

AFRICAN DEVELOPMENT BANK GROUP



Independent Development Evaluation Department (IDEV)

Independent Synthesis of Evaluation Notes for Expanded Supervision Report (XSRENS), 2014-2019

Findings and Lessons from 55 Interventions

Concept Note

May 2020

Independent Synthesis of Evaluation Notes for Expanded Supervision Report (XSRENs), 2014-2019 Concept Note

1. Introduction

The Independent Synthesis Report is an aggregation of the findings contained in IDEV's desk-based Independent Evaluation Notes on Expanded Supervision Reports (XSRENs) and the Extended Supervision Reports (XSRs) produced by the Bank's operations departments.¹ The report provides an overall picture of the performance and lessons of the Bank's Non-Sovereign operations as well as the quality and coverage of self-evaluation reports within the period under review (2014 – 2019).

During the period under review (2014 – 2019), the Bank produced 70 XSR, on the Bank's NSO projects that reached early operating maturity². This portfolio of 70 XSRs represents the entire body of available NSO self-evaluation reports during the period under review. SNDR reported on 46 XSRs out of a total of 70 in the Bank's ADER for the years (2014 – 2019). The 70 XSRs will represent the "reference portfolio" for this exercise. A list of all 70 XSRs is included in annex 3.

IDEV plans to complete the validation of the 55 XSRs of the total of 70 by mid-May 2020. The 55 validated XSRs will represent approximately 79% coverage ratio of the "reference portfolio" mentioned above. The 55 XSRs will make up the "synthesis portfolio" considered in this report. A comprehensive list of the 55 projects is included in Annex 2.

This concept note serves as a road map for the Synthesis exercise, and defines – among others – the objective, approach, and content, outline, portfolio and and processing schedule for the exercise.

2. Objective

The Independent Synthesis Report aims to achieve the following three main objectives:

(i) Results Reporting

The Bank continues to expand its private sector operations to achieve results supporting economic development in Regional Member Countries (RMCs). Therefore, the Synthesis report aims at reporting the aggregate, independently validated project level results of Bank private sector operations in a clear, concise, and accessible format.

(ii) Contribute to Learning

¹ Historically, XSRs were produced exclusively by the predecessor of the Bank's NSO and Private Sector Support Department (PINS), back then called the Private Sector Development Department (OPSD). However, after the approval of the new Development and Business Delivery Model (DBDM) of the Bank and the Decentralization Action Plan on April 22, 2016 and June 22, 2016 respectively, That practice has now changed, with XSRs now produced by portfolio officers in the Bank's operations department (PINS, PITD, PIFD, etc.) and by portfolio officers assigned in the regional and country offices.

The report also aims at improving the future Private Sector interventions by the Bank. This is achieved via learning the lessons³ derived from earlier experience and eventually feeding this learning into future Bank operations⁴ to increase its effectiveness, efficiency, and work quality of Bank operations in RMCs.

(iii) Build Self-Evaluation Capacity

The report will also support building self- evaluation capacity within the Bank by providing an assessment of the quality and coverage of XSRs and disconnect between self and independent ratings of project performance. The report will contribute to improvement in the quality and coverage of future XSRs produced by the Bank's operations departments.

3. Approach

The Synthesis Report will aggregate the results of Bank projects in line with the Bank's framework for evaluation of private sector operations which is the 2012 Guidelines for The Preparation of Extended Supervision Reports and Extended Supervision Report Evaluation Notes. The guidelines are in line with the 4th edition of the Multilateral Development Banks/Operations Evaluation Group (MDB/ECG) Good Practice Standards for Evaluation of Private Sector Investment Operations, which focuses on the following four evaluation dimensions:

- (i) Development Outcome (Business success, economic suitability, environmental and social effects, and private sector development)
- (ii) Investment Performance (profitability of investments for AfDB)
- (iii) Bank's Work Quality (screening, appraisal, structuring and supervision)
- (iv) Bank's Additionality (Bank's unique input and/or value added as a Development Finance Institution)

It is worth mentioning that IDEV is currently engaged in an exercise to harmonize the evaluation framework for evaluation of SO and NSO operations. The exercise aims supporting the "One Bank" principle by enabling the harmonization of results reporting between public and private sector operations. This is intended to enable comparability of development results across projects and initiatives and enable the synthesis of development results across sectors, themes, and country programs. The harmonized framework would enable comparability while at the same time preserving the specific features of Non-Sovereign Operations.

Notwithstanding, the current XSREN synthesis will utilize existing private sector evaluation guidelines mentioned above for two reasons. The first is that the harmonization exercise is still currently on-going, and a harmonized framework is still not finalized/approved. The second is that the cohort of XSRs used in this exercise belong to the years 2014-2019 and were produced using the existing 2012 private sector XSR guideline. In the future, the new harmonized framework should ideally be applied both for self-evaluations and for the validations undertaken by IDEV.

³ From IDEV experience in validating XSRs, lessons presented in individual XSRs can be difficult to understand, idiosyncratic and not generic. Significant effort goes into reformulating those lessons to become "real lesson". Often, the lessons are formulated as findings and/or recommendations. In this regard, the validation process as an evaluation tool that clarifies lessons, and in the synthesis, process selected the most prominent lessons that are clear, frequent and generic.

⁴ More on how to maximize the learning component of this exercise is included in section 7 (Communication and Dissemination)).

4. Content

The synthesis report will include the following content:

- Brief coverage of the context within which the Bank's NSOs operate. This will cover the Bank's strategies and objectives of its private sector operations within (2014-2019). This chapter will highlight the changes in the Bank within the context of the DBDM and the strategic pillars of the Bank's NSO operations.
- Main highlights of the 2014-2019 Reported Portfolio of 70 projects in terms of instruments, sectors, country, size, showing overall evolution, growth and/or concentration
- Highlights of the synthesis portfolio (2014 – 2019) including overall value, instruments, volume or projects, sector, country, and regional coverage
- A Synthesis of the development outcomes of Bank supported projects (success rates and development outcomes, as well as a dedicated section on the major drivers/inhibitors of success).
- A section on the independent and self-ratings and calculation of the ratings disconnect, specific patterns in the ratings disconnect will be highlighted.
- Commentary of Bank's work quality (pre and post approval) as well as the Bank's additionality.
- A synthesis of lessons learned gathered from the operations under review
- Coverage of the XSR quality assessment⁵ ratings from the Evaluation Notes as well as the most critical issues pertinent to the quality of XSRs.
- A section on XSR coverage of maturing projects within the Bank's Portfolio
- Clear and concise conclusions and recommendations pertinent to enhancing the performance of Bank operations. The recommendations will should focus on improving the Bank's project-level evaluation systems to enhancing the performance of bank operations. The recommendations will be action-oriented, practical, and specific.

For a detailed annotated outline of the content, please refer to Annex 1.

5. Task Management

Under the overall guidance of the Evaluator General of IDEV, and Rufael FASSIL (Division Manager, IDEV1), Khaled Samir Hussein, Principal Evaluation Officer, is the task manager -will design the report, undertake the analysis and write up and see the Annual Synthesis Report through to completion. The Task Manager will be assisted by a Junior Consultant/Research Assistant who will be tasked with building the evaluation database (more on the design of the synthesis database is included in Annex 5). The database will enable the synthesis and aggregation of the development results and ratings. The Research Assistant will also support in generating statistics and graphs necessary to illustrate various points of the analysis.

⁵ The assessment of XSR quality is undertaken as per the Bank 2012 Guidelines for The Preparation of Expanded Supervision Reports and Expanded Supervision Report Evaluation Notes. The rating system for XSR quality is included in Annex 4 of this concept note.

6. Quality Control and Engagement

An external private sector evaluation expert (Mr. Frederik Korfker) will peer-review the synthesis report. The peer review of the Synthesis will constitute the final step in a string of peer reviews already undertaken by the same consultant covering the individual Evaluation Notes.

Feedback will be solicited from a Reference Group⁶ made up of Bank operations departments involved in the private sector ecosystem from a very early stage and during major milestones of this exercise. This engagement aims at developing a shared understanding of the process and methodology for this exercise.

7. Communication and Dissemination

The objective of IDEV communication and dissemination is to ensure that the findings and lessons are communicated in relevant and appropriate ways to various stakeholders in a manner that ensures effective institutional learning during and after the evaluation.

The report will be circulated to reference group (RG) for comments while in draft form (after the peer review). IDEV however reserves the right to agree or disagree with the RG comments on IDEV findings. The report will also be circulated for Management Response. Finally, the Evaluator General will circulate the report to CODE for information and Discussion. The circulation to CODE represents the final step after which a summary of the report could also be edited for publication in hard copy or on IDEV's website.

8. Processing Schedule

Activities and Milestones	Deadline
Draft Concept Note and Annotated Outline	13 February, 2020
Incorporation of IDEV Management Feedback	18 February, 2020
Circulation of Draft Concept Note and Initial Consultation Meetings with the	7 March 2020
Incorporation of Feedback and Production of revised concept note	25 March 2020
Circulation of final concept note to Peer Reviewer (existing contract)	6 April, 2020
Incorporation of Peer Review Feedback	10 April, 2020
Circulation of final concept to RG & appointment of Focal Points (SNOQ, PINS,	6 May, 2020
Building the Evaluation Database and Undertaking the Analysis	15 May, 2020
First Draft Synthesis Report	12 June, 2020
Incorporating Comments from Peer Reviewer (existing contract)	19 June, 2020
Circulation of Draft Report to RG and Initial Findings Meeting	26 June, 2020
Submission of Zero Draft Report to IDEV Management	17 July, 2020

⁶ SNDR, SNOQ, PINS, PITD, and PIFD.

Annual Synthesis of Private Sector Operations Results Annotated Outline

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The Synthesis exercise will consist of a desk-based analysis of 100% of the available peer reviewed 55 XSRENS. The XSRENS represent coverage of approximately 79% of a total of 70 XSRs produced by the Bank within the years 2014 – 2019. The 55 projects included in the synthesis are found in the table below.

List of Project Included in the Synthesis Exercise

	Project Name	XSR Year
1	DROP Ivoire - Mineral water bottling & Treatment plan	2014
2	Dibamba Power Project	2014
3	Rwanda Private Sector Federation Capacity Building Project	2014
4	Enhancing the Zambian Small and Medium Enterprises (SMEs) Competitiveness and Access to Finance	2014
5	New Dawn Satellite	2014
6	Doraleh Container Terminal	2014
7	Advans Banque Congo	2014
8	Bujagali Hydro Power Project	2014
9	Agri Business Investment Fund (AGRI-VIE)	2014
10	AFRICINVEST II Private Equity Fund	2015
11	Helios Shared Telecoms Infrastructure Project	2015
12	The Pan African Infrastructure Development Fund (PAIDF)	2015
13	Line of credit II to Guaranty Trust Bank	2015
14	The Africa Health Fund LLC	2016
15	Busekura Hydropower Project	2016
16	Emerging Africa Infrastructure Fund - EAIF(I&II)	2016
17	Lekki Toll Road Project	2016
18	Access Bank Liberia Equity	2016
19	Zambia National Commercial Bank - Line of Credit and Partial Credit Guarantee Facility	2016
20	Maghreb Private Equity Fund II	2016
21	Prise de participation au capital de MCI	2016
22	Investment fund for health in Africa (IFHA)	2016
23	Banque Rwandaide de Developpement, Line of Credit 2010	2017
24	West African Development Bank (BOAD) - Line of credit (II)	2017
25	Catalyst Fund I	2017
26	African Reinsurance Company "Africa-Re"	2017
27	Line of Credit for Bank of Kigali	2017
28	African Export - Import Bank (AFREXIMBANK)	2017
29	PTA Re-insurance Company (ZEP-RE) equity	2017
30	Trade and Development Bank (TDB) - PTA Bank, Line of Credit and Equity	2017
31	Aureos Africa Fund LLC	2017
32	Thika Thermal Power Project	2017
33	Line of Credit for Ecobank Transnational Incorporated	2018

List of Project Included in the Synthesis Exercise

	Project Name	XSR Year
34	Housing Finance Bank Limited	2018
35	Prêt pour le financement du programme d'investissement de l'Office Chérifien des Phosphates (OCP)	2018
36	Line of Credit to Africa Finance Corporation, AFC	2018
37	Line of Credit for Fidelity Bank Plc	2018
38	Line of Credit (LOC III) to Zenith Bank Plc	2018
39	Kivu Watt Project	2018
40	Trade and Development Bank (TDB) - Line of Credit for Eastern and Southern African	2018
41	Naira Line of Credit to FRB subsidiary, Rand Merchant Bank Nigeria Limited	2018
42	Export-oriented SME financing program - Line of Credit to NEXIM Bank	2018
43	Africa Agriculture Fund (AAF)	2019
44	Lome Container Terminal Project	2019
45	West Africa Emerging	2019
46	Risk Participation Agreement (RPA) between AfDB and Sumitomo Banking Corporation Europe	2019
47	Banque pour le Commerce et l'Industrie (BCI) en Mauritanie - Ligne de Crédit de 10 Millions de dollars	2019
48	Stanbic IBTC Bank PLC	2019
49	CRDB Bank Limited Line of Credit 2015	2019
50	Line of Credit for Moza Banco SA	2019
51	Risk Participation agreement between the AfDB and Afreximbank	2019
52	Risk Participation Agreement (RPA) between the AfDB and First Rand Bank (FRB)	2019
53	Risk Participation Agreement (RPA) between the AfDB and Standard Chartered Bank (SCB)	2019
54	Societe Nigerienne de Banque (Sonibank) - Ligne de crédit de 13 Million d'Euros	2019
55	Ligne de Crédit de 2,5 millions d'euros - Fidelis Finance SA	2019

Annex 3

In the years (2014 – 2019), the Bank produced a total of the 70 XSRs, representing the entire body of NSO self-evaluation evidence for the time frame under review. Out of the 70 XSRs, SNDR included xxx reports in the ADER for the years (2014 – 2019). A comprehensive list of the aforementioned 70 projects is included in the table below.

XSRs Produced by the Bank within 2014-2019

	Project Name	XSR Date
1	Windsor Garden City Hotel, Hurghada	2014
2	DROP Ivoire - Mineral water bottling & Treatment plant	2014
3	Dibamba Power Project	2014
4	Rwanda Private Sector Federation Capacity Building Project	2014
5	Enhancing the Zambian Small and Medium Enterprises (SMEs) Competitiveness and Access to Finance	2014
6	New Dawn Satellite	2014
7	Doraleh Container Terminal	2014
8	Advans Banque Congo	2014
9	Bujagali Hydro Power Project	2014
10	Swarp Spinning Mills Limited (SSML)	2014
11	Agri Business Investment Fund (AGRI-VIE)	2014
12	AFRICINVEST II Private Equity Fund	2015
13	Helios Shared Telecoms Infrastructure Project	2015
14	The Pan African Infrastructure Development Fund (PAIDF)	2015
15	Line of credit II to Guaranty Trust Bank	2015
16	The GEF Africa sustainable forestry fund (ASFF)	2016
17	The Africa Health Fund LLC	2016
18	Busekura Hydropower Project	2016
19	Emerging Africa Infrastructure Fund - EAIF(I&II)	2016
20	PULSE Financial Services Limited of Zambia (PFSL) - FAPA TA Zambia	2016
21	Lekki Toll Road Project	2016
22	Access Bank Liberia Equity	2016
23	Zambia National Commercial Bank - Line of Credit and Partial Credit Guarantee Facility	2016
24	Maghreb Private Equity Fund II	2016
25	Prise de participation au capital de MCI	2016
26	Investment fund for health in Africa (IFHA)	2016
27	Corporate Loan to Trustco Finance (Pty) Limited	2016
28	Banque Rwandaide de Developpement, Line of Credit 2010	2017
29	West African Development Bank (BOAD) - Line of credit (II)	2017
30	Catalyst Fund I	2017
31	African Reinsurance Company "Africa-Re"	2017
32	Line of Credit for Bank of Kigali	2017
33	African Export - Import Bank (AFREXIMBANK)	2017
34	PTA Re-insurance Company (ZEP-RE) equity	2017

XSRs Produced by the Bank within 2014-2019

	Project Name	XSR Date
35	Trade and Development Bank (TDB) - PTA Bank, Line of Credit and Equity	2017
36	Aureos Africa Fund LLC	2017
37	Thika Thermal Power Project	2017
38	Atlantic Coast Regional Fund I (ACRF I)	2017
39	Development Bank of Southern Africa (DBSA) - 5th Line of Credit	2017
40	Industrial Development Corporation (IDC) - LoC II	2017
41	Line of Credit for Ecobank Transnational Incorporated	2018
42	BOAD Ligne de credit III Tranche A, Tranche B et don FAPA	2018
43	Troisième Prise de participation au capital de la BOAD	2018
44	Housing Finance Bank Limited	2018
45	Prêt pour le financement du programme d'investissement de l'Office Chérifien des Phosphates (OCP)	2018
46	Line of Credit to Africa Finance Corporation, AFC	2018
47	Line of Credit for Fidelity Bank Plc	2018
48	Line of Credit (LOC III) to Zenith Bank Plc	2018
49	Prêt d'entreprise pour le financement du projet de gazoduc du sud tunisien (Nawara)	2018
50	Kivu Watt Project	2018
51	Corporate Loan to Transnet I & II	2018
52	Trade and Development Bank (TDB) - Line of Credit for Eastern and Southern African	2018
53	Export-oriented SME financing program - Line of Credit to NEXIM Bank	2018
54	Derba Midroc Cement	2018
55	Naira Line of Credit to FRB subsidiary, Rand Merchant Bank Nigeria Limited	2018
56	Argan Infrastructure Fund (ARIF)	2018
57	8 Miles LLC Fund	2018
58	Africa Agriculture Fund (AAF)	2019
59	Lome Container Terminal Project	2019
60	West Africa Emerging	2019
61	Risk Participation Agreement (RPA) between the AfDB and Sumitomo Banking Corporation Europe (SMBCE)	2019
62	Banque pour le Commerce et l'Industrie (BCI) en Mauritanie - Ligne de Crédit de 10 Millions de dollars	2019
63	Stanbic IBTC Bank PLC	2019
64	CRDB Bank Limited Line of Credit 2015	2019
65	Line of Credit for Moza Banco SA	2019
66	2013-2016 Risk Participation agreement between the AfDB and Afreximbank	2019
67	2015 Risk Participation Agreement (RPA) between the AfDB and First Rand Bank (FRB)	2019
68	2013 Risk Participation Agreement (RPA) between the AfDB and Standard Chartered Bank (SCB)	2019
69	Societe Nigerienne de Banque (Sonibank) - Ligne de crédit de 13 Millions d'Euros	2019
70	Ligne de Crédit de 2,5 millions d'euros - Fidelis Finance SA	2019

Annex 4

IDEV RATING SYSTEM FOR XSR QUALITY

Project Number:

Project Title:

Country:

Sector:

Validation Dimension	Rating (4-point scale)	Remarks
A. Validation of analysis		
Adequacy of analysis of project objectives, expected results & formulation (including the indicators/benchmarks, consistency with appraisal & subsequent revision).		
Adequacy of analysis of project implementation, status and project context.		
Soundness of judgment on project's development outcome as assessed based on business success; economic sustainability; environmental and social sustainability and private sector development.		
Soundness of judgment on the Bank's investment profitability.		
Soundness of judgment on the Bank's Work Quality		
B. Validation of overall conclusions		
Responsiveness of the XSR to its scope.		
Reliability of the overall analysis.		
Impartiality and consistency in individual indicator and rating judgment.		
Consistency of overall performance dimension ratings with individual rating components.		
Appropriateness and completeness of conclusions, identified issues, lessons and recommendations.		
C. Other issues (specify in any)		
D. Overall rating of the XSR		
Operations Unit's overall ratings of the project (from the XSR):		
E. Follow-up action/decision:		
Priority of Project for Sector, Country or Thematic Evaluations (tick relevant)		
Project is the first of its type in the sector (sub-sector)		<input type="checkbox"/>
Project is part of a series and is suitable for cluster evaluation		<input type="checkbox"/>
Project has innovative, is large or complex		<input type="checkbox"/>
Project highly successful or highly unsuccessful		<input type="checkbox"/>
Project has high priority for impact evaluation		<input type="checkbox"/>
Thematic or special evaluation studies (specify)		<input type="checkbox"/>
Other (specify)		
A four-point scale is to be used for rating the quality of the XSR. The four points are defined as follows:		
4	=	Highly satisfactory. No significant qualifications. Use the Rating Validation Sheet for purpose of confirmation;
3	=	Satisfactory. Some qualifications, but generally acceptable. Use the Rating Validation Sheet format for purpose of confirmation and analysis as required;
2	=	Unsatisfactory. Qualifications Calling for adjustments/improvements of the XSR analysis using the Rating Validation Sheet;
1	=	Highly unsatisfactory. Significant qualifications, calling for significant improvements of the XSR. This rating may call for thorough review of documents to prepare the Rating Validation Sheet. There may also be a need to conduct field mission.

Design of Synthesis Database

Introduction

The synthesis exercise requires the creation of an evaluation database for the XSRs and the Independent Evaluation Notes. The Database would enable the generation, aggregation, and extraction of results, analytics and patterns to serve the analysis of the portfolio under review. In this instance, the database only contains the elements necessary for a meaningful extraction of report data and results and will be built using Microsoft Excel. The remainder of this annex will contain the details of the database elements, namely tables, records, fields and filters.

Design Elements of Database

A. Tables (Datasheets)

For the purpose of this evaluation a database table will be composed of records and fields that hold data. Each table in this database will be called datasheets. This database will contain two data sheets, the first is the "Project Attributes and Results" and the second datasheet will be the "XSR Quality and Development Outcome Ratings".

B. Records

Project data will be stored in records. Each project will have one record in each of the datasheets mentioned above. Each record will be composed of fields that contains all the pertinent data about each project. The records will be represented as "rows" in the two above mentioned datasheets. This database will cover the entire portfolio under review which are 55 projects. As such each datasheet will have 55 records.

C. Fields

A field is part of a record and contains a single piece of data pertinent to the project, it is a project attribute. Field will be represented in columns. Each data sheet of the two datasheets mentioned in "A" above will have unique fields, as per the following:

- Project Attributes and Results: Number of Project in Sample, Project Name, Country, Region, Sector, Approval Date, XSR release Date, Approved Amount, Approved Amount in UA million, Instrument, TA (yes/no), Quality of XSR, Good practice (yes/no), No. of Enterprise Financed (LOCs and Funds), No. of Jobs created/maintained, Tax Revenue to Government, FX Earnings/savings, Amount of funding catalyzed.
- XSR Quality and Development Outcome Rating: Number of Project in Sample, Sector, Approval Date, XSR Release Date, Approved Amount, Approved Amount in UA Million, Instrument, TA (Yes/No), Good practice (Yes/No), Quality of XSR, Overall Development outcome rating, Business Success rating, Economic Sustainability, Environmental, and Social Effects, Private Sector Development, Bank Investment Outcome, Overall Work quality, Screening- Appraisal -Restructuring, Supervision and Administration, Additionality, Type of Additionality (Financial, or Non-Financial).