IDEV
Independent Development Evaluation
African Development Bank

From experience to knowledge...
From knowledge to action...
From action to impact

Evaluation of the Partnerships of the AfDB (2008–2019)

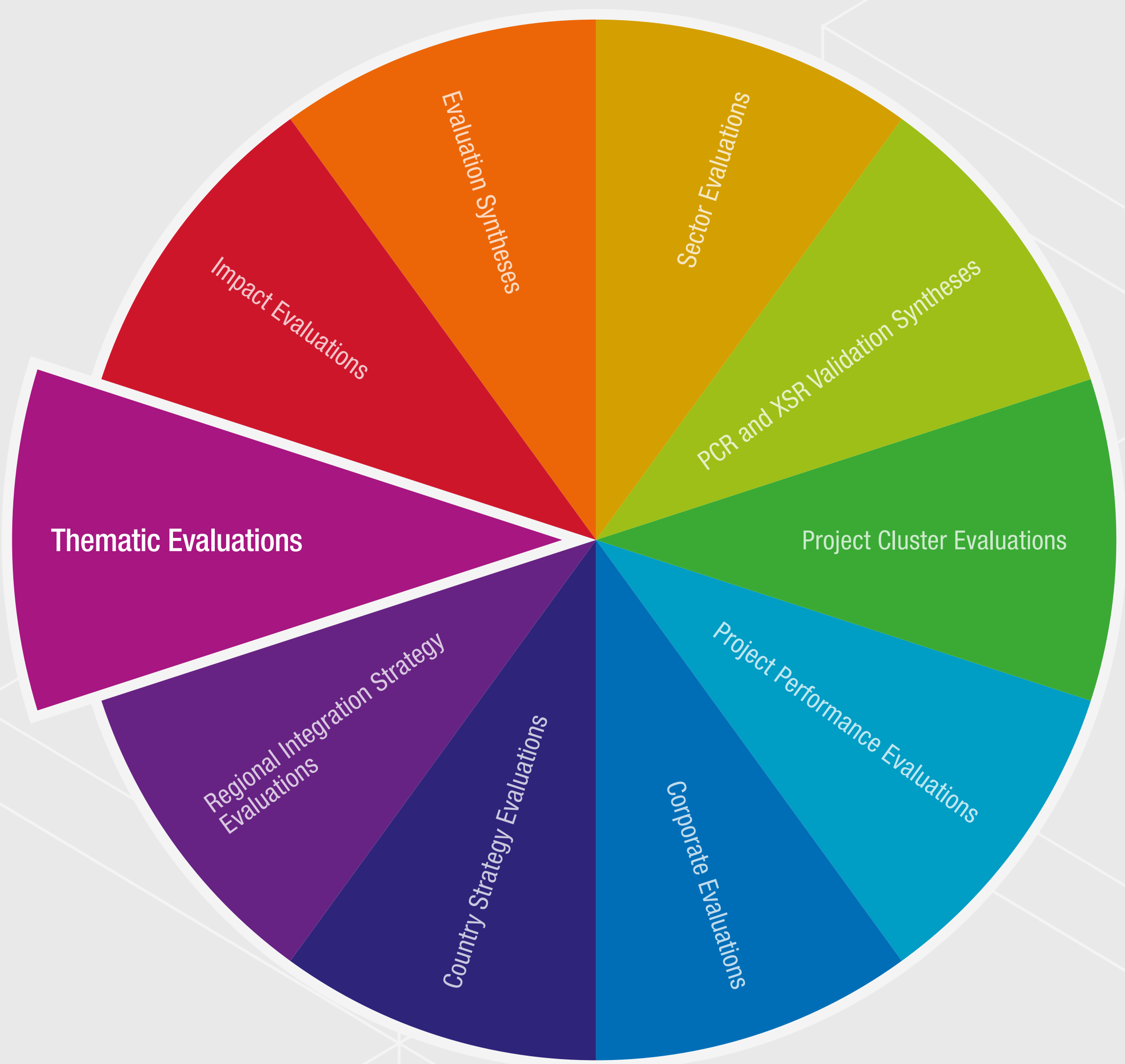
Executive Summary

An IDEV **Thematic Evaluation**

AFRICAN DEVELOPMENT BANK GROUP

May 2021

IDEV conducts different types of evaluations to achieve its strategic objectives



Executive Summary

Background

This report presents the findings of the evaluation of the Development Partnerships (DPs) of the African Development Bank Group (the AfDB or the Bank). In its Ten-Year Strategy (TYS, 2013–2022), the Bank considered effective development partnerships as one of the key approaches through which it would deliver its development objectives. Considering the growing importance of DPs, Independent Development Evaluation (IDEV) launched this evaluation to shed light on the overall performance of the partnership ecosystem over the past decade (2008-2019).

DPs at the Bank fall into two categories. Financing Partnerships (FPs) combine financial resources from partners to support development efforts in Regional Member Countries (RMCs) through Trust Funds (TFs) and Co-financing agreements (CFs). Non-Financing Partnerships (NFPs) are composed of Coordination and Cooperation (C&C) and Knowledge, Advisory Services, and Policy Dialogue (KASP) partnerships. While these categories were used for analytical purposes, the evaluation recognizes that there is a continuum of partnerships, which generally have both financing and non-financing objectives. Annex 1 of this volume presents key concepts of partnerships used in this report.

Purpose and Scope: The purpose of this evaluation was to assess the performance of various partnership initiatives at the AfDB and provide the Board of Directors and Management with lessons and recommendations to improve the effectiveness of present and future DPs. The review covers 75 active DPs and the Sovereign Operations (SOs) and Non-Sovereign Operations (NSOs) they funded from 2008 to 2019, with a comparative analysis between 2008–2012 and 2013–2019, before and after the adoption of the TYS. The evaluation did not systematically assess the implementation of all DPs but focused on active partnerships with agreed and clear results frameworks. While the topic of convening power was initially planned to be covered, it could not as it was too broad for this evaluation.

Methodology: The evaluation was based on a reconstructed theory of change detailing the Bank's overall results framework for DPs. The sources of evidence included: (i) a desk review of AfDB documents and external literature on FPs and NFPs; (ii) a portfolio analysis and mapping of partnerships; (iii) interviews with over 300 internal and external stakeholders; (iv) six country case studies of Cameroon, Liberia, Rwanda, Senegal, Tunisia, and Zambia; (v) a review and rating of 39 out of 75 partnerships; and (vi) a benchmarking with the World Bank (WB), the Inter-American Development Bank (IDB), the European Bank for Reconstruction and Development (EBRD), and the Asian Development Bank (AsDB). The sample used was determined based on the concentration of partnerships that could help to assess development results at the country level, sector level, and partnership level. The evaluation used a four-point rating scale ranging from Highly Satisfactory to Highly Unsatisfactory to assess both specific partnerships and overall performance.

This report is structured in two volumes. Volume 1 focuses on the findings, lessons, and recommendations, while Volume 2 contains the technical annexes.

Limitations: The lack of granular and historical data on CFs and TFs, particularly for the period between 2008 and 2014; the inability to conduct a partners' survey due to delays in accessing a comprehensive list and making contact with partners; and the lack of specific documentation filed in the Bank's systems on some DPs were the main limitations of this study. They were addressed through an increased verification and reconciliation of the accessible data for consistency, and the inclusion of more sources of information in the portfolio analysis to strengthen the rigor and credibility of the analysis.

Main Findings

Mapping partnerships

A detailed mapping is presented in Annex 1 of Volume 2. The scope and number of the Bank's DPs have increased over time. From a total of 89 initiatives in the initial review, the evaluation identified 75 that qualify as partnerships where the Bank collaborates with at least one partner. The main criteria included the existence of a formal partnership agreement, the presence of one or more external parties in the governance structure, and the use of joint resources. The 75 active DPs include 51 entered into during the evaluation period (2008–2019), 32 before the start of the TYS in 2013 and 19 after.

FPs (47, or 63 percent) dominated the Bank's partnerships relative to NFPs (28, or 37 percent). TFs accounted for 30 (64 percent) and CFs for 17 (36 percent) of FPs. TFs were dominated by Thematic Trust Funds (TTFs) (50 percent) and Bilateral Trust Funds (BTFs) (33 percent), with a few Special Funds (13 percent) and global funds (4 percent). Within the CFs, three were Global Financial Intermediary Funds,[1] in which the Bank is an implementing partner, while the rest were agreements with bilateral and multilateral institutions. In total, over the period, the Bank was a signatory to CFs for an estimated financial value of US$ 30.9 billion and has received US$ 1.5 billion through Trust Funds, excluding the Nigeria Trust Fund (NTF).

When categorized by High 5s, 47 DPs were focused on Industrialize Africa, 36 on Improve the Quality of Life for the People of Africa, 35 on Light Up and Power Africa, 33 on Feed Africa, and 33 on Integrate Africa. In total, 17 partnerships cut across the High 5s, while four were generic and did not align with the High 5s. A further breakdown by partnership categories shows that FPs predominantly financed Improving the Quality of Life of People in Africa (TFs, 22 percent) and Light Up and Power Africa (CFs, 25 percent). On the other hand, NFPs mainly supported Integrating Africa, with 33 percent for C&C and 67 percent for KASPs.

Relevance

The Bank has not developed a specific partnership and resource mobilization strategy despite initial plans to do so. However, the overall partnership approach reconstructed by the evaluation is rated as Satisfactory. Partnerships align with the Bank's strategies and were consistent with international development agendas and continental initiatives.

The partnerships reviewed show that the relevance and strategic alignment of FPs and NFPs were generally satisfactory. The Bank has been able to mobilize different types of partnerships to support its operations. However, there is still a lack of coherent approaches to specific C&Cs and KASPs, which tend to be less formalized. The alignment of the Bank's partnerships is limited by the lack of a Bank-wide Partnership Policy, Strategy, and Action Plan. As a result, the strategic function of partnerships as vehicles for development is diluted and remains largely uncoordinated across the Bank's operational complexes.

A series of reforms has improved the relevance of partnerships in the Bank. Notably, the creation of the Standing Committee on Partnerships (SCP) in 2012 played a significant role in strengthening the relevance and alignment of new partnerships.

The quality at entry and design of most operations financed through the Bank's partnership arrangements is rated as Satisfactory. The available evidence shows that projects funded through partnerships generally have the same quality standards as core Bank operations. The limited selectivity and lack of a clear results framework for partnerships were the key challenges in designing operations funded by partnerships at the Bank.

Effectiveness

Over the evaluation period, the overall performance of partnerships was considered Satisfactory.

The effectiveness of the co-financing facilities reviewed is rated as Satisfactory. When partnerships were prioritized and better resourced, they provided increased added value for the Bank.

However, the performance varied over the evaluation period. The Bank recorded the most co-financing in 2015, with UA 17,642 million against a target of UA 8,000 million. Co-financing through comprehensive framework agreements involving International Financial Institutions (IFIs) such as the Islamic Development Bank (IsDB), International Fund for Agricultural Development (IFAD) and WB, and the Africa Growing Together Fund (AGTF) yielded the highest level of partner collaboration with minimal transaction costs. In general, co-financing was more effective when paired with grant funding, especially a project preparation facility. Effective and promising CFs include the AGTF with China, the Climate Investment Fund (CIF), the Global Environment Facility (GEF), and the EU Africa Investment Platform (PAGODA), now the largest source of grant co-financing in the Bank.

Trust funds have been instrumental in strengthening the Bank's lending and non-lending portfolios. In the six countries visited, the evaluation found that TF grants supported key projects, including in sectors such as innovation, knowledge production, policy dialogue, and providing technical assistance to help operations in the social and governance sectors. TFs supported new initiatives such as the African Development Fund (ADF) Lab, as well as cross-cutting themes such as climate change and green growth. TFs also allowed the Bank to remain relevant in transition countries and regions where it is unable to conduct normal operations. However, internal stakeholders argue that resources were increasingly difficult to access. The number of projects financed by TFs has declined over time.

The achievement of results by NFPs was also Satisfactory. In the six countries visited, C&C and KASP partnerships contributed to adding analytical and technical rigor to the Bank's interventions, including promoting policy dialogue and more robust engagement with clients in RMCs. The Bank maintained active inter-agency coordination with key multilateral and bilateral agencies at the country level. African governments recognized the Bank as the preferred partner of choice. Similarly, partners in countries viewed the AfDB's capacity to partner as excellent and its contribution as useful. All considered that the Bank has the potential to play an even more prominent role in the development architecture.

Implementation challenges that limited effectiveness were linked to the perceived culture of approvals in the Bank. Indeed, despite the political push for more leveraging, sector staff were mainly focused on delivering the Bank's lending program and thus prioritized AfDB loans and Board approval of their projects. Co-financing faced the unwillingness of Task Managers (TMs) to bear the additional workload and risk of leading co-financed loans. TMs considered that the Bank's ecosystem was not entirely capable of supporting the responsibility of leading on co-financing, especially in the case of joint co-financing. Other challenges for some CFs were the limited interest of the partner to fund some deal proposals and the time taken to approve deal proposals, which could lead to cancellation or the financing of the Bank tranche without the partner.

Weak planning of TFs and project implementation challenges in co-financing constituted limiting factors for the best use of resources allocated to the Bank. Other challenges included insufficient communication with partners, inadequacy of the reporting to partners' needs, failure to respect commitments made, delays in project implementation, and lack of dedicated teams for some partnerships.

The benchmarking helped identifying some good practices that could be beneficial to the effectiveness of the Bank's partnerships considering there was still has some margin for improvement in terms of resource mobilization, monitoring, and reporting. On average, amounts mobilized by other institutions were more significant. Institutions such as the World Bank, IDB, and AsDB have implemented reforms aimed at increasing the share of co-financing in their operations and these have led to positive results. These reforms included a greater emphasis on key performance indicators (KPIs) promoting systematic co-financing and the use of TFs, better organization into umbrella programs, enhanced reporting mechanisms, streamlined processes, and greater autonomy in using TFs for project preparation, coordination, and policy dialogue. Common challenges were also found regarding the fragmentation of TFs and the lack of coordination of CFs.

Efficiency

The Bank's partnerships were rated Unsatisfactory at the institutional and operational levels, due to weaknesses in organizational performance.

The Bank's institutional governance framework for partnerships has evolved from a very centralized to a decentralized structure, in large part as a result of the Development and Business Delivery Model (DBDM) initiated in 2016. This evolution has contributed to increased partnership activities and outreach. The move towards more decentralization in partnerships management, however, lacked adequate guidance, coordination, and demarcation of the roles of sector complexes vis-à-vis the Resource Mobilization and Partnerships Department (FIRM). It has proved a significant issue for the adequate mobilization, monitoring, and reporting of partnerships.

While it is too early to conclude on its full impact on partnerships, it appears that the DBDM has increased the capacity of operations complexes to implement partnerships. but also weakened internal coordination, leadership, and ownership. Furthermore, as part of the DBDM reforms, the Bank has created some partnerships units within sector complexes with the mandate to mobilize additional resources for these specific sectors. However, the evaluation found no evidence of clear mandates of these newly created units. There was also no evidence of a clear delineation of roles and collaboration rules or reporting lines with FIRM. Consequently, these reforms had the adverse effect of weakening the coordination of partnerships within the Bank. The current architecture, while functional, needs significant improvements to allow FIRM to fully play its central role and to address capacity gaps in the Country and Regional Offices. The evaluation therefore concludes that the Bank is yet to establish a fully functional, well-coordinated organizational setup that works and is suited for its needs and architecture.

Over the period, partnerships in the Bank suffered from inadequate resourcing and weak incentive structures, including inadequate KPIs. Furthermore, internal stakeholders' perceptions of the Bank's management of partnerships were mostly negative. Projects financed by the Bank's partnerships often experienced significant implementation delays. The conditions precedent to grants disbursement, especially for BTFs, were said to be complex and sometimes unique to specific TF agreements and the commitments made with the partner. Although the time spent to reach these milestones has decreased over time, the processes for partnership projects continue to be lengthy and onerous for stakeholders. The lack of uniformity in partnership requirements, especially TFs, creates a disincentive to usage. Multiple studies pointed out the persistence of low disbursement rates, complex disbursements and procurement procedures, and the lack of incentives for Bank staff to devote time to small-scale but management-intensive TF projects.

A performance measurement system to measure and track the cost-effectiveness of partnerships is not yet in place at the Bank. To date, the Bank's systems are not designed to support swift implementation and systematically capture the transaction and agency costs related to the process of establishing and implementing a partnership arrangement. While significant progress has been made in TF reporting, the Bank still lacks an adequate partnership information system to provide exhaustive information to partners on the resources mobilized, their utilization, and their development impact. The evaluation has identified the deficits in systems to manage partnerships in the Bank as one of the crucial weaknesses to be addressed.

Some commendable efforts have been made to promote knowledge management and learning. Partnership outreach actions have been implemented, including a combination of internal and external knowledge events for the attention of staff on CFs and TFs. However, the Bank still suffers some gaps in these areas. There was also little lateral learning and dissemination of best practices and management experience among partnerships teams which would allow partnership managers to be more effective.

Sustainability

The Bank's partnerships were rated as Satisfactory for sustainability. The sustainability of a large majority of the partnerships reviewed (73.7 percent) was Satisfactory at the project level.

Both FPs and NFPs, as well as their respective sub-categories, were rated as Satisfactory. TFs were rated as Satisfactory in technical soundness, whereas co-financing facilities were more institutionally sustainable. However, while the ownership and sustainability of NFPs were Satisfactory, they were usually affected by insufficient human resources to support their implementation. The high turnover of consultants exacerbates the challenges.

Partnership projects were less sustainable when implemented under the following conditions: (i) as standalone project(s) without a link to the Bank's project pipeline; (ii) a weak or inexistent exit strategy in project design and implementation; (iii) insufficient or lack of built-in budget for building the capacity of implementing agencies; (iv) no clear strategies to mainstream gender and youth, mitigate environmental impact, and engage with end beneficiaries; and (v) a lack of results orientation and reporting that hindered collaboration and mutual accountability between partners.

Lessons

At the strategic level

A more precise definition of strategic direction contributes to the successful mainstreaming of partnerships. Partnerships should be created and managed based on clear high-level priorities. They were found effective when well-coordinated and in line with the Bank's core strengths.

Clarification of roles and coordination from Senior Management are essential to achieve efficiency. Defining and delineating clear mandates and ensuring sector complexes receive smooth coordination reinforces the capacity to deliver the strategic objectives of the Bank and improves the Bank's image.

Decentralizing partnership management strengthens the Bank's capacity to mobilize additional resources. However, it can only achieve optimal effectiveness if adequately supervised and coordinated at the central level.

Formalized and mainstreamed partnerships are likely to be more successful. Partnerships that were an integral part of the Bank's core program were likely to be more effective than non-formalized partnership initiatives, or those that involved small resources. Also, when signed with a clear results framework and commitments, Memorandums of

Understanding (MoUs) have a higher chance of being integrated and executed.

At the Operational Level

Dedicated resources are an essential contributing factor to the success of partnerships. Partnerships with dedicated teams are more likely to achieve results and communicate better, while partnerships with fewer staff struggle. The integration of these partnerships in operations complexes is likely to ensure adequate staffing and use of systems.

Investing in adequate systems is expected to have a cross-cutting impact for partnerships and more TFs. Inadequacy of systems has been a central issue in the Bank. Developing the right systems has the potential for positive ripple effects on the implementation of all partnerships.

Effective M&E, transparency, and accountability promote strong alliances. Partnerships are strategic alliances that affect the Bank's attractiveness and relationships with development partners, including their confidence, especially in the context of the ADF. To ensure that relationships are sustained, complementary and fair, partnerships necessitate close tracking of the alliance and country presence, together with adequate systems and resources.

Recommendations

The Bank is advised to further reform its partnerships governance framework. Resource mobilization and partnership initiatives should be selected, designed, and implemented in alignment with the expected development results of the Bank and the RMCs. This approach will help the Bank, the partners, and RMCs to maximize synergies and demonstrate value addition and value for money of the various partnerships, while holding organizational units and staff accountable for the achievement of the results assigned to each Bank complex.

Among the top challenges to address to improve the management of partnerships in the Bank, attention should be given to an adequate institutional setup, clear strategic framework and division of roles, and effective management systems and incentives. Thanks to the collaboration during this evaluation, the findings of the evaluation have already informed the work done by FIRM on the new Trust Fund Policy, which will address to some extent the issues raised, such as implementation, systems, accreditation of fund managers, cost recovery and others. However, the policy applies mainly to Trust Funds, while the whole ecosystem of partnerships still needs further attention.

The evaluation makes the following recommendations:

1. Define and set out the strategic directions for partnerships and resource mobilization, clarifying priorities and ensuring coherence.

It is crucial to strategically rethink the Bank's relationships with partners in order to be more effective and develop more win-win partnerships. The Bank could consider:

- Developing a Bank-wide action plan to better coordinate partnership and resource mobilization efforts for the achievement of the High 5s.
- Applying a more coherent programmatic approach to the partnership's portfolio, building on their potential synergies.

2. Review the current partnerships framework and institutional arrangements with a view to achieving strong coordination, greater efficiency, and better results.

It is suggested that the Bank consider:

- Affirming the coordinating role of FIRM and strengthening the SCP's role.

- Conducting an organizational study to identify the best options that would fit the Bank's structure and ensure the success of partnerships management in the Bank, to inform a possible finetuning of the partnership's framework.

- Assessing and establishing a shared platform of services for partnerships, with adequate human resources and harmonized tools, processes, and information systems.

3. Provide adequate resources, KPIs and incentives for the management of partnerships.

A strong resource management should back up any reform and proper attention should be given to efficient management of resources. The following additional measures could be considered:

- Ensure that regional directorates are sufficiently equipped to perform resource mobilization, coordination, partnership management, and advisory services tasks.

- Establish adequate incentives (such as rewards, compensation, individual partnership KPIs) for staff and complexes, targeting the quality of partnership activities and accountability for their results.

- Ensure, through the implementation of the new Trust Fund Policy, that the management fees charged for TFs reflect the Bank's costs associated with these TFs. ■

IDEV

Independent Development Evaluation
African Development Bank

About this evaluation

This evaluation presents a summary of the work carried out to assess the AfDB's Development Partnerships over the period 2008–2019. The evaluation covers 75 active partnerships, including Financing Partnerships like Trust Funds and Co-financing agreements and Non-Financing Partnerships such as Coordination & Cooperation and Knowledge, Advisory Services and Policy Dialogue partnerships and the operations they funded, with a comparative analysis between 2008–2012 and 2013–2019, before and after adopting the Bank's Ten-Year Strategy. It provides the Board of Directors and Management with lessons and recommendations to improve the effectiveness of present and future development partnerships. Its findings are based on a reconstructed theory of change and information from different sources.

The evaluation found that the relevance, effectiveness, and sustainability of the Bank's partnerships were satisfactory. Partnerships aligned with the Bank's strategies and were consistent with international development agendas and continental initiatives. Sustainability was achieved due to good integration in the design, stakeholders' interests, attention to communication, promoting ownership, and addressing social and environmental issues. However, the efficiency of the Bank's partnerships was rated unsatisfactory at the institutional and operational level due to weaknesses in organizational performance. In addition, the Bank's partnerships have not been managed with optimal resources to ensure results delivery in the most cost-effective manner.

Three main recommendations were made to improve the management of partnerships in the Bank: 1) Define and set out the strategic directions for partnerships and resource mobilization, clarifying priorities and ensuring coherence; 2) Review the current partnerships framework and institutional arrangements to achieve strong coordination, greater efficiency, and better results; and 3) Provide adequate resources, Key Performance Indicators, and incentives for the management of partnerships.

IDEV
Independent Development Evaluation
African Development Bank

African Development Bank Group
Avenue Joseph Anoma, 01 BP 1387, Abidjan 01, Côte d'Ivoire
Phone: +225 27 20 26 28 41
E-mail: idevhelpdesk@afdb.org

Design & layout: GK Graphics (www.gkgraphics.in)