.	While not new in 2012, agro-processing industrial zones were still fairly innovative in country and complex as they required the coordination of multiple public sector investments and relied on leverage from private sector investments. Similarly, while PPPs were not a new approach globally, they were new to the country and required attention to implementation given their complex implementation arrangements.	Interview with Director PINS
e. Changes in Bank approach over time (for example, shift from upstream/sovereign to more transaction oriented/non-sovereign work or improved linkage between upstream and downstream).	AfDB's approach in Cote d'Ivoire is deemed to have been pragmatic and successful, hence not needing a change in approach over time.	Interview with Ministry of Plan and Development Interview with Country Director and Country Portfolio Manager
Country PSD Dialogue & Partnerships		
7. Bank's strategic advice on PSD through dialogue or analytical work to country authorities. Topics considered: nature and level of private sector involvement in sector reforms, choice between public versus private investment, and types of PSD interventions. Evidence of advice based on incorporation in Government programs.	Specific analytical work on PSD, if existent, was not made available for the review.	Interview with Ministry of Development and Plan, Economy and Finance Interview with IFC Interview with CGECI, CEPICI Interview with Country Director, Portfolio Manager

Evaluation Topic	Narrative	Line of Evidence
8. Bank's involvement with relevant PSD stakeholders and partnerships (e.g. private sector associations, government authorities, beneficiaries, donors). Feedback from country visits regarding stakeholder views on strategic fit of the Bank's program and project delivery, coordination efforts and lessons learned.	Government authorities and stakeholders confirmed the high relevance of the Bank's activities for the NDP's PSD objectives. However, counterparts were often not well aware of the specifics of AfDB's PSD activities nor of its specific expertise in this area. PSD dialogue is primarily approached through the specific budget support transactions identified in the CSP which may dilute the focus on a dialogue on longer-term reforms.	Interview with Ministry of Development and Plan, Economy and Finance Interview with IFC Interview with CGECI, CEPICI
9. Major PSD donors/MDBs and the Bank's role in the country's PSD agenda. Coordination mechanisms/efforts vis-à-vis other major donors/MDBs.	Coordination seems to be transaction-based.	Interview with IFC, Proparco No response obtained from other donors / MDBs
Section 3. Assessment of Private Sector Sovereign and Non-Sovereign Operations		
The checklist would need to be interpreted based on whether lending or non-lending/advisory operations were being considered. Even within lending interventions, separate consideration would be needed for investment and advisory services and analytical work (ESW), institutional capacity building and technical assistance.		
Sovereign Operations		
10. Quality at Entry.		
a. Project choices determined by CSP PSD priorities or responding to client requests for financing (beyond PSD priorities).	It is not possible to assess whether the Bank selected its operations based on its own analysis or based on the demand emanating from the government (through the CSP); information was unavailable regarding analytical work from the Bank or other stakeholders. Nevertheless, the Bank's upstream interventions are fully consistent with the CSP and the NDP. The focus of interventions is on Governance through business environment reforms (Pillar 1 of the CSP), and specific infrastructure development in support of agricultural value chains (Pillar 2 of the CSP).	No exhaustive list of Analytical work made available Country Strategy Paper 20173-2017 National Development Plan Project Appraisal reports
b. Assessment of development outcomes and additionality including ex-ante conduct of Cost-benefit Analyses (CBAs).	A review of all development outcomes proposed under these operations reveals some over-ambitious objectives. For instance, the PARCSI indicates that the project will contribute to the creation of 250,000 jobs through, inter alia, the support of 50 SMEs. The project's outcomes also include the growth in the industrial sector	Project Appraisal Reports Interview with Task managers

Evaluation Topic	Narrative	Line of Evidence
	contribution to GDP (from 22% to 40%). In the same vein, the main PSD-related outcome in the PAGEC is the growth of investment to GDP (from 14% to 15%). While both the PARCSI and the PAGEC undoubtedly contribute to the growth of the private sector and of the GDP, creating a direct link from project intervention to these outcomes is not realistic. Contrasting with this approach, the PAGFIC's design is more conservative with outcomes are limited to specific activities, such as adoption of action plans or of strategies, and hence more realistic. No Economic Return analysis seems to have been conducted during the preparation and appraisal stages.	
c. Tailoring of operational design based on assessment of country capacity to design, implement, monitor and evaluate PSD-SO policy reforms and operations.	At the strategic level, the approach proposed by AfDB during the review period shows selectiveness and effectiveness in use of resources. Rather than embarking on country-wide reforms to help grow the private sector overall, the Bank chose the activities that were the most relevant to specific value chains in specific regions.	Interview with Country Director and Country Portfolio Manager Interview with Ministry of Plan and Development
d. Conduct of ESG due diligence.	ESG due diligence was not conduced on the PARCSI, PAGEC, PAGFIC and PARES as these four operations were classified under Environmental Category 3 (i.e. no adverse environmental and social impact). While this classification may generally be appropriate for budget support and TA operations, it is noteworthy that some activities in these operations support agriculture and agro-processing activities , which might, hence, indirectly be associated with environmental impacts,	Project Appraisal Reports
e. Risk allocation among public and private sectors.	Not applicable.	
11. Implementation Results.		
a. Achievement of development outcomes based on Level 1 RMF indicators e.g. reducing cost and time of starting a business, improving	Only one operation (out of four) has been fully disbursed at the time of this evaluation. It is, hence, not possible to assess effectiveness or efficiency.	Interview with task manager

Evaluation Topic	Narrative	Line of Evidence
corruption perceptions, etc. (Table 1) or project DO indicators.		
b. Evidence on output performance of PSD enablers based on Level 2 RMF indicators (Table 1) or project output indicators.	PARCSI: there were delays in project implementation and the project became effective one year after approval and faced implementation challenges due to delayed no-objections. At the time of evaluation, implementation pace had picked up with the expectation of the task team for the project to be fully disbursed by end 2020. Status of key performance indicators could not be verified as no mid-term review had been undertaken. PAGEC: became effective after the review period; no information on its results is available at this stage. PAGFIC: became effective in March 2019, and no inference can be made at this stage from implementation experience. PARSEC: had not been implemented yet.	Interview with task managers XSRs were not provided Mid Term review documents were not provided
c. Sustainability of outcomes beyond project closure/operational maturity.	Given the lack of XSR, not inference is possible	
d. Resilience of outcomes to risk (technical, financial, social, political, and other exogenous risks).	It is difficult to attribute achievement of outcomes to Bank support since outcomes such as growth of the industrial sector, number of jobs and growth of the private sector GDP depend on factors beyond project interventions. In designing operations, the Bank has balanced interventions supporting cross-cutting and sector-specific activities.	Interview with task managers
Non-Sovereign Operations		
12. Quality at Entry.	NSOs are developed based on demand from the private sector which usually makes it difficult for the Bank to influence the sector and type of intervention. In the case of Cote d'Ivoire however, the Government sent a clear signal on the type of PPPs and flagship transactions it wanted to develop during its CSP. In this context, the structure of the portfolio seems to indicate that AfDB made a clear choice to focus operations that fit the country strategy: support to the cocoa value chain (SUCDEN), develop the energy potential (Azito, Sogrebo and Zola) and focus on regional transport (Air Cote d'Ivoire). As a consequence, all NSO operations supported during	Interview with Ministry of Development and Plan Interview with Country Director and Country Portfolio Manager Country Strategy Paper 2013-2017 National Development Plan

Evaluation Topic	Narrative	Line of Evidence
	the review period are relevant and strongly aligned with the AfDB's PSD strategy and the CSP. The NSO portfolio also reflects the appropriate use of a range of financial instruments. For instance, the SUCDEN operation allowed to pilot the first soft commodity trade finance instrument extended by the Bank. The Zola Energy project proposed a very innovative partial credit guarantee secured against receivables (receivable backed financing). The Air Cote d'Ivoire operation proposed the use of a partial risk guarantee to crowd in private financing. More traditional instruments such as equity financing and senior debt were also used.	
a. Quality of cost-benefit analysis as per the Additionality and Development Outcomes Assessment (ADOA) Framework.	No specific cost benefit analysis, no consistent reporting on the additionality between public and private financing, hence not allowing to draw conclusions	Project Appraisal Report
b. ESG due diligence	Not applicable in the documents provided	Project Appraisal Report
13. Implementation Results.		
a. Achievement of development outcomes based on level 1 RMF (Table 1) or project specific Additionality and Development Outcomes Assessment (ADOA) Framework indicators. Differentiate between financial (FRR) and non-financial additionality (ERR and other ADOA indicators).	The mobilization of private sector finance for each transaction is the most important outcome of the NSOs reviewed since this leverages scarce public resources. For each of the transaction reviewed, private sector financing was mobilized as per project appraisal documents. However, the appraisal documentation did not provide consistent information on leverage and implementation status reports were not available to verify actual leverage when transactions had reached financial close. Other Outcomes in project documents refer to the general impact on regional air transport (Air Cote d'Ivoire), the impact on jobs in the value chain (SUCDEN), the impact on Gender (Zola). Project documents do not refer to a specific theory of change or results framework to justify AfDB's intervention. No baseline or benchmark is provided, making any causal link difficult to establish. Outputs are more specific in nature and provide a precise information on what the financing will allow to achieve, such as the number of jobs generated during the construction period (e.g. Singobro), the additional electrical capacity generated and distributed (Ciprel and	Project Appraisal Reports Country Strategy Paper 2013-2017

Evaluation Topic	Narrative	Line of Evidence
	Zola), and the number of planes acquired (Air Cote d'Ivoire), and the possible impact on farmers (SUCDEN). The information provided on Outputs seems to be consistent with the purpose of the investment and reflects well the project objective. Overall, the information provided in the Project Appraisal Reports is not sufficient to confirm the causal link between the intervention and the expected Outcome. All proposed Outcomes are consistent with the overall country strategy. Outputs identified in project documents correctly report the marginal effect of the investment, from capacity generated to plane purchased.	
b. Management of environmental and social impacts including through mitigation plans and compliance with safeguard policies.	No information provided in project document	Project Appraisal Reports
Sovereign-Non-Sovereign Linkages		
14. Utilization of CSP or other mechanism as a business framework for maximizing synergies between upstream and downstream PSD operations.	The link between policy interventions and SME growth was overlooked both on the sovereign side as well as for the linkages between sovereign and non-sovereign operations. Establishing this link is essential to create opportunities for firms to grow and hence create jobs. One project (PARCSI) supports the growth of 50 SMEs and proposes concrete actions to help improve the business environment in selected value chains. However, this activity seems to be very limited in the context of the overall expected outcomes.	Country Strategy Paper 2013-2017 National Development Plan Project Appraisal Reports
Section 4. Assessment of Bank and Client Performance		
Bank Performance		
15. Quality At Entry. Using criteria previously identified, assessment of Bank performance in:		
a. CAS/PSD program design.	The choice of projects, sectors of intervention, and financing instruments, are strongly consistent with the Bank's private sector development strategy and with Cote d'Ivoire's CSP. Upstream operations are well complemented by a series of targeted downstream operations (NSO). It should be noted that the PPPs that were appraised and delivered during that review period, were considered as risky and difficult transactions. Yet, they were all successfully delivered (and still under implementation) with a high	Country Strategy Paper 2013-2017 Interview with Country Director

Evaluation Topic	Narrative	Line of Evidence
	leverage between public and private financing, hence enhancing the efficiency of the Bank's intervention.	
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. The assessment would identify common and differing factors for SOs and NSOs	AfDB's role in selecting and delivering NSOs was effective and efficient. AfDB focused on transactions that were directly and specifically linked to the NDP and therefore the CSP. Some of the transactions were seen as "flagships" in that they involved well known firms in critical sectors, such as Air Cote d'Ivoire in air transport, SUCDEN in the cocoa value chain, or visible PPPs such as CIPREL in power generation. Cote d'Ivoire was moving out of a critical crisis period in 2013 and these investments sent a strong message to the private sector and the international community in terms of the country's investment readiness. It is undeniable that AfDB played a critical role in this signaling. However, the Bank's additionality is often not well explained in project documents: it is difficult to assess whether AfDB's intervention is what allowed to close the financing, or why it is not crowding out private financing. For instance, it is not clear why SUCDEN, a French firm with a solid balance sheet, did not raise corporate financing in Europe as an alternative to seeking AfDB's financing. Finally, PPP transactions are structured on a value-for-money principle. In the case of this review, all transactions were either fully implemented or still in implementation at the time of the review, with the exception of one SUCDEN Soft Commodity financing facility that was never put in place in 2015 for reasons that were outside of AFDB's control .	
16. Quality of Implementation /Supervision.	No specific information provided on supervision or implementation	
a. Effectiveness of delivery of country PSD program.	The upstream and downstream operations helped support critical sectors and deliver critical PPPs. AFDB's intervention was effective	Interview with Ministry of Development and Plan Interview with CEPICI and CGECI Country Strategy Paper 2013-2017

Evaluation Topic	Narrative	Line of Evidence
b. Supervision of project content/PSD aspects including project restructuring to accommodate emerging needs or implementation challenges.	No information provided	
c. Supervision of Fiduciary and Safeguards.	No information provided	
17. Review of within Bank quality dimensions including impact of organizational structure, processes and incentives.		
a. Within Bank coordination of country level PSD activities (from the country needs assessment, to Bank's response by Bank regional hubs, country strategies, sector strategies and transactions/investments, lending and non-lending).	The CSP in Cote d'Ivoire was already under implementation during changes within the Bank (i.e. the adoption of the High 5s and the new organizational structure). By the time the CSP was fully implemented, there was no longer a specific PSD specialist tasked with leading the PSD dialogue with government or other stakeholders. Sovereign PSD Operations were the responsibility of the country economic and governance team and the dialogue on PSD was subsumed within the overall macro-economic dialogue and not conducted separately as a PSD dialogue.	AfDB Annual Report
b. Interaction between sovereign and non-sovereign teams at operational level as well as at regional, sectoral or strategic level.	Teams working on sovereign and non-sovereign are aware of the overall program and priority.	Interviews with task managers.
Client and Government Performance		
18. Quality At Entry. Using criteria previously identified, assessment of Government/client performance in:		
a. CAS/PSD program design including: government ownership and commitment; and adequacy of consultations with stakeholders.	The choice of projects, sectors of intervention, and financing instruments, are strongly consistent with the Bank's private sector development strategy and with Cote d'Ivoire's CSP. Upstream operations are well complemented by a series of targeted downstream operations (NSO).	Country Strategy Paper 2013-2017 National Development Plan Interview with Ministry of Development and Plan Interview with Director NIPS

Evaluation Topic	Narrative	Line of Evidence
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. Assessment would identify common and differing factors for SOs and NSOs	For some of the Upstream operations, the proposed Outcomes are not directly linked to the activity. Given the low number of Upstream operations (SOs), however, it is difficult to draw a general conclusion on the quality of their results framework. Results frameworks are generally missing from project documents in Downstream operations (NSOs), and incomplete information is provided on Additionality of AfDB's intervention. Nonetheless, each transaction proved relevant, aligned with the government's objectives and led to a PPP with significant private sector mobilization.	Interviews with task managers, Interview with Country Portfolio manager
19. Quality of Implementation/Supervision.		
a. Effectiveness of the delivery of country PSD program.	The appraisal of some upstream operations may have taken longer than initially expected (as seen with the PARCSI for instance), but no general conclusion can be drawn from this.	Interviews with task manager Interviewswith Ministry of Plan and Development
b. Implementation of project content/PSD aspects including project restructuring due to emerging needs or implementation challenges.	In the absence of XSRs, it is not possible to draw general conclusion in terms of delays nor pace of implementation. The Downstream operations seem to be on track. The main objectives of the SO have been met.	Interviews with task manager
c. Compliance with Fiduciary and Safeguards.	No specific information provided on Fiduciary compliance. See above re ESG requirements in the design of SOs and NSOs.	Project appraisal reports. No XSR provided. Mo mid-term review or progress report provided
20. Review of client quality dimensions. Government organizational arrangements for PSD policy formulation and implementing agencies for PSD programs.	The Ministry of Plan and Development has a cabinet official in charge of PSD activities. The Ministry of Investment Promotion deals with some of the aspects of the PSD agenda. In spite of a well articulated government strategy on PSD, there does not seem to be a strong coordination on PSD issues at the government level or with business/entrepreneur associations.	Interview with Ministry of Plan and Development Interview with Ministry of Investment Promotion Interview with CGECI, CEPICI

Evaluation Topic	Narrative	Line of Evidence
Section 1. Introduction and Background		
1. Country Context		
a. Relevant political economy developments	Highly decentralized Government (47 counties) raises challenges of dialogue, design and implementation challenges. In 2015, a Presidential Delivery Unit was established to help coordinate, monitor, evaluate and report on key development priorities. In January 2019, the Government has also established a framework for coordination and implementation of its national development programs. There is a structure at Cabinet level, Technical ministry level, regional and county development levels (the PDU has formal representation at these last two levels).	PDU website: https://www.delivery.go.ke/ Executive Order 1 of 2019
b. Relevant macroeconomic developments	IMF Article IV mission in November 2019 noted that real GDP growth had averaged 5.6 percent in the first half of 2019, despite late onset/below average rainfall affecting agriculture production. Inflation stood at 5.0 percent in October (year-on-year). The current account deficit narrowed, and foreign exchange reserves were adequate. Credit growth remained low (6.6 percent year-on-year in October) but was expected to rise due to the (then) recent elimination of interest rate controls and credit products targeting small enterprises. The budget deficit had reached 7.7 percent of GDP in FY2018/19.	IMF website: November 2019 Article IV press release
2. Overview of the country's development strategy and PSD strategy (if applicable)	Vision 2030 is the long-term (2008-2030) development plan with the vision of a globally competitive and prosperous nation. The plan has three pillars: economic, social and political. The goal of the economic pillar is to maintain a sustained 10 percent growth rate over 25 years. Six focus sectors are identified: tourism, agriculture, wholesale and retail trade, manufacturing, business process offshoring and financial services.	Vision 2030 and Third Medium-Term Plan

Evaluation Topic	Narrative	Line of Evidence
	The vision is being implemented through a series of Medium-Term Plans with the Third Medium-Term Plan (2018-2022) - MT III – underway. It prioritizes implementation of the Big 4 initiatives i.e. The initiatives are: increasing manufacturing share of GDP from 9.2 to 15 per cent and agro-processing to at least 50 per cent of total agricultural output; building 500,000 affordable houses across the country; enhancing Food and Nutrition Security through construction of dams for irrigation, construction of food storage facilities and implementation of high impact nutritional interventions and other initiatives; and, achieving 100 per cent Universal Health Coverage. Additionally, the Plan targets improving Kenya's Doing Business rank from 80 to at least 45. 8 priority sectors identified: in addition to 6 in Vision 2030, Oil, Gas and Mineral Resources; and the Blue Economy were added.	
3. Country Private Sector Development constraints and Main Challenges (from Government strategies).	MT III identifies challenges in the 8 priority sectors and in 9 'foundations' i.e. infrastructure; ICT; STI; land reforms; public sector reforms; labor and employment; national values and ethics; ending drought emergencies; and security, peace building and conflict resolution. Legal, policy and institutional reforms are identified.	Third Medium-Term Plan
4. Bank Country Strategy and private sector development assistance program including advisory services, capacity strengthening and transaction services.	CSP 2019-2023 has two pillars. Pillar I: supporting industrialization. Areas of focus: reduce cost of doing business by investing in critical national and regional infrastructure, namely, transport, energy, and water sanitation; support private sector development for value addition and job creation through policy, legal, institutional and regulatory reforms; and support SME's increased participation in value addition in the B4's priority areas (manufacturing, agro- processing, and housing). Pillar II: enhance skills and capacity development. Areas of focus: improve employability of youth and women through low and	CSP 2009-2023

Evaluation Topic	Narrative	Line of Evidence
	medium level skills development, and address capacity and knowledge gaps in identified sectors. Non-lending advisory services include: (i) supporting government policy, legal, regulatory and institutional reform agenda to improve Kenya's ranking in WB Doing Business indicator; and (ii) improving government capacity to implement the B4 agenda by capacitating the Presidential Delivery Unit (PDU) in the President Office to deliver on the Big 4 agenda.	
5. Summary of SO and NSO Country Portfolio	56 projects – UA 2,411 mm. Energy – 17 UA 613 mm; Transport – 9 UA 595 mm; Water Supply & Sanitation 10 UA 588 mm; Finance – 9 UA 379 million; Agriculture – 6 UA 138 mm; social – 3 UA 94 mm; telecom 1 UA 4 mm; multisector 1 UA 1 mm. [Need SO/NSO breakdown] PSD portfolio consisted of 1 sovereign project and 3 NSO projects (see Annex for description). There were also 7 financial sector projects which had been reviewed under case study of FSDPS evaluation and were, hence, not assessed as part of this case study.	Portfolio data provided by country office
Section 2. Assessment of PSD Aspects of Country Strategy		
Country Strategy		
6. PSD aspects of the country strategy in CSPs. If feasible, compare CSPs prior to and after the commencement of the 2013-2017 PSD strategy.	PSD content was largely invariant in CSPs from the period before PSDS (2008-2012) to the period after i.e. 2014-2018 and 2019-2023. Each CSP had two pillars. Pillar I: 2008-2012 - supporting infrastructure development for growth; 2014-2018 – enhancing physical infrastructure to unleash growth; 2019-2023 – supporting industrialization. Pillar II: 2008-2012 - enhancing employment opportunities for poverty reduction; 2014-2018 – developing skills for emerging labor markets; 2019-2023 – enhancing skills and capacity development. Significant continuity in PSD content over 3 CSPs due to the fact that the national development strategy had already focused on private sector development. Given the CSPs' alignment with this, there was limited change in the PSD content of pre- and post- PSD strategy.	CSP 2008-2012, CSP 2014-2018 and CSP 2019-2023

Evaluation Topic	Narrative	Line of Evidence
a. To what extent the country strategy identified the relevant PSD challenges and the assessments of needs and priorities in PSD (particularly the regulatory, legislative and institutional arrangements including private sector business and investment climate).	CSP draws on MT III analysis of private sector constraints, included consultations with KEPSA (which has its own prioritized analysis of private sector constraints which it formally consults with Government on) and also includes an Annex on growth diagnostics (using Hausmann methodology).	CSP 2019-2023 and MT III
b. Alignment between PSD aspects of the Bank's country strategy and national level PSD policies, strategies and diagnostics. Responsiveness of the Bank in cases where country priorities changed or new priorities emerged.	Alignment is high between Government strategy (Vision 2030 and MT III) and AfDB CSPs.	
c. Relevance of Bank's PSD strategy in the design and implementation of country PSD assistance and interventions. Differences in relevance for sovereign and non-sovereign programs.	Relative to the PSD strategy's 3 pillars, there was a heavy focus on Pillar II - renewable energy IPPs – and Pillar III - financial sector lending. There was a limited focus on Pillar I other than non-lending TA to PDU; other donors (WB/IFC) had a more significant program. 2019-2023 pipeline includes other areas such as agribusiness/value chain development and skills development but too early to evaluate.	
d. Adaptation of PSD solutions to country contexts including innovative approaches.	The Presidential Delivery Unit project – though involving activities beyond PSD – could be considered an innovative approach supporting implementation coordination and M&E across the Government. The project sought to draw upon Bank staff experience in setting up a delivery unit to coordinate implementation of its High 5 agenda.	PDU PAR
e. Changes in Bank approach over time (for example, shift from upstream/sovereign to more transaction oriented/non-sovereign work or improved linkage between upstream and downstream).	2012 CSPE had recommended that, given the Bank's comparative advantage in PPPs, it should catalyze leveraging of funds particularly in the energy sector. Attracting private sector participation ended up requiring the use of the Bank's sovereign financing to encourage private sector involvement. This included: sovereign lending, ADF	CSPE 2002-2012

Evaluation Topic	Narrative	Line of Evidence
	Partial Risk Guarantees and concessional finance (particularly climate finance). Lake Turkana Wind Power Project: the Bank administered a Euro 10 million grant from the Dutch Government for road construction and subsequently issued the first ever ADF PRG for Euro 20 million. Menengai Geothermal Project: the Bank funded close to $400 million in geothermal steam drilling and collection. These activities were perceived to be risky and would not have been funded by the private sector. It obtained USD 29.65 million of funding from the Clean Technology Fund (for two IPPs). It also provided an ADF PRG of approximately USD 11.3 million. This upstream financing supported 3 downstream IPPs; the Bank is investing in two out of the three IPPs. Kopere Solar Power Project: included USD 11.6 million of concessional funding from the Scaling-Up Renewable Energy Program, one of the Climate Investment Funds. This amount constituted 24% of debt financing and 18% of total project finance.	
Country PSD Dialogue & Partnerships		
7. Bank's strategic advice on PSD through dialogue or analytical work to country authorities. Topics considered: nature and level of private sector involvement in sector reforms, choice between public versus private investment, and types of PSD interventions. Evidence of advice based on incorporation in Government programs.	The Bank support is provided through a non-lending TA project to the Presidential Delivery Unit which is funded from the MIC Technical Assistance Fund ($1.8 million) and by the Government ($0.8 million). Since the MTIII and B4 includes manufacturing and the improvement of Doing Business Rankings, the PDU TA also supports coordination of the implementation of the PSD agenda.	PDU PAR
8. Bank's involvement with relevant PSD stakeholders and partnerships (e.g. private sector associations, government authorities,	Kenya has a formal public-private dialogue process involving the Kenya Private Sector Alliance – KEPSA – which is an umbrella private sector association, the Government and other stakeholders.	Private Sector Government Roundtable on Economic Stimulus, Jobs, Investment and

Evaluation Topic	Narrative	Line of Evidence
beneficiaries, donors). Feedback from country visits regarding stakeholder views on strategic fit of the Bank's program and project delivery, coordination efforts and lessons learned.	Structured interactions occur through a Presidential Round Table, a Ministerial Stakeholder Forum, a Speakers Roundtable (with Parliament), Council of Governors Forum, Chief Justice Forum, etc. The PDU coordinates Government's interactions with KEPSA in this regard and the Bank TA support this as well. The Bank included KEPSA as part of the CSP consultations but ongoing interactions appear to be limited.	Revenue: Summary of key agreements for joint implementation. KEPSA, National Treasury and PDU. Economic Transformation Proposals: Private Sector Presentation to National Treasury & Planning, January 2020.
9. Major PSD donors/MDBs and the Bank's role in the country's PSD agenda. Coordination mechanisms/efforts vis-à-vis other major donors/MDBs.	Local donor PSD thematic group has been dormant; efforts are underway to revive it but progress has been slow. There appears to be limited interaction between AfDB staff in Nairobi and other donors on the PSD agenda and limited donor awareness of the Bank's PSD programs.	Interviews with donors
Section 3. Assessment of Private Sector Sovereign and Non-Sovereign Operations		
The checklist would need to be interpreted based on whether lending or non-lending/advisory operations were being considered. Even within lending interventions, separate consideration would be needed for investment and advisory services and analytical work (ESW), institutional capacity building and technical assistance.		
Sovereign Operations		
10. Quality at Entry.		
a. Project choices determined by CSP PSD priorities or responding to client requests for financing (beyond PSD priorities).	Projects reviewed were aligned with CSP PSD priorities.	
b. Assessment of development outcomes and additionality including ex-ante conduct of Cost-benefit Analyses (CBAs).	There were issues with the level of ambition in the project's Theory of Change (see section below on implementation results) which arose in part due to the ambition of the Government's program. Nevertheless, the project could have more clearly demarcated a more modest set of outcomes and more concrete outputs for its contributions to the Government program.	
c. Tailoring of operational design based on assessment of country capacity to design,	The PDU Project design over-estimated the extent to which the Government program/McKinsey support had defined the details of	Interviews with client and staff.

Evaluation Topic	Narrative	Line of Evidence
implement, monitor and evaluate PSD-SO policy reforms and operations.	the B4 agenda. In fact, a significant portion of the 'implementation period' was spent on detailed design. Since this design work has now been completed, the next phase of the project (which is under discussion) is likely to be more implementation ready. The B4 agenda (and the PDU work) covers a large number of projects (11,000 per the PAR) spread across the country. While it was reasonable to support design of a monitoring system that included all the projects, the project could have focused on a smaller subset, for example the top hundred projects, for more detailed monitoring.	
d. Conduct of ESG due diligence.	Not applicable	
e. Risk allocation among public and private sectors.	Not applicable	
11. Implementation Results.		
a. Achievement of development outcomes based on Level 1 RMF indicators e.g. reducing cost and time of starting a business, improving corruption perceptions, etc. (Table 1) or project DO indicators.	The PDU project had ambitious DO indicators (launch of B4 initiatives and successful achievement of their Dos and reduction in problem projects in the AfDB portfolio) which are unlikely to be met. However, this is not an implementation issue but due to a weak Theory of Change which expected a small TA operation to influence the outcomes chosen.	PDU PAR
b. Evidence on output performance of PSD enablers based on Level 2 RMF indicators (Table 1) or project output indicators.	The PDU project outputs are focused on number of persons trained and training sessions, meetings held and reports. Even if these indicators were achieved it is unclear whether these are appropriate measures of project outputs. Given that reducing Bank problem projects was one of the expected outcomes there should have been output indicators focused on this aspect. Bank projects under implementation and their PIUs do not appear to be benefited from the enhanced capacity of the PDU through greater collaboration. The link between the two has thus far been weak.	PDU PAR
c. Sustainability of outcomes beyond project closure/operational maturity.		
d. Resilience of outcomes to risk (technical, financial, social, political, and other exogenous risks).	The institutionalization of development program oversight committees and the role of the PDU are likely to provide resilience to outcomes absent a major Government restructuring.	

Evaluation Topic	Narrative	Line of Evidence
Non-Sovereign Operations		
12. Quality at Entry.		
a. Quality of cost-benefit analysis as per the Additionality and Development Outcomes Assessment (ADOA) Framework.	The three energy projects all undertook economic and financial analyses and ADOA reviews which appear to be of reasonable quality.	Project appraisal documents
b. ESG due diligence	The three energy projects all undertook ESG due diligence	Project appraisal documents
13. Implementation Results.	The program focus on energy as an enabling condition has led to an increased supply. However, industrial demand for energy has not increased. Hence, while the program will help improve energy sector effectiveness (which is outside the scope of the PSD evaluation), immediate increases in industry/manufacturing are less evident. Pillar I definition (industrialization) in 2019-2023 CSP is more specific regarding expected impact but it is unclear whether industry will respond (with expected lags).	
a. Achievement of development outcomes based on level 1 RMF (Table 1) or project specific Additionality and Development Outcomes Assessment (ADOA) Framework indicators. Differentiate between financial (FRR) and non-financial additionality (ERR and other ADOA indicators).	LTWP: Economic rates of return need to be recalculated at project financial close but were likely lower than originally calculated due to two reasons and higher due to one reason. First, the base case EIRR of 9.6% was based on USD 110/barrel; the PAR indicated that at USD 70/barrel, EIRR would be reduced to 11.7%. Given that oil price has ranged recent years this has ranged between USD 50-60/barrel, EIRR should be lower. Second, EIRR/FIRR may be lowered as transmission line project delays led to Euro 141.5 million of deemed energy payments – Euro 80 million through a tariff increase over 6 years, Euro 56 million of payments by KPLC and another Euro 5.5 million still under discussion. Third, project revenues are higher than expected due to higher tariff of 8.5 c/kwh (compared to Euro 7.52 c/kwh) and production being 12% higher than projected. The other two projects are at early stage of implementation and it is too early to assess achievement of DOs. The 2012 CSPE had already pointed to the likely sustainability of the Bank's energy sector investments; this conclusion remains with the caveat regarding the drag that prior fossil fuel power plants have on sector sustainability.	Project and supervision documents

Evaluation Topic	Narrative	Line of Evidence
b. Management of environmental and social impacts including through mitigation plans and compliance with safeguard policies.	LTWP: At the time of appraisal, there were considered to be no indigenous people within the project area. After that time, the Bank changed its IP definition and announced that the project area included IP. There is also an ongoing court case alleging the illegal expropriation of land from the local community; this case had been pending for several years in the Kenyan court system though a hearing was scheduled in late January 2020 (after the IDEV mission).	Project appraisal and supervision documents and press reports.
Sovereign-Non-Sovereign Linkages		
14. Utilization of CSP or other mechanism as a business framework for maximizing synergies between upstream and downstream PSD operations.	The energy NSO portfolio benefited from relevant upstream SOs (in the case of geothermal) and from sovereign guarantees (PRGs). Hence, there are good examples of sovereign-non-sovereign linkages particularly in case of the Menengai geothermal program. It should be noted that verification of NSO alignment with CSP is de facto the responsibility of AfDB. CSP only includes NSO projects where transactions have advanced to the point that disclosure does not raise confidentiality concerns. Government/National Treasury does not have knowledge of or responsibility for overseeing NSO program since AfDB and private/financial sector interact directly on transactions. Government is involved in limited cases where its support is required i.e. letter of support or PRGs.	
Section 4. Assessment of Bank and Client Performance		
Bank Performance		
15. Quality At Entry. Using criteria previously identified, assessment of Bank performance in:		
a. CAS/PSD program design.	The CAS PSD design is consistent with the national plan as well as with the Bank's PSD strategy.	
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. The assessment would identify common and differing factors for SOs and NSOs	PDU: Project was not ready for implementation though it is unclear that this could be attributed to the Bank (see earlier comments). Energy projects: The Bank has played a pivotal role in the design of various transactions. In the case of the LTWP, it remained engaged and stepped up its involvement after the World Bank withdrew as a financier. In the case of Menengai, it has been involved from an early stage providing a significant portion of the	Interviews with public and private sector clients and staff and project documents.

Evaluation Topic	Narrative	Line of Evidence
	close to $500 million of investment in drilling and steam capture. This investment was in activities which were considered to be too speculative for private sector investment. Once the investment was made, this has unlocked the potential for close to 100 MW of private power generation. The Bank has already taken one 30 MW IPP to the Board and is preparing another 30 MW IPP. It is administering funding from the Clean Technology Fund for two IPPs. It is also providing a PRG to provide assurances regarding performance by GDC which is the steam supplier and KPLC which is the offtaker. In the case of the Kopere Solar Power Project, the Bank was instrumental in obtaining the SREP funding which the project sponsor indicated played a critical role in ensuring the project's financial viability. Given private sponsor involvement and third party validation (which is the norm in such transactions), projects were well prepared. There is a core team working on transaction structures across the energy NSO projects allowing for learning and operational design improvements.	
16. Quality of Implementation /Supervision.		
a. Effectiveness of delivery of country PSD program.	Not assessed. PSRs were only available for the LTWP. PSRs were not available for the other 3 projects.	
b. Supervision of project content/PSD aspects including project restructuring to accommodate emerging needs or implementation challenges.	PDU TTL is field based. Energy team is decentralized with additional expertise provided from HQ. Client feedback (Government or project sponsors as relevant) is positive with regard to staff responsiveness to implementation challenges	
c. Supervision of Fiduciary and Safeguards.	Applicable for LTWP only thus far. Separate supervision missions undertaken for these aspects.	
17. Review of within Bank quality dimensions including impact of organizational structure, processes and incentives.	DBDM had limited impact on energy sector staff whose decentralization had already begun during move from Tunis to Abidjan. Greater impact on Private Sector, Infrastructure (non-energy) and Industrialization regional unit which handles NSO transactions. The local team does not, however, handle all transactions and some transactions were still undertaken directly by PIVP.	Staff interviews.

Evaluation Topic	Narrative	Line of Evidence
a. Within Bank coordination of country level PSD activities (from the country needs assessment, to Bank's response by Bank regional hubs, country strategies, sector strategies and transactions/investments, lending and non-lending).	With the PSD staff dispersion across PINS, sectors and regions, there is limited - if any - PSD thematic coordination within the Bank.	Staff interviews.
b. Interaction between sovereign and non-sovereign teams at operational level as well as at regional, sectoral or strategic level.	Limited.	Staff interviews.
Client and Government Performance		
18. Quality At Entry. Using criteria previously identified, assessment of Government/client performance in:		
a. CAS/PSD program design including: government ownership and commitment; and adequacy of consultations with stakeholders.	Government involvement in the CSP preparation process. However, ownership is limited to the sovereign program as Government does not engage in the NSO program unless guarantees or other Government actions are involved.	Client interviews.
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. Assessment would identify common and differing factors for SOs and NSOs	PDU: Procurement challenges with hiring 16 individual consultants which led to implementation delays. Moreover, there were difficulties in requiring a Government unit with weak capacity (hence the TA) to manage support from so many individual consultants. Consideration should be given during the next phase to hiring a firm with responsibility for making internally consistent recommendations and managing consultants. Energy: LTWP took 13 years from wind tests/conception to delivery of power, Menengai could take 10 years (if construction completed per schedule) and Kopere is likely to take around 10 years (given that it is 1-2 years behind its financial close timetable). While lengthy preparation is a characteristic of PPPs in general and the projects are in different renewable sub-sectors (hence differing technical designs) there have been some common lessons. For example, in the first project (LTWP), the transmission line was not part of the program package; hence, when power was generated, there was no way to evacuate the power but under the 'take or pay'	Client and staff interviews.

Evaluation Topic	Narrative	Line of Evidence
	arrangements, KPLC was required to address a significant 'deemed energy' payment. In the subsequent projects (i.e. both Menengai Geothermal and the Kopere Solar Power Plant), the transmission line is funded and implemented as part of the project. Similarly, while the first two projects (i.e. LTWP and Menengai) required PRGs (for different sponsor concerns both related to SOE payment assurances), the Kopere Solar Power project does not have an accompanying PRG.	
19. Quality of Implementation/Supervision.		
a. Effectiveness of the delivery of country PSD program.	Satisfactory. The TTL for the PDU is Nairobi based. The energy projects are supervised by a mix of Nairobi based and HQ staff and consultants.	
b. Implementation of project content/PSD aspects including project restructuring due to emerging needs or implementation challenges.	Long development cycles; lessons learned may potentially shorten future development cycles. The repeater sequence of IPP transactions (Lake Turkana Wind, Menengai, Kopere) has resulted in the development of a common understanding/expectation among all parties concerned (Government/parastatals, developers and AfDB) and could make future repeater transactions occur over a shorter time cycle. While projects have been in different renewable sub-sectors, there is a core knowledge base (in terms of contractual arrangements including legal documentation) and capacity (of local legal profession and Government/ parastatals) has developed. While the use of renewable resources allows for a more environmentally sustainable base load, the lower unit cost of renewable energy has not been passed onto the consumer since the existing thermal base load has to be funded (under take or pay arrangements). Reductions in unit costs will only materialize over the medium-term when current thermal and more expensive base load purchase arrangements expire.	
c. Compliance with Fiduciary and Safeguards.		
20. Review of client quality dimensions. Government organizational arrangements for		

Evaluation Topic	Narrative	Line of Evidence
PSD policy formulation and implementing agencies for PSD programs.		

Evaluation Topic	Narrative	Line of Evidence
Section 1. Introduction and Background		
1. Country Context		
a. Relevant political economy developments	DRC is slowly recovering from years of conflicts which created a protracted economic and social slump. However, the security situation in some regions continues to be a cause for concern. A new coalition Government was announced in August 2019, six months after the election of the new President. This Government adopted in December 2019 the 2019-2023 National Strategic Plan for Economic and Social Development (PNSD) which had been in preparation for 3 years. The PNSD presents the trajectory for the country to become a MIC, then an emerging economy, and finally a developed country. The actual PNSD text was not available online. None of the relevant links on the country's official website were working. This information was gathered from media reports.	African Economic Outlook 2020 DRC: Update of CSP 2013-2018 to end-2020 and 2018 CPPR (March 2019) The World Bank (https://www.worldbank.org/en/country/drc/overview) (April 2019)
b. Relevant macroeconomic developments	Real GDP growth dropped to 4.3% in 2019 from 5.8% in 2018 due to a slowdown in extractives, the economy's main driver. Agriculture suffered from low productivity while energy shortages have hindered industrialization efforts. The current account deficit dropped from 3.9% of GDP in 2018 to 2.6 % of GDP in 2019, financed primarily by direct foreign investment. The Government has also launched several sector reforms to boost governance in the management of natural resources and improve the business climate. Virtually all mining, oil, and forestry contracts awarded by the Government are now accessible to the public. Mining and oil and gas legislation was also amended to enable the State to further benefit from harnessing these resources. However, systematizing the	African Economic Outlook 2020 The World Bank (https://www.worldbank.org/en/country/drc/overview) (April 2019)

Evaluation Topic	Narrative	Line of Evidence
	procedures necessary for a competitive process in awarding mining, oil, and forestry contracts requires additional effort on the part of the Government. Reforms instituted to improve the business climate include laws on public-private partnerships, the liberalization of the insurance sector, and telecommunications.	
2. Overview of the country's development strategy and PSD strategy (if applicable)	The country's development strategies need to be assessed at two different reference points: • The country's development strategy in place at the time of the preparation of the original 2013-2017 CSP, the 2011-2015 Growth and Poverty Reduction Strategy Paper (GPRSP) focused, among others on strengthening of governance and consolidation of peace; economic diversification, acceleration of growth and employment promotion. This was to be achieved by laying strong foundations for the diversification of the economy by strengthening infrastructure, improving governance and institutional capacity, and ensuring the rapid development of a greater contribution by the private sector to economic growth. • The country's most recent development strategy, the 2019-2023 National Strategic Plan for Economic and Social Development (PNSD) adopted end 2019 was not available online. However, the updated CSP indicates that the newly-elected President outlined the following priorities: (i) pacification of the entire national territory; (ii) the fight against poverty through social actions and an innovative policy of national cohesion; (iii) rehabilitation and consolidation of the rule of law; (iv) the fight against corruption and anti-values; (v) promotion of the press and media; (iv) development of human capital through youth and women's promotion; (vii) development of rural areas by building basic social infrastructure to better control rural exodus; and (viii)	DRC – 2011-2015 Growth and Poverty Reduction Strategy Paper (GPRSP) DRC: Update of CSP 2013-2018 to end-2020 and 2018 CPPR (March 2019)

Evaluation Topic	Narrative	Line of Evidence
	simplification of administrative procedures in key sectors of national life to improve the business climate, development of tourism, free movement of goods and people, and accessibility of all Government services to citizens.	
3. Country Private Sector Development constraints and Main Challenges (from Government strategies).	The GPRSP had identified several challenges: insufficient infrastructure, governance and institutional capacity, and poor economic diversification. The IFC has not carried out a Country Private Sector Diagnostic (CPSD) for DRC. But the World Bank published a Systematic Country Diagnostic for DRC, in which it noted that a poor business climate is the top obstacle to PSD. The main factors are: • Lack of Effective Implementation of Reforms. Over the past years, DRC has been adopting and implementing a comprehensive program of regulatory reforms to improve its business environment. This demonstrates that the country has the capacity to make efforts to improve its business climate when there is committed leadership. In practice, however, there is a discrepancy between the introduction of new regulations and their actual implementation on the ground. The expected improvements of reforms are often slow to take place. • Weak Commercial Legal System. Businesses lack confidence in the courts to uphold their rights because of widespread corruption, lack of independence, understaffing, lack of expertise, and inadequate equipment. • Weak Financial Infrastructure and Regulation. The banking sector largely dominates the Congolese financial sector, and the top four banks hold nearly 60 percent of total banking assets and about 62 percent of deposits. The banking sector comprises 18 licensed banks representing 95 percent of the total financial system.	DRC – 2011-2015 Growth and Poverty Reduction Strategy Paper (GPRSP) DRC – Systematic Country Diagnostic – World Bank (March 2018) G20 Compact with Africa - 2017

Evaluation Topic	Narrative	Line of Evidence
	• Shortage of Skills on the Labor Market. There is a significant mismatch between the general education curriculum and the skills sought by employers. There is a scarcity of skilled workers for sectors such as services (banking, insurance), agribusiness, mining, construction, and manufacturing. • Narrow Market of Business Development Services (BDS). Demand for BDS is extremely high, but the BDS landscape has yet to develop and grow in maturity. The majority of entrepreneurs start a business out of necessity and more than 75 percent operate in the informal sector, of which only a few have access to quality BDS. MSMEs cite lack of skills and business knowledge in the targeted sectors as two of the major constraints to growth.	
4. Bank Country Strategy and private sector development assistance program including advisory services, capacity strengthening and transaction services.	The original 2013-2017 CSP had 2 pillars: (i) develop infrastructure to support private investment and facilitate regional integration; and (ii) build Government's capacity to increase public revenue and create an incentive framework for private investments. These pillars were maintained in the revised CSP which extends to 2019-2020 but, under Pillar I, greater attention will be paid, among others, to strengthening the link between infrastructure projects and agricultural production areas. Under Pillar II, new interventions will focus on creating the conditions for an inclusive and diversified growth, driven by private investment, particularly in the agricultural sector. The 2013-2018 operational programme included several activities in support of PSD: several operations in support of infrastructure development, a project for youth entrepreneurship in agriculture and agribusiness, a study of agribusiness parks, and 2 NSOs: the NYUMBA Cement Works project, and a line of credit to Raw bank. The indicative 2019-2020 lending Programme included 7 operations, of which 5 support PSD: 3 in infrastructure, of	DRC: Update of CSP 2013-2018 to end-2020 and 2018 CPPR (March 2019)

Evaluation Topic	Narrative	Line of Evidence
	which 1 to support agribusiness park infrastructure, 1 in agricultural value chains development, and 1 line of credit to Sofibanque. With regards to technical assistance and ESW specifically addressing PSD challenges, the extended CSP includes feasibility studies for the DRC component of the Central-Africa Fibre-Optic Backbone Project DRC has not joined the G20 Compact with Africa, whose objective is to promote private investments in Africa, including in infrastructure. There is no information available to shed a light on the efforts the Bank is making to help DRC join the compact, which would provide an additional framework to help the country.	
5. Summary of SO and NSO Country Portfolio	The Bank's active portfolio at end 2018 included 31 public sector operations in 6 sectors: transport (41%), energy (26%), agriculture (12%), water and sanitation (12%), governance (7%), and social (2%). The portfolio as presented in the document in reference did not include any NSO. Yet, the NYMBA Cement project was still in execution at end 2018, date of the CPPR. The line of credit to Raw bank was not yet effective at end 2018.	DRC: Update of CSP 2013-2018 to end-2020 and 2018 CPPR (March 2019)
Section 2. Assessment of PSD Aspects of Country Strategy		
Country Strategy		
6. PSD aspects of the country strategy in CSPs. If feasible, compare CSPs prior to and after the commencement of the 2013-2017 PSD strategy.		
a. To what extent the country strategy identified the relevant PSD challenges and the assessments of needs and priorities in PSD (particularly the regulatory, legislative and	The 2 pillars of the 2013-2017 country strategy properly identified PSD challenges and aimed at reducing them. At the national level, priority was given to sustainable infrastructure development likely to boost economic growth such as energy, transport and rural tracks; paying close attention to the effective contribution of such infrastructure	

institutional arrangements including private sector business and investment climate).	to strengthening the community fabric and development of local enterprises. Further, the CSP recognized that, in order to produce effective results, this first priority needed to be accompanied by the removal of the other major constraints on the economy as a whole, in particular governance and weak institutional capacity. Consequently, the CSP would also provide support to the pursuit of appropriate reforms aimed at improving central and sector governance, improving the business climate with a view to enhancing the overall performance of the economy and building the public administration's capacity to steer the economy and induce increased private sector investment in wealth and job creation. On the regional front, the CSP was guided by DRC's privileged location in Central Africa, especially its size, its common borders with nine other countries and its huge natural potential. This position offers exceptional regional integration-related benefits, especially in terms of commercial exchanges with the other countries of the region, which must be revitalized and intensified.	
b. Alignment between PSD aspects of the Bank's country strategy and national level PSD policies, strategies and diagnostics. Responsiveness of the Bank in cases where country priorities changed or new priorities emerged.	The Bank's PSD aspects in its country strategy were solidly aligned with the country's priorities in these areas. The Bank's country strategy was extended to 2020, which gave it the opportunity to finetune the areas of interventions it would pursue in PSD. No new priorities emerged but, rather, more clarity on specific aspects of the existing priorities with, for example, greater attention to be paid to strengthening the link between infrastructure projects and agricultural production areas.	DRC – 2011-2015 Growth and Poverty Reduction Strategy Paper (GPRSP)
c. Relevance of Bank's PSD strategy in the design and implementation of country PSD assistance and interventions. Differences in relevance for sovereign and non-sovereign programs.	There is an evident evolution of the focus of the Bank's country strategy before and after the Bank's PSD strategy. The original 2013-2017 CSP was produced before the Bank's PSD Strategy was published. The indicative lending programmed focused overwhelmingly on supporting the development of infrastructure. The extended CSP, going to 2020, includes an indicative lending programme that	AfDB Private Sector Development Strategy, 2013-2017

	continues to support infrastructure but targets other dimensions of PSD such as agribusiness park, agricultural value chains, and line of credit to a bank.	
d. Adaptation of PSD solutions to country contexts including innovative approaches.	Some finetuning decisions made at the time of the extension of the CSP may not be truly innovative but they reflect the Bank's ability to sharpen the focus of its interventions as the needs of the country evolve. For example, the strengthening of the linkage between infrastructure projects and agricultural production areas reflects the importance attached to diversification of the productive sector. Another example is, with a view to promote renewable energies, the decision to establish a framework for financing green mini-grids, a first in DRC. Finally, the financing of feasibility studies for the DRC component of the Central-Africa Fibre-Optic Backbone Project, would help advance the country ICT and thus support PSD operations.	
e. Changes in Bank approach over time (for example, shift from upstream/sovereign to more transaction oriented/non-sovereign work or improved linkage between upstream and downstream).	The points presented in section 6.c above show the evolution of the Bank's approach, not necessarily in terms of SO/NSO but in the increased focus on PSD activities.	
Country PSD Dialogue & Partnerships		
7. Bank's strategic advice on PSD through dialogue or analytical work to country authorities. Topics considered: nature and level of private sector involvement in sector reforms, choice between public versus private investment, and types of PSD interventions. Evidence of	The CSP does not differentiate the dialogue the Bank had with all stakeholders by type of stakeholders. The following information applies to all. In close coordination with the Government, the Bank held a series of consultations with the main Government departments, TPFs, private sector operators, civil society representatives, members of the provincial governments, and the economic and financial commissions of the Provincial	

advice based on incorporation in Government programs.	Assemblies. These focused on the country's constraints, development opportunities and challenges, the issues of coordination and role sharing among TFPs as well as the strategy to be envisaged by the Bank to help DRC to address them. The stakeholders stressed the need to: (i) seek enhanced complementarity between the interventions of the Government, technical and financial partners and the private sector; (ii) take the country's fragile situation into consideration through capacity building, improved governance and by closing the infrastructure gap; (iii) show long term commitment; (iv) assist the private sector to develop productive investment by financing pilot PPP operations, supporting SME/SMIs and economic and sector work; (vi) mainstream the on-going decentralization in the strategy's implementation; and (v) involve civil society more closely in project formulation, implementation and monitoring/evaluation.	
8. Bank's involvement with relevant PSD stakeholders and partnerships (e.g. private sector associations, government authorities, beneficiaries, donors). Feedback from country visits regarding stakeholder views on strategic fit of the Bank's program and project delivery, coordination efforts and lessons learned.		
9. Major PSD donors/MDBs and the Bank's role in the country's PSD agenda. Coordination mechanisms/efforts vis-à-vis other major donors/MDBs.		
Section 3. Assessment of Private Sector Sovereign and Non-Sovereign Operations		
The checklist would need to be interpreted based on whether lending or non-lending/advisory operations were being considered. Even within lending interventions, separate consideration would be needed for investment and advisory services and analytical work (ESW), institutional capacity building and technical assistance.		
Sovereign Operations		
10. Quality at Entry.		
a. Project choices determined by CSP PSD priorities or responding to client requests for financing (beyond PSD priorities).	The Bank's priorities in the original CSP 2013-2017 were anchored by the following two complementary pillars:(i) development of private investment and regional integration support infrastructure; and (ii) building central government's capacity to increase public revenue and create an enabling framework for private investment. The operations presented in the tentative 2013-2017 lending program were consistent with these priorities (see details in section 4 above). The Bank's priorities in the extended CSP 2019-2020 added: (i) a stronger focus on the link between infrastructure	DRC – CSP 2013-2017

	projects and agricultural production areas; and (ii) a stronger focus on the agricultural sector when creating the conditions for an inclusive and diversified growth, driven by private investment. The tentative 2019-2020 lending program reflected this increased focus (see details in section 4 above).	
b. Assessment of development outcomes and additionality including ex-ante conduct of Cost-benefit Analyses (CBAs).	Only 2 PARs could be found for the operations included in the original CSP, and 2 more for the PSD operations in the tentative 2019-2020 lending program. In all four cases, the development outcomes were relevant, well aligned with the overall Bank strategy in terms of PSD measures, and with the objectives of the operations.	
c. Tailoring of operational design based on assessment of country capacity to design, implement, monitor and evaluate PSD-SO policy reforms and operations.	For the 4 operations for which PARs could be found, the nature and the quantity of measures to be undertaken seemed commensurate with the country's capacity.	
d. Conduct of ESG due diligence.	No information available.	
e. Risk allocation among public and private sectors.	Not applicable.	
11. Implementation Results.		
a. Achievement of development outcomes based on Level 1 RMF indicators e.g. reducing cost and time of starting a business, improving corruption perceptions, etc. (Table 1) or project DO indicators.	DRC ranked 183rd/190 in the Doing Business 2020. The only topic in which it ranked relatively well (54th) is in starting a business. The country's very poor rankings in trading across borders (187th), paying taxes (180th), and enforcing contracts (178th) confirm some of the points made earlier: the need to substantially increase commercial exchanges within the region and particularly with its 9 neighboring countries; weak institutions and regulation; and an inadequate commercial legal system which results in businesses lacking confidence in the courts. DRC ranked 139th/141 in the 2019 Global Competitiveness Index, ranking among the lowest economies in all dimensions except in market size (96th). Its lowest rankings	Doing Business 2020 Global Competitiveness Index 2019

	were in infrastructure (140th), macroeconomic stability (140th), institutions (138th), ICT adaptation (138th), financial systems (135th), and business dynamism (134th). These rankings confirm that the challenges identified earlier as obstacle to private sector development remain in place.	
b. Evidence on output performance of PSD enablers based on Level 2 RMF indicators (Table 1) or project output indicators.	No information available.	
c. Sustainability of outcomes beyond project closure/operational maturity.	No information available.	
d. Resilience of outcomes to risk (technical, financial, social, political, and other exogenous risks).	No information available.	
Non-Sovereign Operations		
12. Quality at Entry.		
a. Quality of cost-benefit analysis as per the Additionality and Development Outcomes Assessment (ADOA) Framework.	There were 2 NSOs in the tentative 2013-2018 operational programme (NYMBA Cement and a line of credit to Raw bank), and one NSO in the tentative 2019-2020 lending program (line of credit to Sofibanque). Relevant information could only be found for one: The NYUMBA Cement Works Project: There is no ADOA-based analysis presented in the PAR but the report notes that [in addition to the project-specific development outcomes presented in the logical framework] the project will also act as a strong showcase to attract further FDI in the country, acting as a demonstrative effect as the non-extractives industry suffers from reduced appetite for investment in the country.	
b. ESG due diligence	No information available.	
13. Implementation Results.		

a. Achievement of development outcomes based on level 1 RMF (Table 1) or project specific Additionality and Development Outcomes Assessment (ADOA) Framework indicators. Differentiate between financial (FRR) and non-financial additionality (ERR and other ADOA indicators).	No information available.	
b. Management of environmental and social impacts including through mitigation plans and compliance with safeguard policies.	In January 2018, the Principal Environmental Specialist for the NYUMBA Cement Project participated in a lenders' meeting regarding E&S concerns on the project. These concerns are not detailed but the wide scope of the actions to be taken by the cement company suggests that E&S problems were widespread. These actions were in the following areas: (i) Corporate Management System and ESMS; (ii) Organizational Capacity, training and competency; (iii) Monitoring, internal auditing and reporting; (iv) Emergency response plan; (v) External communication; (vi) Stakeholder Engagement Plan and Grievance mechanism; (vii) Community Development; (viii) Worker conditions and terms of employment; (ix) Health and Safety Risk assessments; (x) Surface, Soil and groundwater contamination and storm water; (xi) Hazardous material management; (xii) Air quality monitoring. The May 2018 BTOR makes no mention of E&S concerns.	
Sovereign-Non-Sovereign Linkages		
14. Utilization of CSP or other mechanism as a business framework for maximizing synergies between upstream and downstream PSD operations.	There is no such discussion in either the original 2013-2017 CSP or the extended 2019-2020 CSP.	

Section 4. Assessment of Bank and Client Performance		
Bank Performance		
15. Quality At Entry. Using criteria previously identified, assessment of Bank performance in:		
a. CAS/PSD program design.	The 2 pillars of the 2013-2017 country strategy were well aligned with the country's priorities at the time (see Section 6.a). They concentrated on: (i) the development of sustainable infrastructure to boost economic growth and help develop local enterprises; and (ii) improving governance and institutional capacity. These pillars were maintained in the extended CSP but, in view of the evolving country priorities and the lessons drawn from the implementation of the original CSP, their focus was sharpened to concentrate on the specific areas such as the link between infrastructure projects and agricultural production areas.	
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. The assessment would identify common and differing factors for SOs and NSOs	The PSD operations included in the tentative lending programs presented in the original and the extended CSP were consistent with the PSD priorities outlined in the CSPs. The Project Appraisal Reports that could be found for some of these operations showed that: • Project objectives were aligned with the country's and the Bank's strategies, and that the expected outcomes and outputs were aligned with the objectives. Further, the number of these outcomes/outputs and their indicators was not excessive, and showed that the country's capacity to implement had been taken into consideration. • The M&E arrangements were well articulated. • The implementing agencies were ready. However, comparing projected and actual lapsed time between Board approval and effectiveness shows that readiness is too often overly optimistic in PARs. This is not specifically about the operations identified in this review	

	for which, unfortunately, actual effectiveness dates could not be found.	
16. Quality of Implementation /Supervision.		
a. Effectiveness of delivery of country PSD program.	The Portfolio Performance Evaluation included in the end 2018 CPPR showed that, out of the 12 PSD operations for which scores were provided on progress towards achievement of development objectives, 8 had a score of 4 (out of 4), and 4 had a score of 3, giving an average score of 3.7.	
b. Supervision of project content/PSD aspects including project restructuring to accommodate emerging needs or implementation challenges.	The 13 documents regarding supervision/implementation provided for this review concerned one single operation, the NYUMBA Cement Project. They focused exclusively on the project's financial performance. Even the PSR section "Effectiveness of Loan Supervision" offered no information on supervision.	
c. Supervision of Fiduciary and Safeguards.	Idem. None of the documents identified in the previous section addressed fiduciary or safeguard issues, except for one BTOR (January 2018) which focused exclusively on the E&S difficulties. But these were never addressed in later BTORs/PSRs.	
17. Review of within Bank quality dimensions including impact of organizational structure, processes and incentives.		
a. Within Bank coordination of country level PSD activities (from the country needs assessment, to Bank's response by Bank regional hubs, country strategies, sector strategies and transactions/investments, lending and non-lending).	As a general remark, the search engine of the Bank's website makes it hard, if not impossible, to find relevant information. This is probably true for internal searches as well. PSD activities and responsibilities are spread over a number of units, which makes one wonder about the level of coordination. The one specific fact that would indicate that within Bank coordination is not optimal is the fact that environmental and social concerns about the NYUMBA Cement project must	

	have been serious enough to warrant a lenders' meeting in Denmark early 2018, which the project's Principal Environmental Specialist attended, and that later BTORs/PSRs never mentioned this issue.	
b. Interaction between sovereign and non-sovereign teams at operational level as well as at regional, sectoral or strategic level.	No information provided.	
Client and Government Performance		
18. Quality At Entry. Using criteria previously identified, assessment of Government/client performance in:		
a. CAS/PSD program design including: government ownership and commitment; and adequacy of consultations with stakeholders.	As detailed in sections 7-9 above, the CSP indicates that the Government was at the center of all consultations with stakeholders, which would signal that it was committed and owned the process.	
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. Assessment would identify common and differing factors for SOs and NSOs	There is not sufficient information available to assess the Government's contributions during the design phase of PSD projects. But, when PARs were available, the logical frameworks were complete, with base data, expected outputs and outcomes, which would indicate that the Government had agreed to these measures. This was true for SOs and NSOs.	
19. Quality of Implementation/Supervision.		
a. Effectiveness of the delivery of country PSD program.	The only information available on implementation and supervision concerned the NYUMBA Cement Project.	
b. Implementation of project content/PSD aspects including project restructuring due to	Idem	

emerging needs or implementation challenges.		
c. Compliance with Fiduciary and Safeguards.	Idem in general, but serious concerns on E&S in NYUMBA Cement Project.	
20. Review of client quality dimensions. Government organizational arrangements for PSD policy formulation and implementing agencies for PSD programs.	No information available.	

Evaluation Topic	Narrative	Line of Evidence
Section 1. Introduction and Background		
1. Country Context		
a. Relevant political economy developments	While Nigeria's CPIA score was more favorable than the mean scores of West Africa and Africa overall, it has been on a downward trend since 2012, due to weak fiscal position and slow progress on structural and governance reforms. The FGN is nonetheless committed to continuing reforms to improve the country's standing.	
b. Relevant macroeconomic developments	While the production structure of the economy has changed markedly since 2012 with the real sector now dwarfing the contribution of the oil sector, oil revenues continue to account for about three quarters of total fiscal revenues, resulting in severe physical vulnerability and budget unpredictability. The recent decline in oil revenues has thus forced the government into a more expansionary fiscal policy. At about 6% Nigeria's revenue to GDP ratio is amongst the lowest in the world and the country is in urgent need of increasing domestic resources. Overall the macroeconomic environment is presently characterized by negative growth, weakening revenues, rapidly depreciating currency, depletion of foreign exchange reserves and soaring inflation.	
2. Overview of the country's development strategy and PSD strategy (if applicable)	Against this macroeconomic backdrop, the EGRP is somewhat of a stopgap policy framework to contain the slide in macroeconomic conditions, by restoring growth and making it more sustainable and inclusive. Aspects of EGRP's implementation framework has resulted in implementation delays causing the government to introduce remedial measures such as Focus Labs based on the Malaysian model. The central objective of Locus Labs is to harness private capital to finance projects across the country. While the provisions of the ERGP (macro stability, agriculture & food security,	Statehouse Website; Update to CSP,

Evaluation Topic	Narrative	Line of Evidence
	energy sufficiency, transportation infrastructure and small & medium scale industrialization) are likely to be supportive of private sector development in the longer run, they only indirectly focus on private sector development.	
3. Country Private Sector Development constraints and Main Challenges (from Government strategies).	Nigeria is a country of "many paradoxes" and has complex development challenges to confront and resolve. These include election related impediments to policy implementation, internal conflicts and security issues particularly in the Northeast and Niger Delta region, low tax revenues and the lack of adequate human and physical capital. All these, combine to impede the development of the private sector as the engine of growth. In terms of the regulatory environment, even though the World Bank doing business scores have improved for Nigeria, moving it to 145th position from 160th, the DB report only covers Lagos State and might not be representative of the country as a whole. In any case, a rank of 145 needs substantial improvement in order to support robust private sector development.	Update to CSP,
4. Bank Country Strategy and private sector development assistance program including advisory services, capacity strengthening and transaction services.	The CSP (2013-2017), which would need to be extended to accommodate delays in the EGRP, focuses on two strategic pillars: (i) sound policy environment and social inclusion; (ii) investment in critical infrastructure. The related Bank operations have focused on policy advice, delivery of analytical work and policies to reduce unemployment and social exclusion (Pillar I), as well as alleviating infrastructure bottlenecks, promoting agricultural development and easing financing constraints for SMEs (Pillar II). Other than the mobilization of private capital or large infrastructure projects, and the easing of financing for SMEs, the strategy documents provide little other evidence of specific private sector targeted operations.	CSP (2013-2017)
5. Summary of SO and NSO Country Portfolio	TBD	
Section 2. Assessment of PSD Aspects of Country Strategy		
Country Strategy		

Evaluation Topic	Narrative	Line of Evidence
6. PSD aspects of the country strategy in CSPs. If feasible, compare CSPs prior to and after the commencement of the 2013-2017 PSD strategy.	Pillar II of the CSP (2005-2009) was designed to contribute to a more conducive environment for private sector activity through improved water supply and sanitation, power supply and enhanced road transport and mobility. There were about 13 private sector projects in the portfolio in 2005 with X private sector projects added over the duration of the strategy period. The CPPR prepared at the beginning of CSP (2013-2017) rated all private sector operations as satisfactory with an average rating of 2.4. Both pillars of CSP (2013-2017) would help to create a conducive environment for private sector development through support for a sound policy environment and investment in critical infrastructure to promote the real sector. The primary private sector focus of this CSP and its update was on mobilizing private finance for large infrastructure projects. The level of private sector interventions appears to have increased over the current CSP, with the portfolio increasing from about 14 private sector projects to about 27 projects by June 2018. PSD support at end of 2017, amounted to a portfolio comprising LOCs which accounted for 70 percent of the private sector portfolio while senior loan and equity accounted for 27 percent and 3 percent, respectively. The portfolio is consistent with the Bank's CSP 2013-2017 as well as the High 5 agenda	CSP (2005-2009); CSP (2013-2017); CSP (to 2019 Update)
a. To what extent the country strategy identified the relevant PSD challenges and the assessments of needs and priorities in PSD (particularly the regulatory, legislative and institutional arrangements including private sector business and investment climate).	In view of limited ADF and ADB resources available to the country and its huge financing needs, the CSP leveraged third-party investments in the form of co-financing and set a facilitating role by mobilizing other investors including emerging partners such as BRIC. Implementing instruments were to include project lending, Public Private Partnership (PPP) arrangements, Partial Risk Guarantees (PRG), capacity building, economic and sector work and budget support. This aligned with all three the pillars of the bank's private sector development strategy. The CSP identifies several key	CSP Update 2019; PSD Strategy for Africa 2013-2017;

Evaluation Topic	Narrative	Line of Evidence
	PSD challenges. These include weak management of the country's vast oil and gas resources, governance and weak institutional capacity, inadequate infrastructure, lack of long-term financing for SMEs, challenging social harmony, and a weak business environment. These were seen to be exacerbated by weaknesses in policy formulation and implementation. The three Pillars of the strategy combined to address these weaknesses.	
b. Alignment between PSD aspects of the Bank's country strategy and national level PSD policies, strategies and diagnostics. Responsiveness of the Bank in cases where country priorities changed or new priorities emerged.	National level PSD policies as reflected in the PSD Strategy document (2013-2019) were built around three pillars of activities combining analysis, advice, practical assistance and financing, to be delivered through sovereign and non-sovereign lending and non-lending activity. These were reflected in the strategic implementation plan for 2015 and its successor the ERGP 2017-2020, which was a part of the vision20:2020. Both pillars of the CSP appropriately aligned with Nigeria's development priorities as outlined in the National Integrated Infrastructure Master Plan (NIIMP) 2014-11 2030 and the ERGP 2017-2020, as well as the Bank's High 5s. The Bank's operations have also supported private-sector-led infrastructure development. The CSP was extended to accommodate the delays and implementation of the ERGP and the updated CSP also reflected the high 5s objectives as they came to be included in the development agenda. The CSP and its subsequent updates thus closely aligned with the evolution of country priorities as they changed and emerged.	CSP 2013-2017; CSP Update 2019; PSD Strategy for Africa 2013-2017;
c. Relevance of Bank's PSD strategy in the design and implementation of country PSD assistance and interventions. Differences in relevance for sovereign and non-sovereign programs.	All Bank-financed projects are aligned with the country's development priorities as reflected Annex V of the CSP update. These include 29 sovereign projects most of which are directed to make infrastructure resources available to the private sector, and 33 non-sovereign projects which primarily make financing available to SMEs and other private entities including for agriculture and	Annex V of the CSP update

Evaluation Topic	Narrative	Line of Evidence
	agribusiness. However, as mentioned in 4 above, the bulk of the financing has been infrastructure oriented, in support of Pillar II.	
d. Adaptation of PSD solutions to country contexts including innovative approaches.	While broad-based infrastructure development in support of the private sector, in general, is a necessary aspect of the development strategy for Nigeria, they may be a need for a more granular focus in addressing the regional disparities within the country. As noted in the CSP, there are four different economies in Nigeria: Lagos state which is high/middle income, Niger Delta which is resource rich, Northeast which is fragile and the rest of the country, which is low income. PSD solutions which more granularly recognize these disparities would help to strengthen the CSP 2020-2024.	
e. Changes in Bank approach over time (for example, shift from upstream/sovereign to more transaction oriented/non-sovereign work or improved linkage between upstream and downstream).	The bulk of the bank sovereign interventions have been in infrastructure and non-sovereign ones primarily in lines of credit. Most of the infrastructure investment are of an upstream nature even though downstream entities, for example the privatized distribution companies, are in dire straits financially with mounting arrears to the upstream entities. This would be especially relevant for some of the lower income regions described in 6 (d), above. There may be a need to shift the focus of CSP 2020-2024 more towards downstream operations than is presently the case.	CSP update annex V; WB Docs.
Country PSD Dialogue & Partnerships		
7. Bank's strategic advice on PSD through dialogue or analytical work to country authorities. Topics considered: nature and level of private sector involvement in sector reforms, choice between public versus private investment, and types of PSD interventions. Evidence of advice based on incorporation in Government programs.	High-level policy dialogues on infrastructure and structural transformation in Nigeria, between the Bank and the Nigerian authorities, are often held at the inception of the country strategy. A high-level policy note is then used to document the policy conclusions, implementation recommendations and suggested next steps, including commitments to provide policy briefs and notes on specific topics at the request of the government. The dialogue event	CSP 2013-2017 & Update 2019

Evaluation Topic	Narrative	Line of Evidence
	for the current CSP[15], where the private sector was also represented provided input on sound policy and business environment as well as access to finance and the development of SMEs.	
8. Bank's involvement with relevant PSD stakeholders and partnerships (e.g. private sector associations, government authorities, beneficiaries, donors). Feedback from country visits regarding stakeholder views on strategic fit of the Bank's program and project delivery, coordination efforts and lessons learned.	AfDB under the ENABLE youth Nigeria program, in 2016 provided $250 million in loans with the specific objective of creating business opportunities and decent employment for young women and men along priority agricultural value chains. Other donors such as DFID have also been active in conducting public-private dialogue in Nigeria through several notable programs in different sectors. In addition, several of the TA and advisory engagements of the Bank are likely to have included deep involvement with relevant PSD stakeholders: Rural Access & Mobility Project; Community-based Agricultural & Rural Development Project; Capacity Building for PPP in Infrastructure Project. However, the bank does not seem to have been as active as some other donors with respect to policy dialogue, and as stated the strategy evaluation document, the bank could take the lead in this area more often.	2018 Country Strategy Evaluation.
9. Major PSD donors/MDBs and the Bank's role in the country's PSD agenda. Coordination mechanisms/efforts vis-à-vis other major donors/MDBs.	The World Bank and IFC the ADF and the UNDP have all had major interventions in the area of private sector development with GIZ of Germany and World Bank IDA having had minor interventions.	CSP Annex 7
Section 3. Assessment of Private Sector Sovereign and Non-Sovereign Operations		
The checklist would need to be interpreted based on whether lending or non-lending/advisory operations were being considered. Even within lending interventions, separate consideration would be needed for investment and advisory services and analytical work (ESW), institutional capacity building and technical assistance.		
Sovereign Operations	*Project documents for sovereign Nigerian operations were not available. The review thus relies on other evaluations of sovereign operations of which Nigerian projects were a part.*	

[15] https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Policy_Note_-_High_Level_Policy_Dialogue_on_Infrastructure_and_Structural_Transformation.pdf

Evaluation Topic	Narrative	Line of Evidence
10. Quality at Entry.		
a. Project choices determined by CSP PSD priorities or responding to client requests for financing (beyond PSD priorities).	Projects reviewed were aligned with CSP PSD priorities.	
b. Assessment of development outcomes and additionality including ex-ante conduct of Cost-benefit Analyses (CBAs).	Amongst the project reviewed, under the Nigerian Country Strategy evaluation, public sector projects rated higher (5) for relevance than private sector projects (4). Development outcomes and additionality have in general been difficult to assess accurately, since, as pointed out in the 2018 Country strategy evaluation, the use of quantitative outcome indicators as being in need of strengthening.	2018 Country strategy evaluation; Country Strategy Evaluation 2004-2016;
c. Tailoring of operational design based on assessment of country capacity to design, implement, monitor and evaluate PSD-SO policy reforms and operations.	Project implementation in general has been slow on average with one main reason being the country's capacity for implementing projects and for monitoring and evaluation.	2018 Country strategy evaluation
d. Conduct of ESG due diligence.	N/A	
e. Risk allocation among public and private sectors.	Majority of private-sector interventions were in the form of LOC's to well-regulated financiers with inherently low risk although the same cannot be said of the LOC beneficiary entities as their financial sustainability performance was somewhat poor.	2018 Country strategy evaluation
11. Implementation Results.		
a. Achievement of development outcomes based on Level 1 RMF indicators e.g. reducing cost and time of starting a business, improving corruption perceptions, etc. (Table 1) or project DO indicators.	Based on the IDEV country strategy evaluation covering 2004 to 2015 which reviewed projects over three strategy cycles, while public sector portfolio projects achieve the majority of the outputs, they were seen to have had low outcome achievements. For the small number of projects for which evidence was available, financial and economic performance upon implementation were satisfactory and exceeded those expected at the start of projects. The effectiveness of public sector projects are on average similar to those of private sector projects. In terms of efficiency, on the other hand, private sector projects were clearly superior.	Country Strategy Evaluation 2004-2016;

Evaluation Topic	Narrative	Line of Evidence
b. Evidence on output performance of PSD enablers based on Level 2 RMF indicators (Table 1) or project output indicators.	??	
c. Sustainability of outcomes beyond project closure/operational maturity.	Sustainability of public sector projects in general was rated to be somewhat lower than those of private-sector projects, primarily on intrinsic merits such as technical soundness, economic and financial viability as well as institutional sustainability.	Country Strategy Evaluation 2004-2016;
d. Resilience of outcomes to risk (technical, financial, social, political, and other exogenous risks).	Resilience of outcomes and risks including due to other exogenous factors, was rated approximately the same on average for public and private sector projects.	Country Strategy Evaluation 2004-2016;
Non-Sovereign Operations	*Findings in this section are based on the country strategy evaluation as well as a sample of seven non sovereign operations*[16]	
12. Quality at Entry.		
a. Quality of cost-benefit analysis as per the Additionality and Development Outcomes Assessment (ADOA) Framework.	The bank's private-sector interventions need to go beyond its significant concentration on intermediation to more real and productive sectors such as commercial agriculture and infrastructure. Of the 7 projects reviewed 4 had Outcomes rated (2)-Very Good and one rated (3)-Good; 2 were not rated but based on the narrative one (NIDF) could be rated Significant while the other (FAFIN) Moderate (Evaluator's own terms). In terms of additionality, three projects were rated (2)-Positive, one (1)-Strongly Positive and one (3)-Marginally Positive. The additionality of NIDF was mostly financial while that of FAFIN could be considered Positive based on the narrative in the evaluation.	Project ADOAs, Appraisal Summaries, Preliminary Evaluations and Status Reports
b. ESG due diligence	?	
13. Implementation Results.		
a. Achievement of development outcomes based on level 1 RMF (Table 1) or project specific Additionality and Development Outcomes Assessment (ADOA) Framework indicators.	As in the public sector projects, development outcomes and additionality in private sector projects have also, in general, been difficult to assess accurately, with strengthening needed in the use of quantitative outcome indicators. For LOC's in particular, the	Project ADOAs, Appraisal Summaries, Preliminary Evaluations and Status Reports

P-NG-FD0-003 Nigeria-Dangote Industries Limited; P-NG-IAD-001 Nigeria - Afe Babalola University ; P-NG-F00-025_Nigeria Infrastructure Debt Fund ; P-NG-D00-005 NIGERIA-Lekki Tolaram Port ; P-NG-BG0-002 Indorama Fertilizer Project II ; P-NG-FD0-002 Indorama Eleme Fertilizer & Chemicals Ltd ; P-NG-AAG-006 Fund For Agricultural Finance In Nigeria ;

Evaluation Topic	Narrative	Line of Evidence
Differentiate between financial (FRR) and non-financial additionality (ERR and other ADOA indicators).	approach and methodology for measuring outcome, might need to be revisited.	
b. Management of environmental and social impacts including through mitigation plans and compliance with safeguard policies.	In terms of environmental and social outcomes, the non-sovereign operations did not fare very well in the evaluations. While the funds in general were not rated either for environment or for social outcomes, most of the others were rated either poor or marginal for environmental impact and generally marginal for social impact. The only exception was the A-B University project which was rated excellent for social impact.	Project ADOAs, Appraisal Summaries, Preliminary Evaluations and Status Reports
Sovereign-Non-Sovereign Linkages		
14. Utilization of CSP or other mechanism as a business framework for maximizing synergies between upstream and downstream PSD operations.	As a vast majority of the Bank's public sector operations, 75% at the inception of the current strategy cycle, was directed to infrastructure, primarily power, water and transportation, designed to support the growth and development of private-sector as envisaged in the EGRD to which the CSP is aligned, these sovereign operations paved the way for non-sovereign operations to generate business activity which would depend on this infrastructure.	CSP Annex 8A; evaluation of NSOs 2006-2011
Section 4. Assessment of Bank and Client Performance		
Bank Performance		
15. Quality At Entry. Using criteria previously identified, assessment of Bank performance in:		
a. CAS/PSD program design.	From the relatively narrow focus of the NSO Operations on investment activity at the beginning of the current strategy cycle (2013-2017), the Bank has since diversified into other instruments such as guarantees trade finance and technical assistance, although emphasis still remains largely on lines of credit to banks and regional DFIs. Bank support for private infrastructure projects has had positive effects on development, though more can be done to identify and structure projects that enhance regional trade and integration.	Evaluation of NSOs 2006-2011; CSP update
b. Operational design (including monitoring and evaluation arrangements) and implementation	The CSP 2013-2017 Results Framework (Annex 11), which is aligned with National Monitoring and Evaluation System, will be used to monitor the implementation, progress, outputs, and	CSP 2013-2017; Dangote PAR;

Evaluation Topic	Narrative	Line of Evidence
readiness. The assessment would identify common and differing factors for SOs and NSOs	outcomes of the strategy. In the non-sovereign operations, the Bank's role is essentially to provide the financing after doing the required due diligence. Implementation is by and large left to the private operator or the sub-project companies, in case of lines of credit. The Bank's role is to ensure a harmonized and collaborative approach in the due diligence process with other lenders, e.g., IFC and other DFIs. DFIs will aslo lead the implementation of an environmental, health & safety and social management system framework to support the borrower/beneficiary's activities throughout its operations.	
16. Quality of Implementation /Supervision.		
a. Effectiveness of delivery of country PSD program.	n/a	
b. Supervision of project content/PSD aspects including project restructuring to accommodate emerging needs or implementation challenges.	n/a	
c. Supervision of Fiduciary and Safeguards.	n/a	
17. Review of within Bank quality dimensions including impact of organizational structure, processes and incentives.	n/a	
a. Within Bank coordination of country level PSD activities (from the country needs assessment, to Bank's response by Bank regional hubs, country strategies, sector strategies and transactions/investments, lending and non-lending).		
b. Interaction between sovereign and non-sovereign teams at operational level as well as at regional, sectoral or strategic level.		
Client and Government Performance		
18. Quality At Entry. Using criteria previously identified, assessment of Government/client performance in:	n/a	

Evaluation Topic	Narrative	Line of Evidence
a. CAS/PSD program design including: government ownership and commitment; and adequacy of consultations with stakeholders.		
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. Assessment would identify common and differing factors for SOs and NSOs		
19. Quality of Implementation/Supervision.	n/a	
a. Effectiveness of the delivery of country PSD program.		
b. Implementation of project content/PSD aspects including project restructuring due to emerging needs or implementation challenges.		
c. Compliance with Fiduciary and Safeguards.		
20. Review of client quality dimensions. Government organizational arrangements for PSD policy formulation and implementing agencies for PSD programs.	n/a	

Evaluation Topic	Narrative	Line of Evidence
Section 1. Introduction and Background		
1. Country Context		
a. Relevant political economy developments	Although South Africa enjoys well-functioning democratic institutions, country has seen some deterioration both in terms of corruption and governance since 2015. The key challenges faced by the country relate to procurement of public goods, institutional capacity, governance in state-owned enterprises as well as influence of business in government. The current leadership, however, is strongly committed to fighting corruption in public as well as private institutions and this has improved business confidence in the country. These issues however are dwarfed by the dual nature of South Africa's economy with highly productive urban areas and abject poverty in the townships and informal settlements, which are disconnected from both urban and rural areas. This makes for extremely high income-inequality with more than a third of the population living in abject poverty and economic and social deprivation.	CSP 2018-2022
b. Relevant macroeconomic developments	South Africa suffered fairly severe economic contraction between 2011 and 2016, although the trend has gradually been reversing since. Growth prospects have improved more recently due to recent political development as well as positive weather conditions improving agricultural output, more reliable energy supplies and improved labor relations but primarily due to rising commodity prices. An overall tight monetary policy has allowed the government to keep inflation within policy target range (3-6%) although growth in private sector credit has decelerated primarily due to these higher interest rates. Reduced investor confidence has also been a factor. The government's fiscal policy has also been prudent, keeping the	CSP 2018-2022

Evaluation Topic	Narrative	Line of Evidence
	deficits within 4 to 4 ½% of GDP in recent years with the deficit projected to remain stable in the short term. However, most of the government expenditures have been for recurrent expenses as capital spending remained modest, with longer-term economic implications, especially since infrastructure has been one of the constraints to private sector business activity. Public debt has also been increasing in recent years but remain sustainable. While South Africa's exports and imports almost doubled since the 1990s with a continuing improvement in current account deficit in recent years, Africa accounts for only 10% of South Africa's imports and more than half of its imports come from Europe and Asia. Overall, the country's macro picture remains stable and sustainable over the short to medium term.	
2. Overview of the country's development strategy and PSD strategy (if applicable)	The country's development strategy is embodied in the National Development Plan and the Vision 2030 which aims to eliminate poverty, reduce inequality, and create a prosperous society in the next two decades. The country's core priorities are job creation, improving educational skills and building capability within the state. The implementation of the NDP is by the Medium-Term Strategy which envisages 14 outcomes, including in health care, growth, employment skills, rural development, human settlements, local government etc. Specific focus on the issue of the country's dual economy was most likely embedded in these outcomes. While the MTSF implementation progress report of 2016 shows good progress for infrastructure, targets for economic growth and employment are reported not to have been fully achieved. There is also the Industrial Policy Action Plan and the Infrastructure Plan for the implementation of the NDP, not to mention the creation of Special Economic Zones and Industrial Clusters. While, South Africa's economic policy agenda now involves a "big push" to better integrate its township	CSP 2018-2022

Evaluation Topic	Narrative	Line of Evidence
	economy with its advanced economy, the existence of a vibrant private sector in one part of the dual economy did not, as explained in the next section, preclude the need for specific measures in the townships to develop private sector activity there as well.	
3. Country Private Sector Development constraints and Main Challenges (from Government strategies).	Extreme inequality along spatial and racial lines, high unemployment due to lack of skills and low level of education and infrastructure deficit particularly in energy and transport, as well as a shrinking private credit market due to tightened monetary policy, all appear to constrain the development and growth of the private sector in the country. Nevertheless, while the advanced South Africa has one of the more vibrant private sectors in Africa, if not the world, it is in the townships where the need to remove these constraints is the greatest. The government has accordingly identified 13 priority areas for reindustrialization. However, these are mostly located in urban centers and not in townships, which is where the bulk of future growth is likely to come from. In spite of the government's big push to better integrate the township economy with the advanced economy, the townships remain the singular challenge to private sector development and growth in the country.	CSP 2018-2022
4. Bank Country Strategy and private sector development assistance program including advisory services, capacity strengthening and transaction services.	The bank, under its new CSP 2018-2022, would aim to address these constraints to development in a selective and innovative manner based on six selectivity criteria: these include consultations with government, alignment with the NDP, focus on the Bank's competitive advantage and analytical work. The fifth criteria, addresses the most pressing development challenges and of the dual economy in particular, and this is where most emphasis will need to be placed on accelerating the re-industrialization for economic transformation inclusive growth, job creation and improved quality. The two pillars of the strategy would promote industrialization and regional integration respectively. The outcomes envisaged under pillar one, include the enablement of higher industrial manufacturing	CSP 2018-2022

Evaluation Topic	Narrative	Line of Evidence
	value addition through investments in critical industry-enhancing infrastructure as well as support for industrial clustering to promote SME development job creation. Pillar two seeks to achieve improved cross-border connectivity for increased trade and industrial productivity. A closer look at these expected outcomes, however, leaves unclear, how much is actually being provided for private sector development in the townships.	
5. Summary of SO and NSO Country Portfolio	TBD	
Section 2. Assessment of PSD Aspects of Country Strategy		
Country Strategy		
6. PSD aspects of the country strategy in CSPs. If feasible, compare CSPs prior to and after the commencement of the 2013-2017 PSD strategy.	The CSP 2013-2017 mid-term review (MTR) as well the Completion Report confirmed the adequacy, relevance and consistency of the pillars with the Government's NDP and MTSF in terms of job creation and inclusive growth, and climate change, as well as alignment with the Bank's Ten-Year Strategy (TYS) 2013-22 and its High-5s. The CSP 2018 – 2022, however, has been a significant improvement over the CSP 2013 – 2017, in terms of reality on the ground and country specificity. While the latter CSP explicitly identifies the dual economy and the crisis of the townships, the former mentions townships only once in passing, in the entire document and was written as though the townships did not even exist. While the advanced portion of the dual economy has a vibrant and advanced private sector albeit in decline and deindustrialization, it is the townships, home to 38% of the working age population and 60% of the unemployed, where the needs are the greatest for increased private sector activity and for the development of the appropriate prerequisites for this.	Combined CSP performance Review 2017
a. To what extent the country strategy identified the relevant PSD challenges and the assessments of needs and priorities in PSD (particularly the regulatory, legislative and institutional	South Africa already has a vibrant private sector generating 75% of the country's GDP with an overall business environment which is comparatively well developed with a diversified and advanced financial sector, albeit highly concentrated. Much of the de-	CSP 2018-2022; Combined CSP performance Review 2017

Evaluation Topic	Narrative	Line of Evidence
arrangements including private sector business and investment climate).	industrialization and the continuing slowdown of growth in recent years, has been mainly attributed to falling global commodity prices and the economic slowdown in China and partly to infrastructure bottlenecks in power. Labor relations have also been a contributing factor. As such, the limited focus on private sector development in the country strategy would be justified if it were not for the dire situation in the townships. While the allocation of funds in the bank's portfolio both past and proposed would be a reasonable strategic approach to development, the existence of the townships calls into question, somewhat, this allocation. It is unclear, if South Africa would have benefited more, had greater emphasis being put on private sector development activities in the townships, where most of the future private-sector growth is likely to come from. Also, given that the financial sector in South Africa has substantial diversity and depth, it also remains unclear why some of the portfolio investments in infrastructure (in CSP 2013-2017) could not have been otherwise financed from private sources, thus freeing up headroom for the townships' PSD. Recognizing this, in the new CSP 2018 – 2002, the Bank's investments in infrastructure will be augmented not only by legal and regulatory reforms to better enable market-entry by private sector actors/companies (crowding-in), but also through direct support with tailor-made financing and technical assistance directed to specific industries/enterprises to create competitive advantage and foster higher-value added job creation, particularly in the 'second segment' of the economy to reduce spatial socioeconomic disparities.	
b. Alignment between PSD aspects of the Bank's country strategy and national level PSD policies, strategies and diagnostics. Responsiveness of the Bank in cases where country priorities changed or new priorities emerged.	The AfDB private sector development strategy is based on three strategic pillars: investment and business climate, access to social and economic infrastructure and enterprise development. It is unclear from the Bank's country strategy whether the provisions of the strategy, few of which are directly related to PSD in any case, could	CSP 2018-2022; AfDB PSD Strategy 2013-2017

Evaluation Topic	Narrative	Line of Evidence
	help to meet any of the expected outcomes of the PSD strategy 2013-2017, under the three pillars, including where the townships are concerned, i.e., pertaining more specifically to the development of socially responsive enterprises (in the townships), access to social and economic infrastructure and a dynamic enterprise sector in these townships. Thus, the responsiveness of the Bank's country strategy, to the private sector development needs of the country as a whole, i.e., including the townships, would seem to be somewhat limited.	
c. Relevance of Bank's PSD strategy in the design and implementation of country PSD assistance and interventions. Differences in relevance for sovereign and non-sovereign programs.	As mentioned in the 2013 2017 CSP completion and validation report, while the Bank's support was relevant in terms of expanding credit availability to agriculture and agro-processing, where access by SMEs was problematic, overall, the CSP was insufficiently structured towards actions needed to address some of South Africa's more urgent needs such as income inequality, the housing shortage, lack of black economic empowerment (BEE), reduction of violent crime and strengthening of institutional capacity at sub-national levels. On the other hand, consistent with the CSP strategy of supporting infrastructure development and regional integration, the portfolio was structured to significantly support private-sector activity with a full 55.6% the portfolio dedicated to private-sector operations. Although the CSP was approved before the adoption of the high-fives, the portfolio distribution remained aligned to the five major priorities. The impact of the portfolio on the township population is more likely to emerge as the portfolio is implemented.	CSP 2013 2017 completion and validation report; Combined CSP performance Review 2017;
d. Adaptation of PSD solutions to country contexts including innovative approaches.	While building on past achievements, the bank's new CSP 2018 -22, places more emphasis on accelerating the country's reindustrialization with a view to more effectively addressing its overarching development challenge of the "dual economy": high poverty, unemployment and income inequality, as well as spatial socio-economic disparities. Specifically, it would include a balance	Combined CSP performance Review 2017;

Evaluation Topic	Narrative	Line of Evidence
	of macroeconomic, structural and microeconomic policies to improve the business environment and provide direct support to transformative industries while deepening regional integration and developing skills. Learning from the past, the policy will support a more pro-inclusive growth policy to boost industrialization in a selective and innovative manner to reduce spatial disparities.	
e. Changes in Bank approach over time (for example, shift from upstream/sovereign to more transaction oriented/non-sovereign work or improved linkage between upstream and downstream).	The CSP 2013-17 was to play a catalytic role with enhanced operational focus on innovation and value addition to support manufacturing and job creation. This was to be achieved through a combination of infrastructure and regional integration. The theme for the new CSP 2018-2022 will now be: "Supporting Economic Transformation for Inclusive Growth and Job Creation", with the following areas of focus for Bank support: (1) Promoting Industrialization; and (2) Deepening Regional Integration. The selection of the Bank's infrastructure projects will now be designed to reduce the spatial socio-economic disparities that are so typical for the country's 'Dual Economy': specifically, the Bank's infrastructure investments will prioritize areas in non-metropolitan South Africa (notably Townships/informal settlements and rural areas) in support of industries with potential for competitive advantage and higher-value added job creation (regional growth poles and centers of local economic development). The Bank's infrastructure investments will also aim to strengthen the connectivity between Townships/informal settlements and rural areas with the metropolitan areas, with a view to facilitating the mobility of the workforce, enabling backward and forward linkages, and to improving access to markets. A review of the portfolio when it is better identified would shed more light on the extent to which it would impact life in the townships.	Combined CSP performance Review 2017; CSP 2013 2017 completion and validation report
Country PSD Dialogue & Partnerships		

Evaluation Topic	Narrative	Line of Evidence
7. Bank's strategic advice on PSD through dialogue or analytical work to country authorities. Topics considered: nature and level of private sector involvement in sector reforms, choice between public versus private investment, and types of PSD interventions. Evidence of advice based on incorporation in Government programs.	The Bank benefited from the establishment in 2012 of the Southern Africa Development and Business Delivery Office (RDGS) initially set up to strengthen portfolio management. The resulting improved contacts with government agencies, also created opportunities to enhance dialogue for business development, as noted in the 2017 BDEV evaluation report. The CSP 2018-22 was prepared based on extensive consultations with the Government of South Africa (GoSA), development partners, the private sector and the civil society. The key instruments for the implementation of the AfDB PSD strategy included Policy dialogue and advisory services. Thus, as part of its PSD strategy implementation, the Bank worked with partners (government, development partners, the private sector, civil society, and others) to help RMCs address key structural business and investment climate challenges. The Chief Economist's Complex (ECON) plays a supportive role in conducting policy dialogue and in the design and implementation of policy-based financing operations, including institutional support. The RDGS actively engages the Government in country policy dialogue through various avenues such as the preparation of the CPIA and the ADEO. RDGS also held more than fifty business development meetings with public and private sector stakeholders in the period January 2013 to August 2017, leading to a number of new lending operations. The CPPR involved broad-based consultations with all stakeholders to ensure ownership of the key recommendations. A workshop conducted in June 2017 brought together 70 participants from the National Treasury, other Government Departments, agencies and SOEs. The workshop presented a forum for detailed deliberations on the Bank's portfolio in South Africa. The participants discussed and validated the new CSP pillars.	CSP 2018-22; CSP 2013-2017 Completion Report Validation

Evaluation Topic	Narrative	Line of Evidence
8. Bank's involvement with relevant PSD stakeholders and partnerships (e.g. private sector associations, government authorities, beneficiaries, donors). Feedback from country visits regarding stakeholder views on strategic fit of the Bank's program and project delivery, coordination efforts and lessons learned.	While ODA to South Africa appears to be dwindling and many DPs are scaling back on the provisions of grants, loans both multilateral and bilateral have been increasing with a focus on infrastructure, particularly energy, transport, trade and regional integration not to mention social services, environment and climate change. This has provided a good opportunity for the Bank to build partnerships with these DPs and for business generation which the Bank continues to pursue with top priority.	CSP 2013-2017 Completion Report Validation
9. Major PSD donors/MDBs and the Bank's role in the country's PSD agenda. Coordination mechanisms/efforts vis-à-vis other major donors/MDBs.	The Bank's PSD Strategy pointed to a need for greater coordination with various stakeholders in government, among donors, civil society and with the private sector. In evaluating the CSP 2013 2017, South Africa was seen as an MIC where donor cooperation was seen as less active than in other African countries. While the RDGS participated in sharing information and collaboration efforts and looked to opportunities for cofinancing, e.g. GIC in transport, cofinancing of ESKOM (WB, EIB, KfW and AFD), by and large there was no institutionalized donor coordination mechanism in South Africa (CSP 2013-2017 page 13) in 2013 and in fact, « donor competition" was seen as a constraint to Bank operations in South Africa (Completion Report page 3). Considering South Africa as a MIC with respect to donor coordination might have the potential of forgoing an opportunity to mobilize additional resources for the dual economy.	Combined CSP Performance Review; CSP 2013-2017 Completion Report Validation
Section 3. Assessment of Private Sector Sovereign and Non-Sovereign Operations		
The checklist would need to be interpreted based on whether lending or non-lending/advisory operations were being considered. Even within lending interventions, separate consideration would be needed for investment and advisory services and analytical work (ESW), institutional capacity building and technical assistance.		
Sovereign Operations	*All project documents for sovereign South African operations were not available. The review thus relies on other evaluations of sovereign operations of which South African Sovereign projects were a part.*	
10. Quality at Entry.		

Evaluation Topic	Narrative	Line of Evidence
a. Project choices determined by CSP PSD priorities or responding to client requests for financing (beyond PSD priorities).	The CSP 2013-2017 completion report validation note, observes that no funding requests were made by the Government for some agreed projects or operations, and as a result, these proposals were dropped. It was unclear if this was due to inadequate preparation or changes in borrower needs. Specifically, there was 7 sovereign operations in the CSP 2013-2017 portfolio. No funding request was received for five of them and for one, the funding request was received but not Board approval. This has implications for quality at entry and or relevance of the development objectives. Furthermore, if these projects were aligned with the CSP then the relevance of the CSP could as well be at issue. Of the 9 private-sector projects in the portfolio, funding request is not received for one of them.	Combined CSP Performance Review
b. Assessment of development outcomes and additionality including ex-ante conduct of Cost-benefit Analyses (CBAs).	While the interventions under the CSP 2013-17, was seen as being highly relevant to South Africa's needs, government strategies, and consistent with Bank's "High 5" priorities and other donors, the CSP did not adequately address certain crosscutting issues including gender, HIV/AIDS and violent crime. Although CSP relevance was rated as satisfactory in the combined CSP review, there were concerns with design relevance, expressed in the CSP 2013-2017 Completion Report Validation, in view of implementation issues.	CSP 2013-2017 Completion Report Validation
c. Tailoring of operational design based on assessment of country capacity to design, implement, monitor and evaluate PSD-SO policy reforms and operations.	It was primarily non-lending operations that were deployed to build capacity in the various sectors. A total of six non-lending operations (excluding ESWs) were approved during the CSP period. These included Development Pilot Project (EDDP); Education for Sustainable Development in Natural Resources; grant was for the ICT sector to develop a corporate strategy for a broadband agency; grant to support to local government Public Financial Management capacity building, implemented by the Ministry of Finance; and two water supply and sanitation projects were supported under the AWF grants.	Combined CSP Performance Review

Evaluation Topic	Narrative	Line of Evidence
d. Conduct of ESG due diligence.		
e. Risk allocation among public and private sectors.	In order to balance risk and safeguard key development objectives of the bank, such as job creation and support to SMEs in particular, the CSP relies on lines of credit but needs to develop new guidelines for processing these. In addition, the CSP relied on syndication, co-financing, and private equity participation not only to leverage its resources but also to defray risk to the private sector. These efforts could be stepped up, as suggested in the completion validation report, using Partial Credit Guarantees for bond issuance and/or foreign exchange swaps, exploring PPP options etc.	Combined CSP Performance Review
11. Implementation Results.		
a. Achievement of development outcomes based on Level 1 RMF indicators e.g. reducing cost and time of starting a business, improving corruption perceptions, etc. (Table 1) or project DO indicators.	The sovereign operations implemented under the CSP achieved some of their targeted outcomes, especially in the energy sector, in terms of increased generating capacity and reduced power shortfall and load shedding, suffered in the early part of the CSP period (2013-2016). This was likely to have increased industrial output and improved income (through employment generation) and welfare (through increased consumption). Similarly, rail investments are likely to have led to improved availability and reliability, although this is not yet evidenced by increased rail freight volumes. However, progress was slow for the bulk water project and most regional integration interventions, as well as for most non-lending activities. Wide deviation between intended and actual portfolio was also evident. Effectiveness at the CSP level was rated unsatisfactory. South Africa's ranking in the Doing Business Index has deteriorated in recent years, from 39th to 74th. (out of 190 countries) during 2013 to 2017, primarily due to counterproductive reforms such as making access to credit information more difficult, increases in property transfer and vehicle taxes. South Africa needs to substantially improve its scores in areas such as "Trading across Borders" (139th.), "Starting a Business" (131st.), "Enforcing Contracts" (113th.), and "Getting Electricity" (111th.). However, South Africa still performs better than its BRICS peers China (78th.), Brazil	Combined CSP Performance Review

Evaluation Topic	Narrative	Line of Evidence
	(123rd.) and India (130th.) in 2017. While South Africa's global competitiveness as measured in the WEF index, has improved, the economy remains highly concentrated, with widespread anti-competitive behavior creating significant barriers to new entry.	
b. Evidence on output performance of PSD enablers based on Level 2 RMF indicators (Table 1) or project output indicators.	Although CSP lending and non-lending programs were successfully implemented, albeit with delays in firming up financing plans and lack of resources in some cases, the results were nevertheless achieved under the CSP for 86% of the outputs and 71% of the outcomes, with sound progress having been made in the energy and transport sectors and cross-border investments as well as in support for SMEs.	Combined CSP Performance Review
c. Sustainability of outcomes beyond project closure/operational maturity.	Although private sector lending through intermediaries makes it difficult to assess sustainability of sub-products, in the case of infrastructure, demand for electricity based on the rising income levels and population growth, would continue to sustain the generation and transmission capacity being added, although rail freight did contract during the CSP period. Private-sector energy providers on the other hand, being driven by efficiency objectives, are likely to continue to maintain their assets in good condition.	CSP 2013-2017 Completion Report Validation
d. Resilience of outcomes to risk (technical, financial, social, political, and other exogenous risks).	Resilience of outcomes to risk, could be further strengthened by finding instruments more suitable for South Africa and to which the GSA would be more amenable, given the GSA's reluctance to provide sovereign guarantees to meet risk management requirements for operations in South Africa.	CSP 2013-2017 Completion Report Validation
Non-Sovereign Operations	*Findings in this section are based on country strategy evaluation as well as a sample of three non-sovereign operations[17] out the 10 in the CSP 2013-17 portfolio.*	
12. Quality at Entry.		

[17] P-ZA-DC0-001_Transnet II ; P-ZA-F00-001_ _ESKOM Build_ Corporate Loan ; P-ZA-FF0-003_ Xina PSR Xina Solar.

Evaluation Topic	Narrative	Line of Evidence
a. Quality of cost-benefit analysis as per the Additionality and Development Outcomes Assessment (ADOA) Framework.	Unlike sovereign operations where 5 out of 7 projects did not receive government funding requests on account of issues including quality at entry, all except one private-sector project were funded and implemented. Nevertheless, the combined CSP performance review as well as the Completion Report Validation, noted that quality-at-entry for private-sector projects also needed improvement. This was attributed to lack of proper scrutiny of funding structures in two major private-sector operations as well as procurement issues, where the use of country systems was recommended to avoid delays and errors.	
b. ESG due diligence		
13. Implementation Results.		
a. Achievement of development outcomes based on level 1 RMF (Table 1) or project specific Additionality and Development Outcomes Assessment (ADOA) Framework indicators. Differentiate between financial (FRR) and non-financial additionality (ERR and other ADOA indicators).	The development outcomes of two of the projects were rated (2) positive and the ESKOM project[18] was rated satisfactory. In terms of additionality one was rated (2) positive and one (3) highly positive. All the projects were generally low risk and assessed to be viable.	Project status and ADOA documents.
b. Management of environmental and social impacts including through mitigation plans and compliance with safeguard policies.	The railway project, TransNet, is yet to be environmentally classified although there is a likelihood of significant environmental impact. The ESKOM loan being corporate in nature covers several of its assets including coal-fired plants and has an environmental categorization of 4. On the positive side the project resulted in the closure of three coal-fired plants and therefore contributed to some reduction of greenhouse gases. The Xina CSP is a Category B activity according to IFC's Policy and Performance Standards on Environmental and Social Sustainability although a number of resulting environmental and social impacts can be avoided or mitigated by adhering to generally recognized performance standards, guidelines or design criteria. Management of	Project status and ADOA documents.

[18] The ESKOM project, although initially classified as NSO, subsequently received the new irrevocable government guarantee and therefore strictly speaking is a sovereign operation.

Evaluation Topic	Narrative	Line of Evidence
	hazardous chemicals (molten sodium) and effect on avian life are also issues for this type of plant.	
Sovereign-Non-Sovereign Linkages		
14. Utilization of CSP or other mechanism as a business framework for maximizing synergies between upstream and downstream PSD operations.	Other than using power from the ESKOM plants, the linkages between the sovereign and the non-sovereign operations were not immediately obvious. In any event much of the sovereign portfolio had not come to pass as they had not been approved by the government.	Various documents referenced herein.
Section 4. Assessment of Bank and Client Performance		
Bank Performance		
15. Quality At Entry. Using criteria previously identified, assessment of Bank performance in:	The Bank's overall performance for this CSP 2013-17 was rated unsatisfactory due to the limited progress achieved during implementation in areas other than the energy sector (caused as mentioned above, by many of the sovereign projects not being approved), and the failure to address crosscutting issues including gender equality, HIV/AIDS, and violent crime. While, the successful development of renewable energy projects, in both the public and private sectors was a key achievement, the Bank's contribution in other areas such as water, rail, regional integration etc., was marginal.	CSP 2013-2017 Completion Report Validation
a. CAS/PSD program design.	The theory of change needed to underpin the results framework remained unclear rendering linkages between inputs, activities, outputs, outcomes and expected impacts unavailable for monitoring and evaluation of implementation and results.	CSP 2013-2017 Completion Report Validation
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. The assessment would identify common and differing factors for SOs and NSOs	It remains unclear if the results-based framework could have been used as an active monitoring tool. While the Results Framework was used in the Midterm Review in 2016, the absence of more detailed performance indicators, rendered the CSP Completion Report to be less useful than it could have been.	CSP 2013-2017 Completion Report Validation
16. Quality of Implementation /Supervision.		
a. Effectiveness of delivery of country PSD program.	Most of the country PSD program under the CSP appeared to have been delivered or is under implementation. However, the overall performance under both pillars I and II, have been rated as	CSP 2013-2017 Completion Report Validation

Evaluation Topic	Narrative	Line of Evidence
	unsatisfactory due to the slow or no (for dropped projects) progress in implementation achieved in areas other than the energy sector.	
b. Supervision of project content/PSD aspects including project restructuring to accommodate emerging needs or implementation challenges.	While non- sovereign operations were satisfactorily supervised and disbursed, certain issues were in fact noted in the CSP performance review e.g., the FRB loan agreements for South Africa remained undisbursed due to lack of demand by FRB SA, and they were subsequently cancelled and have exited the South Africa portfolio. The line of credit to the Land and Agricultural Development Bank had been flagged for slow disbursement in 2015. There were also minor design issues which required restructuring of some of the projects e.g., emerging farmers accessed funding from another Land Bank window at a subsidized interest rate (prime less 2%), which was cheaper than the Bank's LOC funding causing the Land Bank to request a waiver to switch the funding to commercial farmers and corporate commercial partners. The waiver was subsequently granted and the second tranche was disbursed 100%.	Combined CSP Performance Review
c. Supervision of Fiduciary and Safeguards.	Management and monitoring of the portfolio were affected by delays in project implementation due to poor co-ordination and oversight of contractors, weak PIU capacity and limited knowledge of bank procedures, as well as weak communication between different stakeholders. The task managers and subject experts including fiduciary, followed up closely with the PIUs to resolve constraints including delays in the submission of annual project audit reports etc. The 2012 CPIP covered three major portfolio issues: i) implementation preparedness and effectiveness; ii) fiduciary management; and iii) environmental and social safeguards. Of the 9 actions identified during the 2015 MTR, 5 were fully implemented, including quality during implementation, information disclosure, financial reporting, delays in procurement approvals and follow-up on social and environmental issues.	
17. Review of within Bank quality dimensions including impact of organizational structure, processes and incentives.	?	

Evaluation Topic	Narrative	Line of Evidence
a. Within Bank coordination of country level PSD activities (from the country needs assessment, to Bank's response by Bank regional hubs, country strategies, sector strategies and transactions/investments, lending and non-lending).	?	
b. Interaction between sovereign and non-sovereign teams at operational level as well as at regional, sectoral or strategic level.	?	
Client and Government Performance	**n/a**	
18. Quality At Entry. Using criteria previously identified, assessment of Government/client performance in:		
a. CAS/PSD program design including: government ownership and commitment; and adequacy of consultations with stakeholders.	The Bank increased its involvement in the power sector (particularly Eskom) during the CSP period was not the consequence of a planned shift in emphasis but rather the by-product of other projects not becoming effective. The failure to proceed on other projects could be attributed to the Bank requirement for sovereign risk guarantees for which GSA was reluctant to provide because to do so, the government contended, would reduce the incentives for SOEs to act fully commercially in undertaking appropriate due diligence and project appraisal work prior to investing.	CSP 2013-2017 Completion Report Validation
b. Operational design (including monitoring and evaluation arrangements) and implementation readiness. Assessment would identify common and differing factors for SOs and NSOs	n/a	
19. Quality of Implementation/Supervision.	n/a	
a. Effectiveness of the delivery of country PSD program.	n/a	
b. Implementation of project content/PSD aspects including project restructuring due to emerging needs or implementation challenges.	n/a	
c. Compliance with Fiduciary and Safeguards.	n/a	

Evaluation Topic	Narrative	Line of Evidence
20. Review of client quality dimensions. Government organizational arrangements for PSD policy formulation and implementing agencies for PSD programs.	n/a	