



São Tomé and Príncipe: Evaluation of the African Development Bank's Strategy and Program (2012–2022)

Summary Report

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Acknowledgements

Task manager	Akua Arthur-Kissi , Principal Evaluation Officer, IDEV.2
Task team member	Roland Akabzaa , Research Analyst, IDEV.2
Consultants	Joao Guimares , Lead Consultant; Sergio Rebelo , Agriculture Expert; Wilson Branco , Public Finance and Economics Expert; Augusto De Sousa Fernandes , Energy Expert
Internal peer reviewers	Andrew Anguko , Chief Quality and Methods Advisor, IDEV.0 Samson Houetohossou , Principal Evaluation Officer, IDEV.2
External peer reviewer	James Sackey , External Reviewer
Internal Bank reference group	Kennedy K. Mbekeani , Deputy Director General, RDCS; Pietro Toigo , Country Manager, COAO/STP; Felisberto Mateus , Senior Country Economist, LIST; Ceutónia Lima Neto , Operations Assistant, LIST; Yolanda Arcelina , Principal Country Program Officer, COAO/LIST; Cesar Augusto Tique , Agriculture & Rural Development Specialist, AHAI; Anders Cajus Pedersen , Chief Regional Power Systems Officer, PESD; Jean-Bernard Rakotonirina , Procurement Officer, COMG; Musole Mwila Musumali , Principal Climate Change & Green Growth Officer, PECG; Merique Nhavoto Salmina , Senior Gender Officer, AHGC; and Jorge Retana De La Peza , Senior Governance and Economic Management Officer, ECGF
External Reference Group Member	Ginésio da Mata , AfDB focal person, Ministry of Finance, São Tomé and Príncipe
Knowledge management and communication	Lina Zekri , Knowledge Management Consultant; Marc Bappa Se , Knowledge Management Officer; Kate Stoney , Senior Communications Officer
Other assistance/contributions provided by	Felisberto Mateus , Senior Country Economist, LIST; Ceutonia Lima , Operations Assistant, LIST; Yolanda Arcelina , Principal Country Program Officer and Derilson Neves , Support Staff, LIST
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Division manager	Madhusoodhanan Mampuzhasseril
Evaluator-General	Karen Rot-Munstermann

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Acronyms and Abbreviations

ADF	African Development Fund
AFAP	São Tomé and Príncipe's Fiduciary and Project Administration Agency
AfDB	African Development Bank Group
AGTF	Africa Growing Together Fund
BTOR	Back to Office Report
CATAP	Centre for Technical Improvement of Agriculture and Animal Husbandry
COVID-19	Coronavirus Disease
CSP	Country Strategy Paper
CsPCR	Country Strategy Completion Report
DP	Development Partner
EIRR	Economic Internal Rate of Return
EITI	Extractive Industries Transparency Initiative
EMAE	Empresa de Água e Electricidade, São Tomé and Príncipe's water and electricity utility
ERPSSP	Economic Reform and Power Sector Support Program
ESHS	Environmental, Social, Health and Safety standards
ESW	Economic and Sector Work
ETISP	Energy Transition and Institutional Support Program
FAO	Food and Agriculture Organization
FSF	Fragile States Facility
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GIS	Geographic Information System
IDEV	Independent Development Evaluation
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
INAC	National Institute of Civil Aviation
IPR	Implementation Progress Report
IT	Information Technology
LDSP II	Livestock Development Support Project Phase II
LIST	Liaison Office, São Tomé and Príncipe
MHPSP	Mini-Hydropower Projects Support Program
MICS	Multiple Indicator Cluster Surveys
MPFEA	Ministry of Planning, Finance and Blue Economy
NDP	National Development Plan 2017–2021
NEPAD-IPPF	New Partnership for Africa's Development's Infrastructure Project Preparation Facility
OCC	Opportunity Cost of Capital
PAGEF	Economic and Financial Management Support Project
PAR	Project Appraisal Report
PBO	Policy-Based Operation
PCR	Project Completion Report
PCREN	Project Completion Report Evaluation Note
PFM	Public Financial Management
PIU	Project Implementation Unit
PPs	Problematic Projects
PPPs	Potential Problematic Projects
PRIASA	Infrastructure Rehabilitation for Food Security Project
PRSP	Poverty Reduction Strategy Paper
PV	Photovoltaic
ROI	Return on Investment
RWSSI	Rural Water Supply and Sanitation Initiative
SEFA	Sustainable Energy for Africa
SME	Small and Medium Enterprise
STP	São Tomé and Príncipe
UA	Unit of Account

UNDP
US\$
WB
WHO

United Nations Development Programme
United States Dollars
World Bank
World Health Organization

Executive Summary

This Country Strategy and Program Evaluation assesses the support of the African Development Bank Group (AfDB or ‘the Bank’) to São Tomé and Príncipe (STP) over 2012–2022. The purpose of the evaluation is to inform the development of a new country strategy paper (CSP) for STP, due in 2023, and to draw lessons for STP and the Bank.

The evaluation used internationally recognized criteria to assess the performance of the Bank’s support through the two CSPs implemented over the evaluation period. The evaluation examined the Bank’s portfolio of projects as well as its non-lending activities (knowledge work, policy dialogue, and partnerships).

The Country Context

São Tomé and Príncipe is one of the smallest economies of Africa. In 2021, its GDP was US\$ 547 million (US\$ 2,449 per capita). The service sector contributes 69.0 percent of GDP, industry contributes 13.3 percent and agriculture contributes 12.7 percent. Tourism only contributes 6.0 percent but accounts for 77 percent of foreign exchange earnings.¹

The country’s characteristics are typical of small island developing states: a small market economy where production costs are high because of remoteness, a small population, a weak private sector, weak institutional capacity, and low human capital. Growth fell from 6.5 percent in 2014 to 0.9 percent in 2022.² Inflation averaged 5.8 percent over 2012–2022 (10.4 percent in 2012, 4.0 percent in 2015, 7.7 percent in 2018, 17.9 percent in 2022).

STP’s fiscal position is extremely precarious. Over 2012–2022, its fiscal balance averaged -5 percent of GDP.³ The deficit is mainly financed by loans, which increases external debt. Total public debt rose from 91.1 percent of GDP in 2012 to 107.1 percent in 2021, partly due to the recognition of the debts of state-owned enterprises (especially the electricity and water utility company), and also to a rise in spending related to COVID-19 measures. STP’s debt, although sustainable, is in distress⁴ due to prolonged unsettled external arrears and the significant domestic arrears of the large loss-making state-owned water and electricity utility.

This reflects the public sector’s severe liquidity constraints.

The Bank’s Strategy and Programming in STP

The Bank’s programming in STP for the period under review was guided by two CSPs: CSP 2012–2016 (extended to 2017) and CSP 2018–2022 (extended to 2023). The portfolio of operations approved under the two CSPs consisted of 17 public sector operations valued at UA 67.66 million (US\$ 89.98 million⁵). The operations supported the Government of STP’s National Development Plan 2017–2021 (NDP).

CSP 2012–2016 initially had only one pillar: strengthening governance. With the expectation of imminent oil exploration and given STP’s low funding allocation (UA 5 million under ADF-12), the CSP aimed at improving strategic planning, strengthening public accountability and transparency in the upcoming oil sector (particularly by ensuring that STP complied with the Extractive Industries Transparency Initiative) and enhancing the environment for business development. By July 2015, however, when the CSP mid-term review took place, oil prospects had waned and the government had developed a new program for economic growth and job creation that concentrated on physical infrastructure, particularly feeder roads, water installations, and electricity structures, in the agriculture sector. The Bank reacted by retaining the CSP’s original pillar, which it continued to see as relevant, and adding a second pillar (“Promotion of Agricultural Infrastructure”) to promote value chains and agri-business. This was made possible by allocating additional resources to STP under ADF-13 (2014–2016). This tripled the Bank’s investments to UA 15 million (Table 1).

CSP 2018–2022’s project approvals were worth UA 32.63 million. The CSP had two pillars: “Supporting agricultural value chains development” and “Strengthened economic and financial management.” The Bank’s program in STP thus maintained a high level of continuity: CSP 2018–2022 merely nuanced the objectives (pillars) of CSP 2012–2016. The first pillar focused on rehabilitating and developing infrastructure for agricultural and rural development, emphasizing agricultural value

¹ AfDB 2023. Country Strategy Paper Completion Report 2018–2022 (extended to December 2023).

² AfDB 2023. African Economic Outlook 2023.

³ AfDB 2023. African Economic Outlook 2023.

⁴ Joint World Bank-IMF Debt Sustainability Analysis, September 2022

chains and energy infrastructure. The second pillar focused on economic and financial governance and public financial management, including the creation of conditions favorable to the development of the private sector. This evaluation focuses on these two pillars.

The portfolio over 2012–2022: The Bank conducted lending and non-lending activities (policy dialogue, economic and sector work, technical assistance). Grants financed 79 percent and loans, 21 percent. The African Development Fund supplied 88 percent of funds (UA 60 million) and 12 percent came from the Rural Water Supply and Sanitation Initiative, the Africa Growing Together Fund, the Fragile States Facility, the Global Environmental Facility, the New Partnership for Africa's Development's Infrastructure Project Preparation Facility, the Nigerian Trust Fund, and the Sustainable Energy Fund for Africa.

Methodology, Scope, and Limitations

The evaluation adopted a theory-based approach that assessed program performance against a reconstructed theory of change. It compared actual results to planned results, identified where issues occurred along the results chain, and examined the assumptions and risks underlying the CPSs' expectations.

The evaluation combined quantitative methods (surveys and secondary data analysis) and qualitative methods (interviews, document reviews, project results assessments, literature reviews, focus group consultations, and project site visits) and triangulated the findings. The evaluation used a four-point scale⁵ to rate the Bank's performance on five criteria: relevance, coherence, effectiveness, efficiency, and sustainability. The evaluation also assessed how well the Bank mainstreamed cross-cutting issues (gender, green growth/climate change, and capacity building) in its interventions and how well the Bank managed its operations.

Three factors hampered the evaluation: (i) limited institutional memory caused by staff turnover within the Bank and STP institutions; (ii) the unavailability of or limited access to some national data; and (iii) the unavailability of Bank monitoring data and progress reports. The evaluation mitigated these factors by conducting a stakeholder perception survey; engaging a local expert to reach national stakeholders, both active and retired; expanding the document review; and redefining the evaluation's scope.

Findings

Summary Evaluation of the Bank's Program, 2012–2022

Criteria	Overall Program	Rehabilitation and Development of Infrastructure			Economic Governance and Public Financial Management	
		Agriculture and rural development	Energy	Overall	Governance & Public Financial Management	Overall
Relevance	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Highly Satisfactory	Satisfactory
Coherence	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Effectiveness	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Efficiency	Partly Unsatisfactory	Satisfactory	Partly Unsatisfactory	Satisfactory	Partly Unsatisfactory	Partly Unsatisfactory
Sustainability	Partly Unsatisfactory	Satisfactory	Partly Unsatisfactory	Satisfactory	Partly Unsatisfactory	Partly Unsatisfactory

Relevance

The evaluation rates the relevance of the Bank's strategies and programs as satisfactory. The evaluation found that the Bank's interventions in STP were well aligned with the development strategies and priorities of

STP and the Bank. Given the resources, the interventions responded well to beneficiaries' needs and demonstrated considerable flexibility. The Bank drew on its comparative advantage by focusing on developing infrastructure and improving economic governance, two areas of intervention under the Bank's Ten-Year Strategy

⁵ The ratings are: 1) Unsatisfactory; 2) Partly Unsatisfactory; 3) Satisfactory; 4) Highly Satisfactory (see Annex 4).

(2013–2025). The development of infrastructure (in agriculture and energy) and capacity building in governance, especially economic and financial governance, were priorities of STP's National Development Plan (NDP). The Bank also focused on enabling the business environment and private sector development. It financed several programs in governance and public financial management reform. The relevance of these projects was considered highly satisfactory, since they addressed what stakeholder interviews and the NDP identified as priorities of STP's economic policy.

The evaluation noted that aspects of the Bank's policies meant that STP was unable to benefit from the Bank's private sector window, among other things because the Bank may not invest in a private sector project worth less than UA 30 million⁶. This is too large for STP. The Bank's private sector support program was thus ill-adapted to STP's needs and circumstances.

Some projects were found to exhibit design flaws that inhibited their ability to respond to the challenges they sought to address. For example, the Livestock Development Project (LDSP) Phase II conducted too many activities, deployed a problematic procurement plan that was misaligned to STP's needs and realities, and was implemented by a non-independent unit that was not solely dedicated to the project. This delayed implementation greatly and results were not achieved as planned. Similarly, the design of the Mini-Hydropower Projects Support Program (MHPSP) wrongly assumed that the government would reform the energy sector and improve the finances of STP's water and electricity utility. This error meant that the project was unable to realize its goal of attracting private investment to the construction and operation of the hydropower plants.

CSP 2012–2016 did not envision creating opportunities for STP to better integrate with the region, and CSP 2018–2022 discussed regional integration almost exclusively in relation to trade in commodities, particularly removing barriers to trade. The evaluation found that this did not align well to the NDP's vision of transforming STP into a maritime hub, a financial service center, and a tourism destination for the Gulf of Guinea.

Coherence

The evaluation rates the overall coherence of Bank-funded interventions in STP as satisfactory. The evaluation noted satisfactory interlinkages within the Bank's investment operations and

between its investment operations and its non-lending activities. Energy, governance, and finance operations benefited the most from capacity-building and institution-strengthening activities. Knowledge activities complemented operations and the Bank's dialogue with the government.

Energy and agriculture operations demonstrated satisfactory internal coherence by maximizing synergies during implementation. For example, MHPSP and the Energy Transition and Institutional Support Program were in line with Pillar 1 of CSP 2018–2022 and complemented each other without duplication. Similarly, LDSP II and the Infrastructure Rehabilitation for Food Security Support Projects (PRIASA) I and II demonstrated good complementarity and synergy, both of which will be enhanced by PRIASA III, proposed for the next cycle.

In terms of external coherence, the evaluation observed coordination with other development partners (the United Nations Development Program, the United Nations Industrial Development Organization, the World Bank, and the European Investment Bank) in the implementation of energy and governance operations. The evaluation also observed complementary activities and regular meetings to share information on sector activities: this helped align development partners' work with the work of the government. That said, cofinancing was rare. It was more evident under CSP 2018–2022 than under CSP 2012–2016.

Effectiveness

The overall effectiveness of the Bank's interventions is rated as satisfactory. Interventions broadly achieved a significant proportion of their planned outputs, but less of their expected outcomes. They mostly achieved the outputs intended, particularly in terms of developing infrastructure and improving the business environment. PRIASA I and II, the COVID-19 Response Support Program, and MHPSP were the most effective interventions. Their results contributed to the Bank's goals in agriculture, energy, governance, and public financial management.

Key **outputs** of PRIASA I and II were new and rehabilitated infrastructure in fisheries and agriculture and more capacity among fishermen, fish vendors, farmers, and technical support staff. These outputs made more fish and food crops

⁶ The Bank excludes investments below UA 10 million, while its contribution cannot exceed one-third of the overall investment amount.

available for local consumption and made it possible to produce more products and services for agriculture value chains. The COVID-19 Response Support Program contributed to strengthening of health systems, supplementing incomes (including the incomes of people working in the informal sector), providing tax relief, declaring moratoria on debt payments, and guaranteeing loans to firms. Finally, MHPSP helped rank hydropower plant projects for sustainability and environmental and social feasibility. MHPSP also produced technical, economic, and environmental feasibility documents to guide the preparation of tenders. Some results were partly achieved or not achieved, mostly in energy and financial management, because of delays and the reallocation of resources.

The Economic and Financial Management Support Project achieved some expected outcomes in terms of supporting the business environment and public financial management. The results improved the State's financial accountability system and rendered the preparation of public accounts more transparent and efficient, despite less-than-efficient budget execution.

Effectiveness was limited by the Bank's inability to implement certain activities as to the business environment and private sector development. The Zuntamon Lusophone Compact Initiative Project and the Payment System Infrastructure and Financial Inclusion Program were only recently approved and are yet to be effective. Additionally, the Bank's policies on ticket size and bankability for non-sovereign operations prevented it from mobilizing its non-sovereign window to finance private sector projects in STP. Internal and external interviews suggested that the Bank's funding frameworks are not agile enough for island countries. This hampered the Bank's ability to conduct policy dialogue and nurture private sector operations.

Capacity building was one of the most recurrent dimensions of the Bank's interventions in STP, but capacity-building activities demonstrated weak sustainability, and significant shortcomings in the capacity of STP's public administration persist.

Efficiency

The evaluation rates the overall efficiency of the Bank's interventions as partly unsatisfactory, notably in terms of quality at entry (project start-up), implementation progress and disbursements, return on investment in agricultural operations, and monitoring and supervision. In general, interventions were implemented in compliance with Bank rules and

procedures, and in some cases, the Bank's resources were used cost-effectively. The Bank was flexible within the limits of STP's resource allocation, especially in accommodating delays and reallocating resources to address the pandemic. For the three agriculture sector projects for which a cost-benefit analysis could be performed, the economic internal rate of return was higher than the opportunity cost of capital, but long start-up delays, implementation bottlenecks, and weak monitoring and evaluation systems undermined efficiency and timeliness. Implementation management difficulties and procurement bottlenecks were exacerbated by communication barriers, task managers' insufficient attention, implementing agencies' capacity constraints, and limited institutional/beneficiary ownership.

Sustainability

The evaluation rates the sustainability of the Bank's interventions as partly unsatisfactory. The evaluation found weaknesses in economic and financial viability, institutional capacity, and stakeholder ownership. Mechanisms to continue project benefits after completion were unclear.

The evaluation rates economic and financial viability as partly unsatisfactory. The exceptions are PRIASA I and II, where sustainability was found to be satisfactory. Limited capacity to mobilize domestic revenue, high public debt service, high dependence on development assistance, and weak government coordination of development partners' activities limited counterpart funding and the government's capacity to maintain projects. The Bank could have helped discuss measures for sustainability.

The evaluation found institutional sustainability to be mixed. Performance in building institutions' capacity was satisfactory, but partly unsatisfactory in sustaining it. Interviews indicated that the issue lay in the government's commitment, especially after changes in the political regime. **The sense of ownership amongst beneficiaries was rated unsatisfactory in most programs.**

Technical soundness was found to be satisfactory except for MHPSP, where it was unsatisfactory. **Environmental and social sustainability was satisfactory** in relevant programs.

Non-lending activities

The Bank's non-lending activities (knowledge work and policy dialogue) were important for supplementing STP's small country allocation. Five studies were produced: a private sector profile, a private sector strategy, an agriculture

sector strategy, an irrigation strategy, and a fragility assessment. All were favorably received. The Private Sector Development Strategy (2015) influenced the design of the CSPs and engagement with development partners. The Irrigation Strategy (2018) and the Agricultural Statistics Strategy (2019) contributed to the Bank's sectoral needs and helped prepare projects. The most recent economic and sector work, on maximizing oil wealth for equitable growth and sustainable socioeconomic development, helped develop the Zuntamon project, approved in October 2021, and PRIASA III, pending approval. Some economic and sector work was not completed on time, however, and some are still ongoing. Setting up a liaison office in STP brought the Bank closer to the government and other development partners and reportedly helped expand non-lending activities.

Cross-cutting issues:

The evaluation found that the mainstreaming of cross-cutting issues was a challenge.

Gender was given some attention, especially under CSP 2018–2022, which required a gender analysis when preparing each new project. But none of the portfolio's 17 projects had outcomes or outputs that addressed gender equality directly and only 3 had indicators for gender equality. As for **climate change and green growth**, only 3 of 17 projects were directly concerned with climate change.

Conclusions and Lessons

The evaluation assesses the Bank's overall performance as satisfactory, with mixed outcomes across the five criteria. The Bank delivered a focused and selective program despite a volatile context but did not achieve critical mass in private sector development and non-sovereign operations. The outputs and outcomes of the Bank's assistance generally met what had been planned, but less was accomplished in some areas because of implementation delays.

The evaluation found that the well-informed, flexible, and selective nature of the program helped achieve some results. At the same time, the evaluation noted five constraints: few resources; an inability to finance non-sovereign operations and nurture the private sector; weak institutional capacity; the government's limited commitment and ownership in coordinating development partners' activities; and some flaws in program design. Cross-cutting objectives were less mainstreamed than anticipated. Part of the benefits are expected to be maintained.

Lessons: The evaluation draws three principal lessons:

- Persistent challenges in program implementation related mainly to (i) problematic project design, especially in procurement planning and country readiness; (ii) the fact that some projects had multiple components that cut across several sectors; and (iii) task managers' limited attention to interventions. Weak institutional, technical, and implementation capacity in STP undermined performance. For better results, it is critical to invest in preparatory studies that produce solid evidence on which to make realistic assumptions and set feasible preconditions when designing and supporting projects.
- When multiple needs compete for limited resources, it is important to foster strong government leadership and ownership over analytical work, policy planning, and investment planning. It is also important that governments communicate consistently, coordinate support, and collaborate well with development partners. Given STP's reliance on development assistance, robust government policy and actions—including a development assistance policy and coordinating mechanism—could use limited resources more efficiently, harness more resources from nontraditional development partners, enhance the country's capacities, make policy more relevant, create synergy, and increase sustainability.
- To realize interventions' full potential in the long term, it is critical to build consensus around the Bank's strategies and have project agreements pay attention to institutional capacity. Ensuring that development programming complements completed projects and continues their benefits could make project outcomes sustainable.

Recommendations

In view of the above, this country strategy and program evaluation makes three recommendations:

Recommendation 1. Enhance the focus on developing infrastructure, which is one of the Bank's comparative advantages in STP:

- a) Continue to support the development of critical infrastructure in energy, where the Bank has experience and a comparative advantage;
- b) Strengthen collaboration and partnerships with other development partners to scale up resource mobilization and ensure support for emerging priorities in areas where the Bank does not have strong leverage;

- c) Strengthen collaboration with the government and other development partners to ensure the sustainability of Bank projects and programs.

Recommendation 2. Enhance measures to nurture and develop the business environment and lay the foundation for investing in STP's private sector, particularly small and medium enterprises:

- a) Maintain a strong focus on implementing the ongoing Zuntamon project, approved under the Bank's Lusophone Development Compact, making best efforts to attract investments to non-sovereign operations as part of the project's second phase;
- b) Consider reviewing the policy and rules for countries to access the Bank's private sector window, taking into consideration small island developing states like STP.

Recommendation 3. Address challenges in program implementation:

- a) Ensure that resources are available to meet requirements for program supervision and support, conduct policy dialogue, develop the portfolio, and build partnerships in STP, taking into consideration the language barrier for Lusophone countries;
- b) Enhance dialogue with the government to reduce systemic delays, not only by considering case-by-case waivers on counterpart funding in situations similar to STP's, but also by involving executing agencies and beneficiary institutions more closely in designing projects that address the country's' unique characteristics.

1. BACKGROUND

In 2023, Independent Development Evaluation (IDEV) at the African Development Bank Group (AfDB or 'the Bank') undertook an evaluation of the Bank's country strategy and programs in São Tomé and Príncipe (STP) over the period 2012–2022. The evaluation is part of IDEV's 2021–2022 work program, which was approved by the Bank's Board of Directors. The evaluation provides a basis for accountability by documenting the use and results of the Bank Group's assistance to STP, and contributes to learning by drawing lessons from the experience.

The present report is a summary of the evaluation's findings. It draws on the intermediary working papers produced for the evaluation, including a portfolio review summary, sector summary notes, and a detailed technical report.

1.1 Purpose and scope

The evaluation covers the Bank's lending and non-lending operations in STP as guided by the country strategy papers (CSPs) developed by the Bank in consultation with the government, development partners, the private sector, civil society, and other stakeholders. This country strategy and program evaluation, the first to be conducted by IDEV for STP, assesses the Bank's support over 2012–2022, informs the development of a new CSP for STP, due in 2023, and draws lessons that STP and the Bank may use to inform their strategic orientations in future.

The evaluation caters to two internal audiences and numerous external audiences.

The internal audiences are:

- **The Bank's Board of Directors.** The evaluation gives the Board an independent, evidence-based assessment of the Bank's activities in STP and the extent to which development results were achieved there over 2012–2022. It also provides insights and suggestions on how to improve strategic directions and better organize the Bank's resources in STP to assist STP more effectively.
- **Bank staff and Management.** The evaluation informs the development of a new CSP for STP, due in 2023, by giving the STP country team and Bank Management an independent, evidence-based assessment of what worked, what did not, and why. It also suggests improvements.

The main external audiences for this evaluation are the Bank's clients and potential clients in STP, including the government and its representatives, parastatal organizations, civil society, and the private sector. Other development partners working in STP, and the relevant regional economic communities may also use the evaluation's findings to enhance donor coordination, improve collaboration, and create efficiencies and synergies in their work to support the country's development.

1.2 Approach and methodology

When assessing the performance of the Bank's strategies, portfolio, and projects, IDEV applies a standard evaluation methodology with five criteria. **Relevance** is assessed in terms of (i) the extent to which interventions' objectives align with the Bank's CSPs, the Bank's sector strategies, the country's development strategies, and beneficiaries' needs, and (ii) the extent to which the design of interventions is conducive to achieving stated objectives. **Coherence** refers to the extent to which the Bank's interventions are compatible with and complement each other and other development partners' interventions. **Effectiveness** measures the extent to which expected outputs and intermediate outcomes were achieved or are on track to being achieved. **Efficiency** is assessed in terms of the costs and time required to implement a given program. And **sustainability** is assessed on the basis of technical soundness, economic and financial viability, institutional sustainability and ownership by stakeholders and beneficiaries, and environmental and social sustainability.

This evaluation analyzed data at three levels. First was the project level: analyses of project completion reports (PCRs), analyses of project completion report evaluation notes (PCRENs), reviews of project results assessments, and reviews of implementation progress reports (IPRs). Second was the strategy level: the extent of achievement of the CSPs' objectives and the Bank's contributions to sector development. Third was the program level: the overall success of the Bank's focus, the Bank's lending portfolio, and the Bank's performance in implementation. The findings at all three levels were then assembled to assess the performance of the Bank's support to STP overall.

The evaluation also incorporated **other criteria**, including (i) gender equality, by assessing whether all projects and programs considered gender; (ii) the extent to which projects and programs incorporated relevant capacity-building initiatives; (iii) environment/climate changes issues; and (iv) the Bank's inclusivity.

To ensure that the assessment was based on evidence, the evaluation adopted a mixed-methods approach. In terms of quantitative methods, the evaluation administered surveys (34 respondents of 110 targeted) and analyzed secondary data (portfolio data from SAP; updated economic and statistical data from the AfDB, the Government of STP, and other development partners). As for qualitative methods, the evaluation interviewed 23 AfDB staff members and 112 respondents who were Government of STP officials, project beneficiaries, project implementation unit staff, and 20 staff of development partners. The evaluation also assessed the results of eight projects that were completed or advanced in implementation, conducted a literature review of over 70 documents, and visited 9 project sites. This allowed for triangulation across different data sources (see Annex 1 for details of the methodological approach and Annex 6 for a list of stakeholders consulted and projects sites visited).

The data collection and analysis were guided by the reconstructed theory of change presented in Annex 2 and by the Evaluation Matrix in Annex 3 (the evaluation questions are indicated). In accordance with IDEV's Evaluation Manual, performance on each evaluation criteria is rated on a four-point ordinal scale: highly satisfactory (4), satisfactory (3), partly unsatisfactory (2), and unsatisfactory (1) (Annex 4).

1.3 Constraints, limitations, and mitigation measures

The evaluation faced three constraints that limited data collection and analysis.

- *The inconsistent quality of Bank data.* The monitoring reports and other documentation available from the Bank varied in quality and detail. This was a consequence of operations' weak monitoring and evaluation systems. The evaluation mitigated this constraint by drawing on other sources: program/project documentation such as mid-term reviews, PCRs, and PCRENs; interviews with beneficiaries and other stakeholders; focus group discussions; perception surveys; and personal observations made during field visits.
- *Limited access to/unavailable national development data.* The evaluation mitigated this constraint by drawing on other sources, such as the United Nations Development Programme for social sector data, the International Monetary Fund and the World Bank for economic analysis, the Food and Agricultural Organization and the International Fund for Agricultural Development for information on STP's agriculture sector, and development partners for their reports.
- *Limited institutional memory on critical issues.* The frequent turnover of staff within the Bank and the Government of STP limited the evaluators' ability to access the required information. To cope with this problem, the evaluation team used triangulation and followed up with former task managers and implementation unit personnel during the data collection phase.

1.4 National context

Geopolitical context

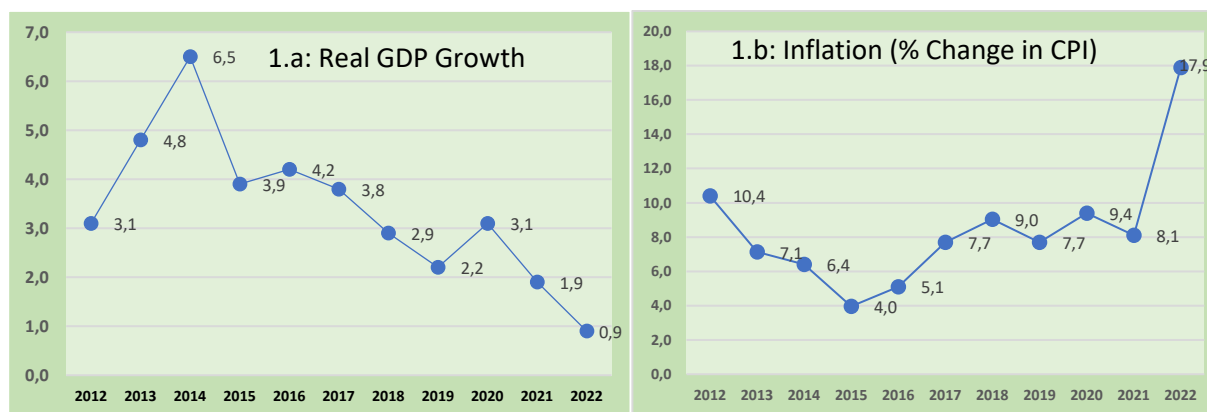
The Republic of São Tomé and Príncipe (STP) is a small island developing state situated in the Gulf of Guinea, 350 km off the west coast of Africa. STP comprises an archipelago of two main islands, the island of São Tomé and the island of Príncipe, which are 140 km apart. With a total surface area of 1,001 km², this Portuguese-speaking country had a population of 223,364 in 2021. STP gained independence in 1975. After a period of some political instability, the Movement for the Liberation of STP–Social Democratic Party won the national elections in 2018 and brought stability to the country. Recent parliamentary and local elections took place on 25 September 2022, when a new government came into power.

Economic context

STP is one of the smallest economies of Africa, with a GDP of around US\$ 547 million and per capita GDP of US\$ 2,449 in 2021. In the last five years (2017–2021), the service sector was the highest contributor to GDP (69 percent) followed by industry (13.3 percent) and agriculture (12.7 percent). The service sector is led by wholesale, retail, restaurants, and hotels, which contributed an average 30

percent of GDP in 2021 and 2022. The tourism sector averages only 6 percent of GDP but accounts for 77 percent of the country's foreign exchange earnings.⁷ Typical of small island developing states, the country has a small market economy whose costs of production are high on account of the country's remote location, its small population, its weak private sector, its limited institutional capacity, and its low human capital. Over the past decade (2012–2022), the economy experienced declining growth averaging 3.7 percent per year, with high growth in 2013 and 2014 because of higher government spending, aid inflows, and speculation about oil discovery. The decline in real GDP growth from 3.1 percent to 0.9 percent in the last three years (2020 to 2022) is attributed to the impact of the COVID-19 pandemic and Russia's invasion of Ukraine⁸ (Figure 1.a). The inflation rate averaged 5.8 percent over 2012–2022, declining from 10.4 percent in 2012 to 4.0 percent in 2015 before increasing steadily to 17.9 percent in 2022 (Figure 1.b).

Figure 1: Real GDP Growth and Inflation in São Tomé and Príncipe, 2012–2022



Source: African Development Bank Group. Database for African Economic Outlook.
Notes: CPI = consumer price index; GDP = gross domestic product

Over 2012–2022, STP's fiscal position was extremely precarious. The public sector deficit deteriorated continuously. The fiscal deficit has been financed mainly by external loans and grants. Total public debt rose sharply from 91.1 percent of GDP in 2012 to 107.1 percent in 2021, partly because of more government spending in connection with COVID-19 containment measures and debts of state-owned enterprises. According to the Joint World Bank-International Monetary Fund Debt Sustainability Analysis (September 2022), STP is still in debt distress due to prolonged unsettled external arrears and the significant domestic arrears of the large loss-making state-owned water and electricity utility, Empresa de Água e Electricidade (EMAE). This reflects the public sector's severe liquidity constraints. At the time of writing STP qualified for only grants from the World Bank, in contrast to other countries, which have small funding windows for loans. This affects STP's capacity to mobilize external resources.

The AfDB, the World Bank, the International Monetary Fund, and the European Union are supporting STP to implement reforms in fiscal consolidation, domestic revenue mobilization, the reinforcement of the central bank's independence, and other areas.

Development assistance

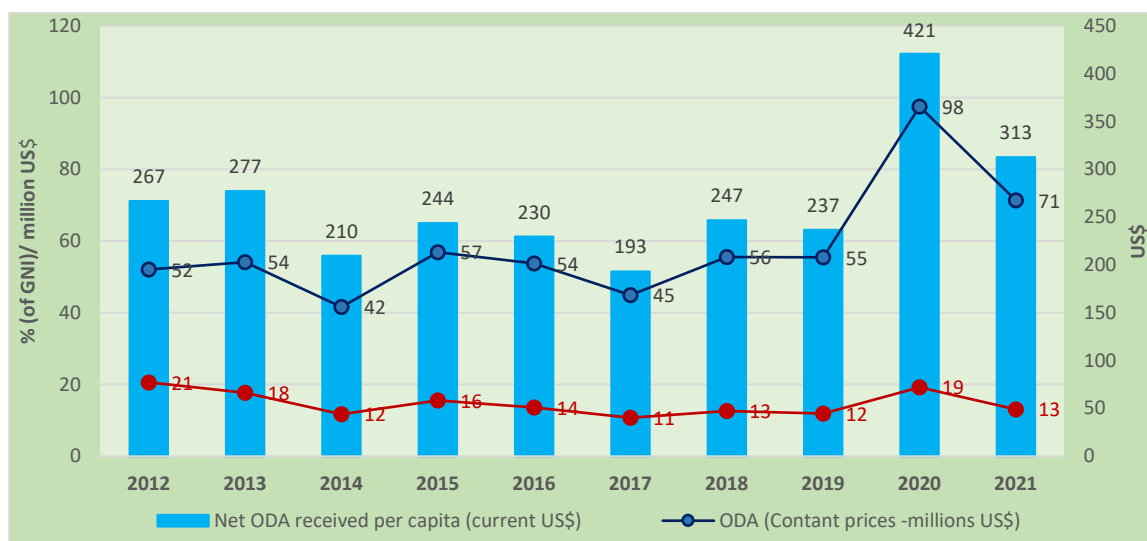
STP depends heavily on official development assistance from the AfDB, the World Bank, the European Union, Portugal's development cooperation agency, United Nations agencies, and others. This assistance is supplied in the form of external grants, which are reported to have accounted for 40 percent of STP's total fiscal revenue in 2021.⁹ This proportion had been declining until the pandemic in 2020, at which point development assistance rose. As demonstrated by Figure 2, official development assistance as a percentage of gross national income declined from 21 percent in 2012 to 11 percent in 2017, rising to 19 percent in 2020.

⁷ AfDB 2023. Country Strategy Paper Completion Report 2018–2022 / Extended to December 2023.

⁸ This language is used in the communiqué issued by the Board of Governors at the AfDB's annual meetings in May 2022. Algeria, China, Egypt, Eswatini, Namibia, Nigeria, and South Africa entered a reservation and proposed "Russia-Ukraine conflict".

⁹ AfDB November 2022. Update to Country Strategy Paper 2018–2022.

Figure 1: Official Development Assistance (ODA) to São Tomé and Príncipe, 2012–2021



Source: IDEV evaluation team compilation based on data from the Organisation for Economic Co-operation and Development and the World Bank’s World Development Indicators, 2023.

Social and cross-cutting issues

Although the incidence of poverty (measured as a headcount ratio of people living on US\$ 1.90 per day) fell from 34.6 percent in 2010 to 25.6 percent in 2020, poverty and inequality remain high. Unemployment increased from 13.6 percent in 2012 to 15.9 percent in 2021.¹⁰ Income inequality, measured by the Gini coefficient, rose significantly from 32.1 in 2000 to 56.3 in 2017.¹¹ This indicates that segments of the population have not benefited equitably from development gains and that economic growth has not been sufficiently inclusive. The evaluation noted an element of geographical exclusion, with the Príncipe region¹² little integrated physically with the rest of the country. Development partners’ programs tend to focus on São Tomé.

STP’s ranking on the human development index rose from 143 of 189 in 2017 (score = 0.589) to 138 of 189 in 2021 (score = 0.618),¹³ largely because life expectancy at birth rose from 67.4 years in 2010 to 70.2 years in 2018 and gross national income per capita grew from US\$ 1,130 in 2010 to US\$ 1,930 in 2019.¹⁴

Recent reporting by the World Bank’s World Development Indicators (2023) indicates that a critical challenge for STP is unemployment among the youth. This is compounded by skill mismatches, poor education at all levels, limited access to technical and vocational education and training, and limited access to higher education.¹⁵ Unemployment in people aged 15–24 years old is 21.3 percent. In women, it is 14.6 percent.

Gender: STP performs relatively well on gender equity and equality and enforces strategies¹⁶ in these areas. The gender disparity in school enrollment is insignificant. The gender gap in primary school attendance is small, with a gender parity index of 97 percent. At the secondary level, attendance is marked by a small reverse gender gap as more girls attend school than boys (the gender parity index is 106 percent). However, challenges persist in terms of gender-based violence, especially violence against women, and the integration of women in different sectors of the economy. The incidence of poverty is higher among women (71 percent) than men (63 percent). Women make up most informal workers (71 percent) and are especially active in the sale of fish (“palaiés”) and agricultural goods.

¹⁰ World Bank 2023. The World Bank’s World Development Indicators, 2023.

¹¹ AfDB June 2021, Mid-Term Review of the CSP 2018–2022 and 2021 Country Portfolio Performance Report.

¹² This assertion reflects complaints made by Príncipe’s administrators and focus group participants during the field mission.

¹³ United Nations Development Programme 2021. Human Development Index 2021.

¹⁴ Government of STP and United Nations Development Programme 2021. Socioeconomic Impact Assessment (SEIA) and Socioeconomic Response Plan (SERP) to COVID-19.

¹⁵ UNESCO 2022. São Tomé and Príncipe: TVET Country Profile.

¹⁶ World Bank 2021. Social Protection and Skills Development Project document.

¹⁶ The Government of STP adopted a National Strategy for Equality and Gender Equity and created in 2007 the National Institute for the Promotion of Gender Equality and Equity (INPG).

Women working in the informal sector constitute 41 percent of all heads of household. In urban areas, unemployment is higher among women (63 percent), which leads to informality in women's work. In rural areas, women have less than half the chance of obtaining agricultural credit than men and they have significantly less access to agricultural equipment and land (World Bank 2019).¹⁷

Climate change. Insularity, prolonged dry seasons, and rising sea levels constitute considerable vulnerabilities for the country's development. The two-island nation is already feeling the impact of climate change as the dry season becomes longer and extreme rainfall events occur more often, threatening the availability of fresh water year-round. Climate change is already affecting agriculture, livestock, and fishing, and it threatens to significantly reduce the production of key crops like cocoa, pepper, and maize. It also reduces fish stocks, threatening people's incomes and sources of food. Strengthening the resilience of existing systems and finding innovative mitigation and adaptation measures is becoming increasingly urgent.

1.5 Main development challenges

A review of country profile notes, analyses of economic data, and affirmations from interviews identify several persistent development challenges that face STP. These challenges have been worsened by the COVID-19 pandemic and Russia's invasion of Ukraine.

- **Macroeconomic challenges and constrained fiscal space.** The limited diversification of the economy, low capacity for internal resource mobilization, high dependence on aid, high public debt, and an elevated fiscal deficit increases the economy's vulnerability to external shocks.
- **Weak governance and public financial management.** According to the World Bank's Worldwide Governance Indicators, STP is weak in such important governance areas as the rule of law and government effectiveness.¹⁸ In 2020, the country only achieved a percentile ranking of 26.44 on the first indicator and 28.37 on the second.¹⁹ The high attrition of senior staff in public institutions as a result of changes in government regimes²⁰ causes institutional memory to be lost and risks of discontinuity and interruptions in the implementation of policies, programs, projects, and policy dialogue.
- **Inadequate infrastructure.** Infrastructure is noted to be inefficient and insufficient for sustaining economic development and competitiveness. This is especially the case for infrastructure associated with transport, energy, and service provision. The country is constrained in this regard by its difficulty to attract private capital to infrastructure projects, due to the small size of its domestic market.
- **An underdeveloped private sector.** The principal constraints to private sector development in STP are an unconducive business environment, an inadequately skilled workforce, limited entrepreneurship, and infrastructure bottlenecks. The World Bank's 2020 *Doing Business Report* ranks STP 170th of 190 economies on the ease of doing business.
- **Environmental and climate change concerns.** Insularity, prolonged dry seasons, and rising sea levels are considerable vulnerabilities for the country's development. Stakeholder interviews indicate that deforestation caused by illegal logging, a lack of supervision, and forest mismanagement are serious problems that threaten biodiversity. Coastal areas are menaced by rising sea levels and erosion caused by the extraction of sand for construction. This endangers coastal communities and affects agriculture and fisheries in particular. In the agriculture sector, climate change is likely to impact crop production, decrease food security, and affect the cultivation of cocoa.

Despite programs by international development institutions, progress in dealing with these challenges has been slow and depends largely on the resources made available by development partners. The macroeconomic environment is especially affected, as little has been done to mitigate the constraints posed by limited fiscal space. This has affected the implementation of Bank programs, as the government often struggles to mobilize counterpart funding.

¹⁷ World Bank 2019. Country Economic Memorandum Background Note: 10.

¹⁸ The Worldwide Governance Indicators reflect perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

¹⁹ The values of the rankings range from 0 (lowest) to 100 (highest). A percentile ranking of 26.44 means that 26.44 percent of all countries rank below STP.

²⁰ This was mentioned during field interviews with different stakeholders during the data collection phase.

1.6 National development strategies

STP's first national poverty reduction strategy paper (PRSP I) covered 2002–2005 and was designed to be implemented through three-year priority action plans. PRSP I had three objectives: (i) to reduce the percentage of São Tomé and Príncipe's population living in poverty (then estimated at 54 percent) by one-half by 2010 and by more than two-thirds by 2015; (ii) to provide the entire population with access to basic social services by 2015; and (iii) to reduce the gap in social indicators between urban and rural populations, between genders, and between geographic locations.

In 2008, after the second priority action plan under PRSP I was completed with mixed results, the Government of STP decided to prepare a second PRSP. In the interim, the Government of STP implemented a program for 2009–2011 that was based on aspects of the 2005 PRSP and was funded by an extended credit facility provided by the International Monetary Fund that aimed to keep improving macroeconomic management and performance, set up basic infrastructure, strengthen food security, and promote tourism as an engine of growth.

The second PRSP (PRSP II) was finalized in 2012, the first year of the CSP period considered by this evaluation. PRSP II was formulated around four pillars: (i) the promotion of good governance and public sector reforms; (ii) long-term sustained and redistributive economic growth; (iii) human resource development and better basic social services; and (iv) strengthened social cohesion and the promotion of sustained and integrated human development. Focusing on capacity building and institution-strengthening, the AfDB's CSP 2012–2016 aligned fully to Pillar 1 of PRSP II.

In addition to its PRSPs, the Government of STP formulated a long-term strategy entitled "Visão 2030" (Vision 2030). Visão 2030 was discussed broadly in the country and the government adopted it in 2015 but did not submit it to the national parliament for ratification. Visão 2030 aimed to create conditions for rapid economic growth capable of producing sufficient employment and well-being for the population and strengthening the country's social cohesion and stability. Visão 2030 hoped to transform the country into a maritime hub, a financial service center, and a tourism destination for the Gulf of Guinea by building infrastructure and advancing human development.

By December 2017, the government had also produced its National Development Plan 2017–2021 (NDP). Based on Visão 2030, the NDP was characterized by two pillars: promoting sustainable and inclusive economic growth and strengthening social cohesion. The pillars had five sub-components: (i) promoting economic diversification; (ii) developing socioeconomic infrastructure (including energy, an international airport, a deep-water port, and information and communications technology); (iii) promoting good governance and public sector reforms; (iv) enhancing human capital; and (v) managing land and protecting the environment.

The NDP was not approved by parliament because its horizon was four years, which exceeded the duration of the government's mandate (the mandate lasted only until the 2018 election). The government that came to power in 2018 did not present the NDP to parliament for approval either but has been using it nonetheless and has even based other planning documents on it, most notably the Strategy to Transition to the Blue Economy, which was formulated in 2021 with the technical support of the Food and Agriculture Organization (FAO). Interviews confirm that STP's sector development activities are being driven by the provisions of the NDP.

2. BANK GROUP STRATEGIES AND OPERATIONS, 2012–2022

The purpose of this chapter is to describe the broad objectives of the Bank's CSPs for STP during the period under review (2012–2022) and describe how these translated into operations. The objectives of the Bank's program are based on policies and approaches agreed upon with the Government of STP and civil society there.

2.1 The Bank's country strategies: Scope and focus

The Bank's program in STP for the period under review covers two CSPs: the CSP for 2012–2016, which was extended to 2017, and the CSP for 2018–2022, which was extended to 2023. The CSP 2012–2016 was approved in July 2012 and a mid-term review was carried out in September 2015. Initially, with the expectation of imminent oil exploration and very few funds allocated to the program (only UA 5 million under ADF-12), the CSP had only one pillar: strengthening governance. This pillar aimed at improving strategic planning and public financial management. It emphasized better public

accountability and transparency in the upcoming oil sector (particularly by ensuring that STP complied with the Extractive Industries Transparency Initiative) and sought to improve the environment for business development. By the time of the CSP's mid-term review, however, oil prospects had waned and the government had developed a new program for economic growth and job creation that paid attention to the agriculture sector. This program focused strongly on infrastructure, particularly the construction of physical infrastructure such as feeder roads, water installations, and electricity structures.

The Bank reacted to the new program by keeping the CSP's original pillar, which it continued to see as relevant, and adding a second pillar. Entitled "Promotion of Agricultural Infrastructure," the second pillar promoted value chains and agri-business. The addition of this pillar was made possible by allocating additional resources to STP under ADF-13 (2014–2016). This tripled the Bank's investments in STP from UA 5 million to UA 15 million (Table 1).

Table 1: Overview of the Bank's Strategic Priorities in São Tomé and Príncipe, 2012–2022

CSP Pillar	Component	Expected Outcomes
CSP 2012–2016 (extended to 2017)		
Pillar I: Strengthening Governance	<ul style="list-style-type: none"> Enhance the public sector's capacity to improve economic and financial governance, undertake strategic planning, and improve the business environment 	<ul style="list-style-type: none"> Improved strategic planning and public financial management. Improved public accountability and transparency in the oil sector. Improved regulatory frameworks for key sectors and a conducive environment for business development
Pillar II: Promoting Agricultural Infrastructure	<ul style="list-style-type: none"> Ensure food security, enhance rural incomes, and create jobs, especially for the youth Promote value chains and agri-business in support of the government's new agriculture strategy 	<ul style="list-style-type: none"> Increased consumption of local food and fishery products by the population Increased access to the marketplace and safer production in rural areas Higher income for rural citizens' work on agriculture and fishery products, better local capacity, rehabilitated roads
CSP 2018–2022 (extended to 2023)		
Pillar I: Supporting Agricultural value chains Development	<ul style="list-style-type: none"> Create a more enabling business environment that attracts the private sector to engage in transformational, job-creating economic activities in agricultural value chains Enhance the focus on the agriculture sector through agro-processing and the development of value chains and other sectors, including the Blue Economy and tourism 	<ul style="list-style-type: none"> More access to affordable and reliable energy and water supply in support of the development of agricultural value chains More food supply and more exports of food commodities
Pillar II: Improving the quality of life of the population through strengthened economic and financial management	<ul style="list-style-type: none"> Contribute towards improving the quality of life of the population. Build the capacity of key public sector institutions to formulate and effectively implement macroeconomic and public financial management reforms. Support the establishment of systems and procedures for sound, transparent economic and financial management. Implement an integrated electronic financial management system (SAFE-e) on both islands Prepare the state accounts for 2017-19; connect/install fiber optics in all public administration institutions 	<ul style="list-style-type: none"> Better capacity of public officials engaged in public financial management. Improved public procurement system. Better service delivery in the tourism sector Increase in the collection of tax revenue from 13 percent of GDP in 2016 to 14 percent in 2018 Better public financial management that leads to a better/more effective prioritization, allocation, and use of public resources

Source: IDEV evaluation team compilation based on the country strategy papers for 2012–2016 and 2018–2022 and the completion report for the country strategy paper for 2012–2016.

Note: GDP = gross domestic product

The CSP 2018–2022 and its mid-term review that concluded in June 2021 had the same two pillars: “Supporting agricultural value chains development” and “Strengthened economic and financial management.” As indicated in Table 1, the Bank’s program in STP maintained a high level of continuity: CSP 2018–2022 merely nuanced the objectives (pillars) of CSP 2012–2016. CSP 2018–2022’s first pillar focused on the rehabilitation and development of infrastructure in support of agricultural and rural development, emphasizing agricultural value chains and energy infrastructure. Its second pillar focused on economic and financial governance and public financial management, including the creation of conditions favorable to the development of the private sector.

The COVID-19 pandemic added an unexpected dimension to the Bank’s program because of the need to mitigate the crisis’s disruption of the economy. Resources were reallocated to finance the COVID-19 response support program in 2021.

At the request of the government, CSP 2018–2022 was extended to December 2023 to align the Bank’s strategy to the country’s new National Development Plan 2023–2027, then under development.

2.2 Translating strategies into programs and operations: The Bank’s portfolio

The portfolio of operations approved for STP from 2012 to 2022 was composed of 17 public sector projects, valued at UA 67.66 million. Over the period, the country’s allocation of African Development Fund (ADF) resources increased from UA 5 million under ADF-12 (2011–2013) to UA 15 million under ADF-13 (2014–2016) and subsequent ADF replenishments (ADF-14 and ADF-15). The portfolio also received resources from trust funds, amounting to about 8.16 million over 2012–2022. Table 2 presents the portfolio’s distribution by sector, broken down by sources of allocation: the two CSPs covered by this evaluation and amounts carried forward from the previous CSP.

Table 2. Value of the Portfolio by Sector and Country Strategy Paper, 2012–2022

Category	Amounts carried forward (in UA millions)			CSP 2012–2016 + Extension (2017)			CSP 2018–2022*			Total Portfolio 2012–2022		
	No.	Amt.	Percent	No.	Amt	Percent	No.	Amt.	Percent	No.	Amt	Percent
Agriculture & Rural Development	2	9.00	95.0	1	13.99	54.80	0	0.0	0.0	3	22.99	34.0
Finance	0	0.00	0.0	1	1.50	5.90	1	7.50	23.0	2	9.00	13.3
Multi-Sector	1	0.48	5.0	3	9.02	35.3	2	12.50	38.3	6	22.00	32.5
Energy	0	0.00	0.0	0	0.00	0.00	2	10.71	32.8	2	10.71	15.8
Social	0	0.00	0.0	0	0.00	0.00	1	0.50	1.5	1	0.50	0.7
Transport	0	0.00	0.0	1	0.35	1.40	1	1.42	4.4	2	1.78	2.6
Water Supply & Sanitation	0	0.00	0.0	1	0.68	2.70	0	0.0	0.0	1	0.68	1.0
Total (in UA millions)	3	9.48	100	7	25.55	100	7	32.63	100	17	67.66	100

Source: IDEV evaluation team compilation based on the SAP database as of 31 December 2022.

Note: Amt = amount approved; CSP = country strategy paper; No = number of approved projects; UA = Units of Account.

** The 2018–2022 CSP was extended to 2023 (no project was approved in 2022).*

Over the evaluation period (2012–2022), about 79 percent of the portfolio was financed by grants and 21 percent by loans. Some 88 percent (UA 60 million) of the value of the portfolio was provided by the ADF. The remaining 12 percent was sourced as shown in Table 3.

Under both CSPs, the ADF was the major source of funding for the Bank’s interventions in STP. Under CSP 2012–2016, including the extension to 2017, ADF funding provided 78.3 percent of the value of the portfolio. Under CSP 2018–2022, it provided for 93.5 percent.

Table 3: Distribution of the Portfolio by Funding Window and Country Strategy Paper, 2012–2022

Category ²¹	Funds carried forward (in UA millions)		CSP 2012–2016 + Extension (2017)		CSP 2018–2022*		Total portfolio 2012–2022	
	Amt	Percent	Amt	Percent	Amt	Percent	Amt	Percent
ADF	9.00	95.0	20.00	78.3	30.5	93.5	59.5	87.9
AGTF	0.00	0.0	0.35	1.4	0.0	0.0	0.35	0.5
FSF	0.48	5.0	2.02	7.9	0.0	0.0	2.50	3.7
GEF	0.00	0.0	2.49	9.8	0.0	0.0	2.49	3.7
NEPAD-IPPF	0.00	0.0	0.00	0.0	1.42	4.4	1.42	2.1
RWSSI Fund	0.00	0.0	0.68	2.7	0.0	0.0	0.68	1.0
SEFA	0.00	0.0	0.00	0.0	0.71	2.2	0.71	1.0
Total (in UA millions)	9.48	100	25.55	100	32.63	100	67.66	100

Source: IDEV evaluation team compilation based on project documentation and the SAP database as of 31 December 2022.

*The 2018–2022 CSP was extended to 2023 (no project was approved in 2022).

Economic and sector work (ESW). In addition to the projects in the portfolio, the Bank’s program in STP produced five research studies (Table 4). Some of these non-lending operations were funded by trust funds and the administrative budget. Others were part of projects under implementation.

Table 4: Status of Economic and Sector Work

No.	Title	Source of Funding	Year of Approval	Results/Outcomes
1.	Private sector profile	PAGEF	2013	An assessment of the private sector that provides information and guidance on private sector opportunities for the Bank
2.	Irrigation transformation study	PRIASA	2014	Information on the Bank’s future interventions in irrigation (through the Nigerian Trust Fund/PRIASA II, the Bank supported the elaboration of STP’s irrigation strategy)
3.	Private sector strategy	PAGEF	2015	An action plan for the government to support the private sector (the private sector strategy also guided the design of the Zuntamon project, approved in October 2021)
4.	Job creation and capacity building	ADF (under PAGEF)	2018	An action plan and budget to guide STP’s job creation and capacity-building initiatives
5.	Irrigation strategy	Nigerian Trust Fund	2018	Information pertaining to the Bank’s future interventions in irrigation (the Bank expects the PRIASA III project (planned) to support STP’s implementation of its irrigation strategy)

Source: IDEV evaluation team compilation based on completion reports for the country strategy paper for 2012–2016 and the mid-term review of the 2018–2022 country strategy paper; corroborated by Liaison Office staff.

3. THE BANK GROUP’S PERFORMANCE

This chapter presents the evaluation’s assessment of the Bank’s performance during the period under review. The assessment employed the evaluation criteria of relevance, coherence, effectiveness, efficiency, and sustainability. A composite assessment of the achievement of the portfolio is also provided. Because of the continuity and similarity of the goals (pillars) of the Bank’s program in STP, instead of assessing STP’s CSPs separately, the evaluation analyzed the program in terms of the CSPs’ two pillars: (i) the rehabilitation and development of infrastructure in support of agricultural and rural development, emphasizing agricultural value chains and energy infrastructure; and (ii) support to

²¹ Note: ADF = African Development Fund; AGTF = Africa Growing Together Fund; FSF = Fragile States Facility; GEF = Global Environmental Facility; NEPAD-IPPF = New Partnership for Africa’s Development’s Infrastructure Project Preparation Facility; RWSSI = Rural Water Supply and Sanitation Initiative; SEFA = Sustainable Energy for Africa; UA = Units of Account.

improve the quality of life through economic and financial governance and public financial management, including the creation of conditions favorable to the development of the private sector.

The evaluation also assessed the Bank's knowledge management and capacity building activities.

3.1 Relevance

The evaluation examined the relevance of the Bank's strategy and objectives in STP vis-à-vis the country's challenges and development priorities (notably those relevant to the groups targeted by the Bank's interventions) and the Bank's institutional strategies and policies. The evaluation also examined relevance in term of selectivity: the extent to which the Bank selected interventions that were appropriate for limited resources, and the mix of instruments used to address the country's evolving needs and characteristics. **The evaluation rates the relevance of the Bank's strategy and program over the evaluation period as satisfactory.**

The evaluation found that over the evaluation period, the Bank operated in broadly appropriate areas and aligned well to the strategic focus and development priorities of the Bank and STP alike. The results of the Bank's interventions were nonetheless undermined by flaws in program design that limited the full benefits of the program over the period.

The evaluation noted the following:

- Interventions within the evaluation period aligned broadly to STP's priorities and needs. The Bank's strategy and operations for STP were found to align well with the country's development needs, development strategies, and priorities. The Bank's CSPs covering 2012–2022 were based on a thorough analysis of STP's context and situation, and the CSPs' analyses were found to respond to the development needs of the country and to the strategies and priorities adopted by the Government of STP to address those needs. This was also clearly seen in operations in different sectors. These operations were formulated with attention to STP's national strategies, particularly the PRSPs, and considered the constrained resources available.

The Bank was found to have been selective, prioritizing STP's demands within the limited resources available and focusing on areas in which the Bank has a comparative advantage. These include infrastructure development, energy, and agriculture, particularly the development of agricultural value chains and rural development, which figured under Pillar 1 of the Bank's strategies.

The CSPs also sought to strengthen STP's institutional capacity for sound economic and transparent public financial management to enhance economic growth and improve the quality of life. This took place through Pillar 2.

The emphasis in the **agriculture sector** was on developing and rehabilitating infrastructure, the lack of which constrains the potential for agricultural diversification, the development of value chains, and the increase of rural incomes and food security. The Bank financed three agriculture projects over 2012–2022: the Livestock Development Support Project Phase II (LDSP II) and two phases of the Infrastructure Rehabilitation for Food Security Support Project (PRIASA I and II). All three projects aligned with the national sector strategy and the Bank's CSPs. LDSP II aimed to improve livestock productivity on a sustainable basis, while PRIASA I and II focused on rural infrastructure and capacity building in two strategic sub-sectors of food production: agriculture and fishing.

Support for developing infrastructure in the **energy sector**, particularly in electricity generation, responded well to the need to make energy and water more accessible, improve the governance and management of the energy sector—among other things through energy efficiency measures and tariff reforms—and promote cheaper and more sustainable power by generating hydropower and photovoltaic energy. The Bank financed three programs in the energy sector: (i) the Mini-Hydropower Projects Support Program (MHPSP); (ii) the Economic Reform and Power Sector Support Program (ERPSSP); and (iii) the Energy Transition and Institutional Support Program (ETISP). All three programs align with Pillar 1 of CSP 2018–2022 (Table 1), the Bank's High 5s, the Bank's New Deal on Energy for Africa 2016–2025, and Sustainable Development Goal 7, which targets access to affordable, reliable, sustainable, and modern energy for all. The Bank's projects in energy also align with Pillar 2 of the AfDB Group's Second Climate Change Action Plan 2016–2020, which promotes mitigation and low carbon development in Africa. Finally, they align with STP's development strategies and priorities, particularly as formulated in Visão 2030 and the NDP.

In the **governance and public financial management** area, the Bank's support responded to the need to strengthen the capacity of public sector institutions to formulate and implement macroeconomic and public financial management reforms, and to set up systems and procedures for sound economic and transparent financial management.

Between 2012 and 2022, the Bank financed seven projects and programs in governance and public financial management reform: the Economic and Financial Management Support Program (PAGEF); ERPSSP; the COVID-19 Response Support Program; the National Land Use Study Project; the Trade Facilitation Program; the Payment System Infrastructure and Financial Inclusion Program; and the Zuntamon Lusophone Compact Initiative Project. The formulation and design of the objectives and outputs of these projects and programs aligned well with the policy objectives of the Government of STP as defined in the government's main planning documents, such as Visão 2030, PRSP I and PRSP II, and the NDP. The programs'/projects' implementation methodology aligned with the government's objectives as well and were consistent with the Bank's CSP pillars.

The COVID-19 Response Support Program was not originally part of CSP 2018–2022, but it was formulated, approved, and implemented very quickly. It sought to mitigate the effects of the COVID-19 pandemic through three operational objectives: reducing the pandemic's impact on health, cushioning the pandemic's impact on livelihoods, and enhancing the private sector's resilience.

- Program design issues were noted within some agriculture, energy, and governance operations, which were considered insufficiently aligned to STP's actual needs and context. This affected part of the program's expected benefits. Examples were noted in LDSP II, where design flaws led to unsatisfactory results in implementation and a proliferation of activities that dispersed the focus of the project. The flaws also led to a problematic procurement plan that did not align to STP's actual needs and context, and implementation by a non-independent unit that was not solely dedicated to the project. These circumstances prolonged delays in implementation and prevented the project from fully achieving the results expected. Similarly, the design of MHPSP wrongly assumed that the government would reform the energy sector and improve the finances of the Empresa de Água e Electricidade (EMAE), STP's water and electricity utility. This affected the project's ability to attract private investment in the construction and operation of the mini-hydropower plants. In PRIASA I, the main intervention over the period of review also suffered design issues as the project multiplied activities, trying to address too many needs in too many places. The principal difficulties were (i) a lack of detailed studies, which led costs to be underestimated; (ii) the failure to adapt the project's design to weak institutional and technical capacity and the lack of appropriate procurement planning; and (iii) weak monitoring and evaluation frameworks, which limited the ability to determine the operation's economic value and incentivize results-focused outcomes.
- The evaluation found that the Bank was unable to develop certain parts of the portfolio well, mainly those parts that concerned strengthening the business environment for the private sector and improving economic and financial management. This made it challenging for the Bank to adjust and continue to deliver on its strategic objectives. The evaluation noted that the Bank was unable to adapt its financing for the private sector to STP's needs. For multiple reasons, STP failed to benefit from the Bank's private sector window under either CSP. One of the reasons is that any single investment made by the Bank must be worth at least UA 10 million; furthermore, the Bank's investment in a project cannot exceed one third of the total invested. This means that the Bank cannot invest in a private sector project worth less than UA 30 million, which is too large for STP. Stakeholders interviewed by the evaluation team mentioned the need for a better framework in this regard, a framework that addresses the special needs of small island states. Other reasons that the Bank's private sector financing was inappropriate for STP relate to the size of STP's market, the lack of infrastructure, and the poor business environment.

Overall, the evaluation assesses the relevance of the Bank's program in STP as satisfactory. The strategies of both CSPs were broadly appropriate. To some extent, they adapted to STP's policy context. They also demonstrated fair continuity in thematic focus and strategic objectives. The areas targeted by CSP 2012–2016 for the agriculture sector were consistent with the Government of STP's PRSP, which sought to develop and rehabilitate infrastructure, the lack of which constrains the potential to diversify agriculture, develop value chains, and increase rural incomes and food security. CSP 2018–2022 strengthened targets for these areas through PRIASA II, which absorbed the bulk of the program's financing. Similarly, the CSPs' focus on economic governance sought to address the country's needs for institutional support and economic growth through financial governance and the enhancement of the overall business climate. Mainstreaming cross-cutting issues also evolved over the period. CSP 2012–

2016 only addressed gender equality and capacity building, a focus that CSP 2018–2022 increased while extending it (to a limited extent) to green growth and climate change by making a pilot investment in renewable (hydropower) energy in off-grid areas and mobilizing US\$ 3.5 million from the Global Environmental Facility for projects' environmental concerns. These initiatives are extremely relevant to the country's targets.

CSP 2012–2016 did not have a long-term vision of creating opportunities for STP to better integrate with countries in the region. CSP 2018–2022 discussed regional integration almost exclusively in relation to trade in commodities, particularly as regards removing barriers to trade. The evaluation found that this discussion did not align well with the NDP's vision to transform STP into a maritime hub, a financial service center, and a tourism destination for the Gulf of Guinea by developing infrastructure. Neither did the evaluation observe sufficient efforts to mobilize funds from the regional envelope to finance operations to strengthen regional integration or cooperation.

3.2 Coherence

This section assesses the extent to which the Bank's programs in STP were consistent with each other (internal coherence) and established synergies with the initiatives of other development partners and STP itself (external coherence). **The evaluation rates the overall coherence of the Bank's interventions over the evaluation period as satisfactory.**

The evaluation noted satisfactory linkage within the Bank's investment operations and between investment operations and non-lending activities. Non-lending activities focused on building capacity and strengthening institutions: this was especially beneficial to energy, governance, and finance operations. Knowledge activities were also executed, complementing operations and informing the Bank's dialogue with the government.

The Bank's energy and agriculture operations showed satisfactory internal coherence by maximizing synergies during implementation. For example, MHPSP and ETISP are both in line with Pillar 1 of CSP 2018–2022 (Table 1) and complement each other without duplication. Similarly, LDSP II and PRIASA I and II demonstrate good complementarity and synergy, both of which will be enhanced by PRIASA III, proposed for the next cycle.

In terms of external coherence, the evaluation observed coordination among development partners. In addition to the Bank, the development partners in question were the United Nations Development Program, the United Nations Industrial Development Organization, the World Bank, and the European Investment Bank. Coordination was observed in the implementation of energy and governance operations (ERPSSP and PAGEF). The evaluation also observed complementary activities and regular meetings to share information on sector activities: this helped align development partners' work with the work of the government. Despite similarities and complementarities among partners' programs, however, cofinancing was limited to a few energy operations (the Bank also cofinanced from internal bilateral resources). This was more evident under CSP 2018–2022 than under CSP 2012–2016.

3.3 Effectiveness

To rate effectiveness, the evaluation assessed the degree to which the Bank's activities achieved the objectives, outputs, and outcomes targeted under the pillars of the two CSPs. **The evaluation rates the overall effectiveness of the Bank's interventions over the evaluation period as satisfactory.**

At the CSP level, effectiveness is rated as satisfactory. The operations developed to realize the focus of the two CSPs were found to be satisfactory, despite the Zuntamon project's limited progress on supporting the business environment and developing the private sector. Almost all the projects planned under CSP 2012–2016 were implemented despite delays. In CSP 2018–2022, in contrast, 3 of 11 indicative lending projects were not implemented and 3 of 5 non-lending activities were not executed. **More outputs than outcomes were achieved.** To some extent, delayed implementation, the reallocation of resources, and limited resources stalled the realization of expected outcomes. Consequently, the results did not produce adequate country-level impacts. See Table 5 for details.

Table 5. Output and Outcome Targets Achieved, 2012–2022

CSP	Outputs		Outcomes	
	Number of targets achieved / Total number of targets	Percent	Number of targets achieved / Total number of targets	Percent
CSP 2012–2016 extended to 2017	12 / 12	100	6 / 11	54
CSP 2018–2022 extended to 2023	6 / 13	46	9 / 15	60
Both CSPs	18 / 25	72	15 / 26	57

Source: IDEV evaluation team compilation based on the project review analysis and the portfolio analysis, 2023.

Note: CSP = country strategy paper

The evaluation found that half of the completed studies and technical assistance operations satisfactorily supported the objectives for the infrastructure, finance, and energy sectors as per STP’s development targets. Resource constraints and shifting priorities meant, however, that not all studies and technical assistance were equally effective. An example of success can be found in the land use planning study, which achieved the results expected and provided the country with useful instruments for spatial planning. More specifically, the study achieved all its planned outputs—the production of legal and regulatory instruments, the development and validation of cartographic, geodetic, and GIS (geographic information system) instruments, the development and validation of a national spatial plan and regional and district master plans—and made the corresponding instruments available to the government for use.

The CSP’s objectives in developing infrastructure for agriculture—namely, rural development and strengthening agricultural value chains—were achieved or partly achieved through LDSP II and PRIASA I and II. The CSPs reflected but did not focus directly on the Bank’s strategy for climate change and green growth. Of the 17 interventions in the portfolio, only 3 were directly concerned with climate change. The results of these interventions were partly achieved or are likely to be achieved. ETISP and ERSSP, which supported energy infrastructure, partly achieved their objectives. More outputs than outcomes were achieved. Consequently, the results did not adequately produce the country-level impacts desired.

Similarly, the CSPs’ work on strengthening governance and improving the quality of life through stronger economic and financial management had mixed results, as several projects and activities were delayed and are ongoing. The evaluation considers their results likely to be achieved.

The evaluation rates performance on outputs and outcomes as satisfactory under both of the CSPs’ pillars: infrastructure development for agriculture, fisheries, and energy; economic governance and public financial management (Table 6).

Table 6: How Effectively the Bank Achieved Its Output and Outcome Targets

Category of target	Effectiveness in Agriculture and Fisheries	Effectiveness in Energy	Effectiveness in Governance and Public Financial Management
Outputs	Satisfactory	Satisfactory	Satisfactory
Outcomes	Satisfactory	Satisfactory	Satisfactory
Overall	Satisfactory	Satisfactory	Satisfactory

Source: IDEV evaluation team.

Below, the evaluation summarizes its assessment of the Bank’s programs and their contribution to the CSPs’ target areas.

Support for agriculture and fisheries

The projects assessed under this focus area were LDSP II, PRIASA I, and PRIASA II. Of 31 outputs, LDSP II achieved 14 (41 percent), achieved 3 (9 percent) with delays or poor quality, partly achieved 10 (29 percent), and did not achieve 7 (21 percent). PRIASA I achieved 98 percent of its output targets.

Although still ongoing, PRIASA II has achieved or is on track to achieve its output targets. PRIASA II achieved 4 of its 6 outcome targets and is on track to achieve the rest. PRIASA I achieved all 5 of its outcome targets.

In the agriculture sector, the Bank expected to invest in the construction and rehabilitation of rural infrastructure (roads, irrigation systems, markets, fish markets, agricultural processing units) and in building the capacity of farmers, traders, and Ministry of Agriculture officials. It expected that this would facilitate the development of agricultural value chains to expand and diversify production. Under the fishing component, the Bank targeted the construction of fish markets, the installation of refrigeration equipment, and the installment of a laboratory for the Fisheries Directorate. PRIASA I achieved 95 percent of these outputs. PRIASA I's infrastructure component also completed rehabilitation work and equipment for the Ministry of Agriculture, a slaughterhouse and a breeding and training center for the producers of goats, sheep, and poultry (the Nova Olinda Center), and other rehabilitation work. Some of these activities are continuing under PRIASA II. Despite difficulties with the monitoring and evaluation system, the evaluation was able to establish whether outputs were achieved by drawing on the project results assessment, information collected from interviews with stakeholders including beneficiaries, focus groups discussions, and direct observation. PRIASA II's objective of contributing to infrastructure to expand the production base and serve agricultural value chains is likely to be realized by the project's end.

The evaluation found that the Bank achieved or partly achieved its objectives to enhance institutions' capacity. LDSP II, PRIASA I, and PRIASA II targeted several activities to increase production, develop agricultural value chains, and reduce poverty: (i) study development opportunities in semi-industrial fishing; (ii) raise awareness, guide, and train fishermen and female wholesale fish vendors ("palaiés"); (iii) build capacity in the Directorate General of Fisheries, the statistics service, the fishery products quality control laboratory, and the fisheries control and surveillance center; (iv) provide organizational support and advice to farmers and processing agents; (v) improve the legislative and statutory framework; (vi) provide the Centre for Technical Improvement of Agriculture and Animal Husbandry (Centro de Aperfeiçoamento Técnico Agro-Pecuário, or CATAP) and the Center for Agricultural and Technological Research of São Tomé and Príncipe (Centro de Investigação Agronômica e Tecnológica de São Tomé e Príncipe) with a diagnostic study, support for rehabilitation work and the procurement of equipment, and training in self-reliance; (vii) implement a training plan for 600 youths at CATAP; and (viii) support school canteens and nutrition programs. More than half of these outputs were achieved or partly achieved, sometimes with significant delays. Outcomes could not be measured because of a lack of monitoring data and problems with implementation.

Energy

In the area of energy, the evaluation assessed two projects: MHPSP and ERPSSP. These programs sought to develop infrastructure that would improve the country's energy mix by promoting renewable energy and energy efficiency, particularly by adding mini-hydropower and photovoltaic generation capacity and preparing an energy efficiency strategy and plan.

The main project in the energy sector was the MHPSP. Its components consisted of technical feasibility studies; design, environmental, and social impact analyses for mini-hydropower projects; the production of technical standards for the implementation of mini-hydropower, including standards for interconnections; the preparation of tender documents; legal advice to the project developers selected; the production of a green energy acceleration plan to integrate renewable energy; and the training of technical staff on solar photovoltaic and mini-hydro operations.

MHPSP achieved its main objective of identifying hydropower potential that can be exploited sustainably. This made it possible to produce documents to instruct tenders for the selection of private partners who would implement the power plants. This is especially significant given that energy generation in STP relies almost exclusively on imported diesel, which is expensive and polluting, and that the portion of renewable energy originating in the country is an estimated 5 percent, which is extremely low. Increasing renewable energy would have a positive impact on the finances of the energy sector, considering that hydro generation is much cheaper than diesel generation. This would make the energy sector attractive to the private sector, which is one of MHPSP's main objectives.

The project achieved 6 of 7 output targets (87 percent) even though it depended on project developers volunteering and being selected. As for the project's 3 outcome targets, these were either achieved or are on track to be achieved.

ERPSSP's second component, promoting sustainable electricity supply, fell under the focus area of energy. This component aimed to pay the state's debt to EMAE to allow EMAE to pay its arrears to the national oil company, ENCO, in turn. Although this plan was successfully implemented during the first year of implementation (after which the program was suspended due to the need to reallocate resources to the COVID-19 Response Support Program), the evaluation noted that EMAE's arrears to ENCO have increased on account of structural factors: expensive electricity generation, a loss-making tariff structure, and high technical and non-technical losses. In all, 3 of ERPSSP's 4 output indicators for this component have not been achieved (Table 7).

The evaluation did not rate the achievement of outcomes by MHPSP because the project's main outputs—identifying hydropower potential that can be exploited sustainably, therefore allowing for the production of tender documents to instruct the selection of private partners that would implement the selected power plants—have yet to be realized.

Table 7: Economic Reform and Power Sector Support Program (ERPSSP) Component 2: Outputs, Targets, and Current Status

Component	Output	Output Indicator	Target	Status
2. Promoting sustainable and efficient electricity supply	Better financial sustainability within EMAE; more sustainable energy consumption by the public sector	A plan to pay EMAE's arrears is in place	➤ A public sector payment plan for EMAE's arrears is approved (2019)	The government has been settling its debt with EMAE.
		A public sector energy efficiency program is implemented	➤ An energy audit of public sector buildings and an energy efficiency program for the public sector are approved (2020). At least 5 public sector buildings have energy efficiency program actions (2021).	The public sector energy efficiency program has not been implemented.
	Strategic and coherent energy sector policy	A national energy policy is implemented	<ul style="list-style-type: none"> ➤ A national energy policy with a gender lens is approved (2020). ➤ A decree freezing the development of new diesel electricity generation capacity is issued (2021). 	The national energy policy is not being implemented.
	More efficiency within EMAE	A management improvement Plan is implemented for EMAE	<ul style="list-style-type: none"> ➤ A least-cost power development plan and an EMAE management improvement plan are approved (2019). ➤ A performance contract with EMAE's chief executive office is in place (2020). ➤ An EMAE report on health, security, social, and the environment that addresses gender equality is available, as is an action plan (2021). 	EMAE's management improvement plan is not being implemented.

Source: IDEV evaluation team compilation based on project review assessments and field visits and focus group discussions conducted in June 2022.

Note: EMAE = Empresa de Água e Electricidade, STP's public energy utility.

Economic governance and public financial management

The Bank's support for economic governance and public financial management in STP concentrated on strengthening human and institutional capacity, enhancing transparency and accountability to improve strategic planning and programming, and improving economic and financial governance. To evaluate the Bank's performance in this regard, the evaluation assessed Component 1 of ERPSSP, PAGEF, the COVID-19 Response Support Program, and the Zuntamon Lusophone Compact Initiative Project. It found that ERPSSP was not fully implemented because its resources had been reallocated. PAGEF and the COVID-19 Response Support Program achieved most of their targets for outputs and some of their targets for outcomes. At the time of the assessment, the Zuntamon project had not been fully implemented.

Only the first of ERPSSP's three components was implemented. Component 1—strengthening public financial management and the business environment—sought to promote reforms but produced few results. Most measures were not implemented in a complete and consolidated manner. As for the component on strengthening public financial management and the business climate, it was not implemented because the Bank reallocated funds towards reducing the State's debt to EMAE and providing budget support to help STP respond to the COVID-19 crisis. The cancellation of Components 2 and 3 visibly slowed the momentum on reforms and undermined the achievement of the Bank's objectives for the energy sector and the business environment (Table 8).

Table 8: Economic Reform and Power Sector Support Program (ERPSSP) Component 1: Outputs, Targets, and Current Status

Component	Output	Output Indicator	Target	Status
1. Strengthening public financial management and the business climate	Enhanced budget credibility	A macrofiscal unit (MFU) is established and operational.	➤ A ministerial decree establishing a MFU is issued (2019). At least 2 MFU reports are published (2020).	• The MFU is operational.
		The Treasury single account (TSA) is fully implemented.	➤ The Ministry of Planning, Finance and Blue Economy orders all public entities to disclose bank accounts outside of the TSA (2019). ➤ A decree ordering the closure of accounts outside of the TSA is issued (2020). ➤ A report certifies that no accounts outside of the TSA are active (2021).	• This has been done. The cancellation of all bank accounts outside the TSA has been ordered.
		The public sector payroll is contained.	➤ A decree limiting overtime pay is approved (2019). ➤ A decree limiting new hires to 1 for 3 retirements, with attention to gender balance, is issued (2020). ➤ A public sector payroll audit action plan is endorsed (2021).	• Overtime payments were limited, and public contracting was restricted. Because of the COVID-19 pandemic, however, the state had to regularize the situation of many teachers and health technicians.
	Stronger debt management	The use of non-concessional external loans is suspended; new borrowing is sustainable.	➤ A decree is issued suspending non-concessional external loans and limiting borrowing to 3% of gross domestic product (2019). ➤ A decree is issued limiting new borrowing in line with the annual borrowing policy (2020 and 2021)	• The government has suspended all non-concessional credits. Only concessional credits are contracted.
		A public debt management committee (PDMC) is operational.	➤ A ministerial decree is issued establishing the PDMC (2019). ➤ An updated medium-term debt management strategy and annual borrowing policy are approved (2020).	• The PDMC is not yet operational.
	Better mobilization of tax revenue	A value-added tax (VAT) is legally and operationally implemented.	➤ A VAT framework law is submitted to parliament (2019). ➤ VAT implementing regulations are submitted to parliament (2020). ➤ A VAT unit is created and staffed (2021).	• The VAT law has been approved, as has the regulation to apply it. • The VAT Implementation Unit has been created but is not yet equipped for operations.
		A program for large taxpayers is operational	➤ The large taxpayers action plan is approved (2020). ➤ A decree establishing a large taxpayers program is issued (2021).	• No formal action plan for monitoring large taxpayers is in place, but the Directorates ²² have

²² Directorates of Treasury, Budget, Customs and Revenue

				been monitoring large taxpayers regularly.
	Improved business climate	A single investor window is fully operational	<ul style="list-style-type: none"> ➤ An action plan to implement a single window is produced (2020). ➤ A report confirms the implementation of 50% of the action plan (2021). 	<ul style="list-style-type: none"> • The single investor window not yet operational.

Source: IDEV evaluation team compilation based on project review assessments and field visits and focus group discussions conducted in June–August 2022.

As its principal outcome, **PAGEF** targeted the development of human and institutional capacity. Over 100 of PAGEF’s activities concerned training and building the capacity of human resources. PAGEF also provided technical assistance for the business areas of beneficiary institutions and supplied technical equipment. After cancelling or replacing 3 activities, PAGEF achieved 21 of the 24 outputs planned. This minimized the deficiencies in equipment that the institutions needed to function. It also improved services through knowledge acquired through trainings, improved the state’s financial accounting system, and increased financial responsibility and the transparency of public accounts with the preparation of general government accounts and more efficiently executed budgets. Assessment of progress towards PAGEF’s outcomes targets was impossible due to lack of a baseline and the unavailability of data.

The **COVID-19 Response Support Program** was structured around three complementary components: (i) strengthening diagnostic capacity and the public health response to COVID-19; (ii) safeguarding livelihoods through strengthened social protection systems; and (iii) enhancing economic resilience against COVID-19 shocks. The program made significant progress towards its objectives, and the Bank succeeded in supporting STP’s efforts in the fight against COVID-19. The program achieved 6 of its 9 output targets and completed all 5 intermediate outcome targets.

The Bank sought to support financial inclusion initiatives through the **Zuntamon Lusophone Compact Initiative Project**, which aims to improve the business environment, capacity, and access to markets and finance for small and medium enterprises (SMEs). The project’s activities included modernizing the legal framework to improve the business environment, streamlining the digital system used by SMEs to declare and file taxes, formalizing SMEs, establishing a flexible financing mechanism for SMEs, and training business association members. Although implementation was delayed, the project has the potential to help build the business environment for the development of the private sector.

Technical assistance

CSP 2012–2016 proposed three technical assistance operations: one to provide assistance to and build the capacity of the civil aviation sector, one to conduct the 2012 general census on population and housing, and one related to water and sanitation (through funding from the Rural Water Supply and Sanitation Initiative). Two of the three were implemented. Under CSP 2018–2022, the Bank provided technical assistance to judges and the judicial system in relation to private sector development. Technical assistance also took the form of trainings in oil contract negotiations, the development of an electronic procurement system, tax reforms, debt management, the revision of the legal framework for financial accountability, and the development of value chains. Two of the four technical assistance activities performed under CSP 2018–2022 were implemented as a stand-alone operations. The other two were implemented as part of projects.

The technical assistance projects assessed by this evaluation included the preparation of the National Rural Drinking Water Supply and Sanitation Program and a study of the National Land Use Plan. Both were conducted to develop a pipeline of projects for possible support. The evaluation found no evidence of projects emerging as a result. The two studies were highly relevant to STP’s needs, aligned well with the government’s priorities, were welcomed warmly by local authorities, and were competently and successfully carried out, despite delays. Among other things, their outputs and outcomes included a strategy for sequencing investments in water supply facilities in rural areas, a GIS (geographic information system) with huge potential for natural resource management and conservation, a national spatial plan and seven district spatial plans, and a draft of the legal diplomas necessary for implementation. But the evaluation found no evidence of these outcomes being used.

Capacity building

The evaluation considers the Bank's capacity-building activities to be satisfactory but in need of streamlining. The two CSPs highlighted significant challenges related to the government's institutional capacity. Capacity-building activities were infused in most interventions, and 9 of the 17 operations included major institutional support and capacity-building activities. Indeed, CSP 2012–2016 mainly focused on building capacity and strengthening institutions. Overall, the evaluation assesses the results of the Bank's capacity-building work as mixed. The evaluation also observed that capacity challenges remain because the Bank's interventions lacked measures to sustain their benefits over the long term.

PAGEF, for instance, was designed to build human and institutional capacity under CSP 2012–2016 with the expectation that doing so would improve public resource management and economic diversification. Its interventions included experience and knowledge sharing, training, the establishment of best practices, the preparation of regulatory frameworks, and the purchase of IT equipment. PAGEF achieved all its outcome targets in this area: better strategic planning and public financial management, the more efficient mobilization of domestic resources, more regular and timely account reconciliation operations, better public accountability and transparency, more efficient internal audits, and the more timely production of better annual financial statements. In interviews, Government of STP officials credited PAGEF with having significantly improved the public financial management system through several in-house and external capacity-building trainings. This was corroborated by the results of the perception survey: 18 of 22 operations-level respondents agreed or strongly agreed that projects' capacity-building components affected public financial management positively.

The three agriculture projects designed activities to build the capacity of individuals and public, private, and community institutions to ensure the efficient management of the infrastructure and productive sectors targeted under the projects. PRIASA I and PRIASA II built the capacity of fishermen, fish vendors, farmers, and technical staff providing support services. The evaluation found positive outcomes in terms of increases in fish and food crops available for local consumption, an increase in the crops' value, and improvements in producers' and intermediaries' quality of life. Focal interviews indicated that the Bank's work to build the technical capacity of services providers helped increase providers' revenue and equity. Another example was the livestock project. This project was implemented without a project implementation unit, which reinforced the Directorate of Animal Husbandry's institutional capacities, even though the project faced difficulties from understaffing and most activities experienced substantial implementation delays.

Despite these investments in capacity building, the evaluation noted that significant challenges to STP's human resources and institutional capacity remain. This is because of high attrition in the public service, the result of staffing that changes frequently with changes in government. Low compensation is another cause: salaries in the public sector are not high enough to deter trainees from seeking better opportunities elsewhere.

3.4 Efficiency

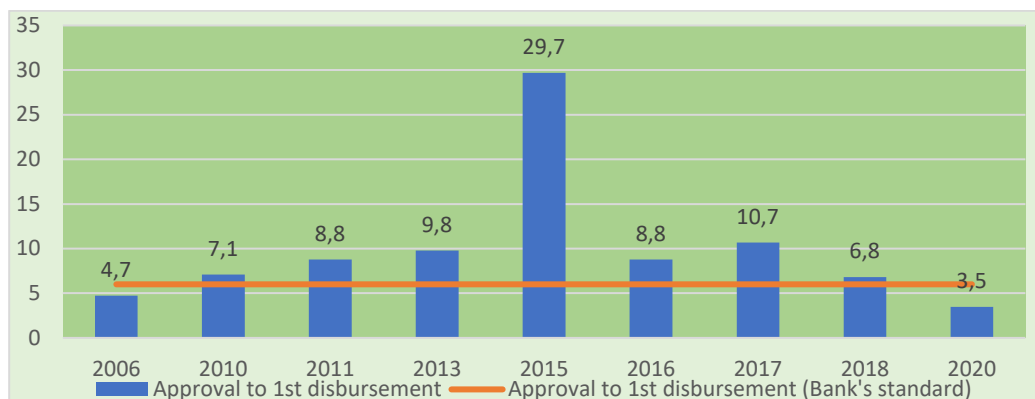
Under this criterion, the evaluation examined the portfolio's performance on timeliness, implementation progress, disbursement, and monitoring and reporting. For agriculture operations, the evaluation also examined projects' return on investment. **The evaluation rates overall efficiency as partly unsatisfactory.**

Timeliness

The evaluation noted significant delays in project start-up and implementation. This made delivery less effective across the board. The Bank's standards state that for public sector operations, the time from a project's approval to effective first disbursement should not exceed 6 months. According to the evaluation's analysis, the time averaged by projects in STP was 8 months. Breaking down the analysis by year of approval reveals that only in 2006 and 2020 did the average project start on time. Start-up delays worsened in 2015, where the time from approval to first disbursement averaged 29.7 months²³ (Figure 3).

²³ As per SAP data over 2006–2020 (see the portfolio analysis in the technical annex).

Figure 3: Project Start-Up Time from Approval to First Disbursement, 2006–2020 (months)



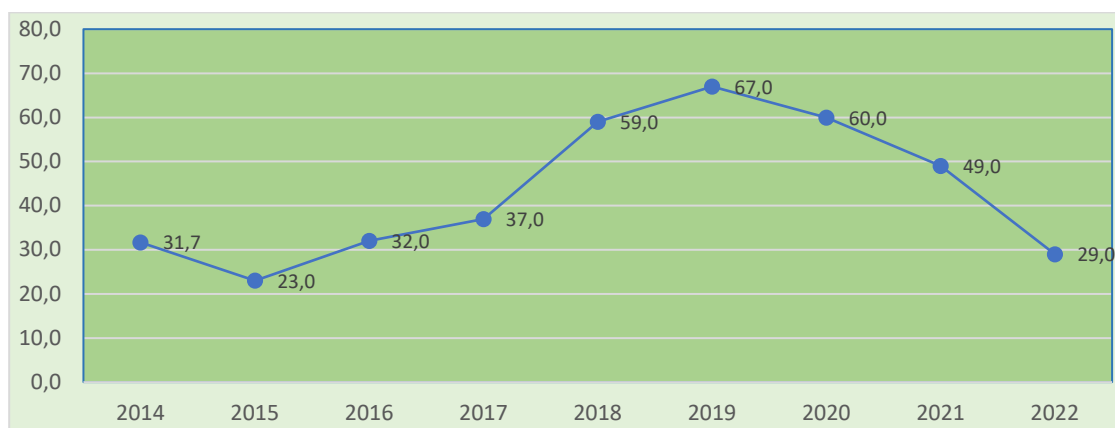
Source: IDEV evaluation team compilation based on project documentation and the SAP database as of 31 December 2022.

According to interviews and monitoring reports, the delays in project start-up were attributable to the government’s slow mobilization of counterpart funding; limited capacity within STP, which made it difficult to recruit qualified, experienced staff to implement projects; and government agencies’ limited involvement in project design (as per the 2021 CSP mid-term review).

The portfolio analysis also noted significant delays in implementation and supervision challenges, both of which undermined efficiency. Four of five closed and completed projects in the portfolio under consideration exceeded the planned execution time by 25 to 50 percent. The fifth project, the COVID-19 Response Support Program, was approved and implemented as an emergency project. Of the four delayed projects, three were extended by one year and one was extended five times.²⁴

The analysis calculated the average disbursement rate from 2014 to 2022 at a low 41 percent. Disbursement peaked in 2019 with a recorded annual disbursement rate of 67 percent. This declined to 29 percent in 2022. The high disbursement rate between 2018 and 2021 was partly due to the one-time disbursement of policy-based operations and emergency funds in response to the COVID-19 pandemic. The observation of disbursement delays corroborates concerns with project implementation delays raised in the evaluation interviews. This was also evident in the perception survey, where more people disagreed or strongly disagreed that projects or programs were implemented in a timely manner (10 of 22) than agreed or strongly agreed (3 of 22). When interviewed, development partners—the World Bank, the European Union, and the International Fund for Agricultural Development—reported extended delays in their projects’ implementation in STP as well.

Figure 4: Annual Average Disbursement Rate for AfDB-Supported Projects (percent), 2012–2022



Source: IDEV evaluation team compilation based on project documentation and the SAP database as of 31 December 2022.

²⁴ As per of SAP data (see the portfolio analysis in the technical annex).

Program implementation and cost-benefits

The evaluation noted low compliance with supervision requirements. The evaluation calculated the frequency of desk reviews per project, starting from the date of first disbursement, as averaging 0.5 per year instead of twice per year as the Bank requires. A review of the Bank's reporting system for the period under review identified only 20 implementation progress reports (IPRs) in the system: according to the number of missions in SAP, the system should have contained about 38 IPRs. Had two supervisions per project taken place, as per the Bank's requirements, 115 IPRs would have been filed. This calculation does not include special projects (projects at risk or problematic projects), which require more than two supervision visits per year.²⁵ Given the implementation bottlenecks noted earlier, as well as capacity constraints within most institutions in STP, more and better supervision is required.

The projects for which the evaluation conducted cost-benefit and cost-effectiveness analyses showed modest positive returns. Two of the five closed and completed projects for which a cost-benefit analysis was performed scored on average 3.3 out of 4, which is satisfactory. Although the average implementation progress ratings for the five closed and completed projects was 2.7 out of 4 (satisfactory), overall efficiency in implementation was undermined by poor timeliness and is rated unsatisfactory, both as per the evaluation's review of PCRENs and as per its review of project results assessments.

At least three factors contributed to the delays in implementation. The first was limited knowledge of the Bank's procurement and financial management rules and procedures: this delayed procurement and disbursement. The second was a lack of compliance with the Bank's disbursement processes, which delayed disbursements. The third was lengthy procurement processes, which internal and external stakeholders named in interviews as a major cause of delays. The 2021 mid-term review of CSP 2018-2022 reaffirmed these constraints, linking them to an insufficient number of qualified bidders, delays in the Bank's issuance of statements of no-objection, the inadequate formulation of technical specifications and terms of reference, and the non-availability of procurement documents and guidelines in Portuguese. The Bank's frequent changing of task managers and the high attrition rate among government officials, associated with changes in STP's government, were also noted as causal factors.

Some of these issues have been resolved or partly resolved as part of the implementation of country portfolio improvement plans. Several trainings in procurement were conducted beginning in 2013 to improve stakeholders' understanding of the Bank's procurement process: this reduced delays in disbursement. Also, steps were taken to speed the release of government counterpart funds. This improved slightly and the country portfolio improvement plans of 2015 and 2021 noted it as partly achieved. Furthermore, in light of STP's fiscal constraints, the government has requested a waiver of counterpart funding requirements in the 2023 extension of CSP 2018–2022. In addition, baseline studies and project preparation studies improved in the design of PRIASA II, PRIASA III, and MHPSP. Also, the monitoring and evaluation systems of recently approved projects, including PRIASA II and PRIASA III, have baselines and output and outcome indicators: this was not the case for older projects (AfDB 2015²⁶ and AfDB 2021²⁷). Staffing to support STP's portfolio has also increased.

3.5 Sustainability

Under the criterion of sustainability, the evaluation assessed the Bank's interventions on five dimensions: economic and financial sustainability, environmental and social sustainability, institutional sustainability and capacity strengthening, ownership and the sustainability of partnerships, and technical soundness. It found that sustainability ranged from partly unsatisfactory to satisfactory across these dimensions. **Overall, the evaluation rates sustainability as partly unsatisfactory because of weaknesses in economic and financial viability, institutional sustainability and the strengthening of capacities, and stakeholders' ownership of completed programs.** Where applicable, the evaluation also assessed risks to the sustainability of the benefits of ongoing programs.

²⁵ As per SAP data (see the portfolio analysis in the technical annex).

²⁶ AfDB 2015. Mid-Term Review of the Country Strategy Paper 2012–2016 and the Country Portfolio Performance Review.

²⁷ AfDB 2021. Mid-Term Review of the Country Strategy Paper 2012–2016 and the Country Portfolio Performance Review.

The dimension of **economic and financial viability** was examined for mechanisms for economic and financial sustainability that were likely to ensure the continued flow of benefits in completed projects. Most closed programs were assessed as partly unsatisfactory, and major weaknesses were found in some governance and public financial management operations and some energy programs (ERPSSP and MHPSP). The main issues noted were (i) the limited ability of government institutions and beneficiary agencies to generate resources to sustain projects' achievements; (ii) state budgets that were too limited to pay for the adequate maintenance of projects' achievements; and (iii) inadequate sector planning. Examples were observed in MHPSP, the mini-hydro program: because the production costs of only two of the eight projects studied are below the tariffs charged by EMAE, only two projects have a chance of being implemented by the private sector. The energy-related component of ERPSSP was also found to be problematic, since it depends on reforming the tariffs that EMAE can charge for electricity—indeed, it depends on reforming EMAE's entire financial situation to set EMAE on firmer ground and reduce uncertainty for private investors.

With regard to governance and financial management programs, their economic and financial sustainability was found to be unlikely or difficultly achievable. This is because of the limited state budget and inadequate sector planning, as noted in interviews. The analysis revealed that despite a more politically stable government in recent years, institutions are not managed with clear policies and specific plans. Furthermore, the evaluation found that policies were not always followed continuously or consistently. Changes in institutions' leadership sometimes changed institutions' orientation, focus, and interests. Finally, the evaluation found a clear lack of follow-up, monitoring, and evaluation.

To evaluate the **environmental and social sustainability** dimension of the sustainability criterion, the evaluation looked at programs' compliance with the Bank's environmental, social, health, and safety standards and the existence of or provision for robust mechanisms likely to ensure continued benefits and/or avoid notable negative unintended impacts in this area. The evaluation assessed this dimension as satisfactory in relevant projects.

The evaluation found the dimension of **institutional sustainability** to have mixed results. Performance was found satisfactory on the operational focus of building strong institutions through capacity building measures but was partly unsatisfactory when it came to sustaining the benefits of those measures. The Bank's strategies strongly focused on sustaining capacity in institutions, but this did not translate into the desired outcomes. The evaluation noted strong capacity-building activities and achievements in the agriculture sector (PRIASA II) and in governance and public financial management operations (PAGEF), but the long-term objective of sustaining institutional capacity was limited by high staff attrition (this resulted from staff changing frequently, with changes in government) and low compensation (compensation in STP's public sector is not attractive enough to deter trainees from seeking better opportunities elsewhere).

The evaluation rates the **ownership and sustainability of partnerships** dimension as between satisfactory and partly unsatisfactory. The Bank was effective at ensuring involvement or partnerships with relevant stakeholders in the energy and agriculture programs (rated satisfactory) but less so in governance and public financial management programs (rated partly unsatisfactory). The sense of ownership amongst beneficiaries was rated unsatisfactory in most programs.

When assessing interventions for **technical soundness**, the evaluation considered the likelihood that projects' technical design affected or could affect the continued flow of benefits of the intervention. While the evaluation found no major technical factors that could undermine results, it noted two important challenges in ETISP that are critical for the Bank's future energy operations in STP (Box 1). The agriculture programs (PRIASA I and PRIASA II) incorporated measures to address potential challenges to program benefits.

Box 1: The Energy Transition and Institutional Support Program (ETISP): Technical Challenges

The Energy Transition and Institutional Support Program was supposed to establish a photovoltaic plant in Santo Amaro. This required setting up a training program in advance for the technicians who would operate and maintain the photovoltaic plant during the planned implementation process. Evaluation field mission showed no evidence of any actions being implemented or contemplated in this respect.

Furthermore, the Santo Amaro photovoltaic plant does not have a battery to smooth the fluctuations in frequency that will result from intermittencies in the insolation of the photovoltaic panels. Without such a battery, the plant's diesel generators will have to adjust to the fluctuations: this is likely to shorten the lifespan of the plant's spare parts.

Source: IDEV evaluation team compilation based on document reviews and stakeholder consultations conducted in September 2022.

3.6. Knowledge activities and policy dialogue

Knowledge activities

In view of STP's small country allocation, the Bank's non-lending activities in STP, normally financed by trust funds or other sources, take on greater importance. CSP 2012–2016 had planned two pieces of economic and sector work (ESW); three were executed. CSP 2018–2022 had planned five pieces; two were executed. Two of the five executed ESWs had not been planned. The evaluation found that the Bank's non-lending activities, including demand-driven analytical work and ESW, informed the AfDB's strategic orientation and helped identify lending opportunities and prepare projects. It also found that ESW supported government policy reforms, constituted the basis for policy advice to the government and the private sector, informed dialogue with development partners, and strengthened the Bank's status as a knowledge institution. Table 9 summarizes the knowledge activities, including ESW, carried out by or on behalf of the AfDB for STP since 2012. It includes studies that were planned but were not executed.

Table 9: The Bank's Knowledge Activities in São Tomé and Príncipe, 2012–2022

Year	Project Name	Status
2012	Maximizing Oil Wealth for Equitable Growth and Sustainable Socioeconomic Development	Executed
2015	Private Sector Development Strategy 2015–2024	Executed
2016	Fragility Assessment	Executed
2018	Irrigation Strategy	Executed
2018	Strategy for Youth Employment Creation and Human Capital Strengthening	Executed (PAGEF)
2019	Gender Strategy	Not Executed (moved to 2023)
2019	Agricultural Statistics Strategy	Executed
2020	Agriculture Skill Development	Not Executed
2020	Private Sector Country Profile	Ongoing (moved to 2023)
2021	Detailed Skill Development Study on Agricultural Products	Ongoing (ending in 2023)
2022	Fragility Assessment	Ongoing (ending Sept. 2023)

Source: IDEV evaluation team compilation, September 2022.

Note: PAGEF = Economic and Financial Management Support Project.

The evaluation's analysis of the portfolio and the project reviews indicated a link between Bank studies and the Bank's influence on dialogue with the government, on the design of the CSPs, and on engagement with development partners. Some studies, especially the Private Sector Development Strategy (2015), were found to have influenced the design of the CSPs. Recent ESW contributed significantly to the development of the Zuntamon project and PRIASA III.²⁸ Other ESW, including the Irrigation Strategy (2018) and the Agricultural Statistics Strategy (2019), contributed more directly to AfDB's sectoral needs, helping to prepare projects. Given the considerable relevance and usefulness of the Bank's knowledge work, the evaluation rates this aspect of non-lending activities as satisfactory at the strategic and sectoral levels.

²⁸ This was evident from the appraisal reports of the Zuntamon project. It was confirmed in field interviews.

Policy dialogue

The Bank calls on its analytical work, its expertise in formulating projects, and its experience in implementation to provide policy advice and technical support to the Government of STP and other development partners at the national and sectoral levels. The usefulness of the Bank's work in this regard was confirmed by stakeholder interviews and the perception survey, where 9 of 12 strategic-level respondents agreed that the AfDB actively engages in policy dialogue and in providing technical advice to the Government of STP in most cases where relevant. For example, although delayed, the private sector study now taking place as part of the Zuntamon project is expected to inform policy to improve the enabling environment for SMEs and develop financial products targeted to SMEs.

In addition, the Bank's setting up of a liaison office in STP in 2005 brought the Bank closer to the Government of STP and its other counterparts and gave the Bank a comparative advantage.

The quality of the Bank's analytical work, combined with the good relations between the Bank and STP authorities, are why the evaluation rates the Bank's policy and technical advice as satisfactory.

4. CROSS-CUTTING ISSUES

This chapter analyzes how the Bank's strategies and interventions in STP treat cross-cutting issues such as gender, climate change, green growth, and inclusive growth.

4.1 Gender

Gender issues were addressed differently under the two CSPs. The CSP 2012–2016 seldom mentioned gender issues. PRIASA I, which was designed earlier but was implemented during the period under review, addressed gender issues by building the capacity of fisherwomen and developing new techniques to lead value chain development activities. The mid-term review of CSP 2012–2016 stated that special attention would be paid to “mainstreaming cross-cutting issues” such as the reduction of gender inequality. Projects designed after the mid-term review, like PRIASA II, complied with the mandate to gender-disaggregate needs and made a visible effort to present gender-disaggregated indicators in their results-based framework.

CSP 2018–2022 did not explicitly mention gender issues or the need for mainstreaming. It stated, “gender analysis will be systematically undertaken during the preparation of each new project, to ensure it fosters equal opportunities.” The preparation of a gender strategy for 2019–2023 was also planned as a non-lending operation. This work was postponed to 2023 due to the prioritization of COVID-19 economic support measures.

Projects in the AfDB portfolio were found to vary in their approach to gender issues. No project had outcomes or outputs that addressed gender equality directly. Out of the 17 projects in the portfolio, only 4 (LDSP II, PRIASA II, the COVID-19 Response Support Project, and the Zuntamon project) used indicators targeting gender equality. During the perception surveys, 6 of 12 strategic-level respondents agreed or strongly agreed that the Bank's interventions addressed gender and inclusivity. The other 6 respondents had no opinion. As to operational-level respondents, 14 of 22 agreed or strongly agreed that the project or program they were associated with addressed gender and the needs of vulnerable populations. Only three disagreed.

4.2 Green growth and climate change

Although development partners, most notably the World Bank and the United Nations Development Program, are engaged in raising awareness on climate change, the AfDB's CSPs do not focus on climate change and green growth. CSP 2012–2016 initially had one pillar, which addressed concerns about oil exploration. Reference was made to the Bank's support for promoting green growth by mainstreaming environmental concerns into government strategies, but no operations in that area took place. The mid-term review did not propose radical changes to the CSP in the area of climate change/green growth, but an additional US\$ 3.5 million was mobilized from the Global Environment Fund to support interventions under Pillar II, which was proposed later and concerned agriculture infrastructure. These funds were allocated to the budget of PRIASA II, whose main activities concerned resilient agricultural production and techniques (irrigation, adapted varieties, crop management, etc.). To raise awareness and inform people of climate risks and possible impacts, capacity-building sessions on environmental matters were conducted in communities. The Directorate General of Environment monitored them closely.

CSP 2018–2022 promoted green growth with a pilot investment in renewable (hydropower) energy in off-grid areas. This objective is shared by more recent projects in the energy sector. Of the 17 ongoing and closed operations reviewed under the two CSPs, only 3 concern climate change directly: PRIASA II, MHPSP, and ETISP. ETISP includes hybridizing one of the main thermal power plants with solar energy. This will create generation capacity based on renewable energy sources and make existing installed capacity more available, thus improving energy access and reducing greenhouse gas emissions. The project performed urgent grid reinforcement, performed maintenance work on existing thermal plants, and implemented a public sector energy efficiency program, all of which will ultimately reduce the emission of greenhouse gases.

Although recent projects have mainstreamed climate change in their activities, the AfDB's portfolio and strategy documents do not address climate change in stand-alone operations. However, 8 of 12 strategic-level respondents to the perception survey agreed or strongly agreed (none disagreed) that the design and implementation of Bank interventions addressed environmental and climate change-related issues, and 15 of the 22 operational-level respondents agreed or strongly agreed that "their" project address environmental and climate-change-related issues in a consistent way.

4.3 Inclusive growth

Inclusive growth permeates the Bank's interventions and is reflected in the way that the country's PRSPs are a central reference for the CSPs. Although CSP 2012–2016 focused on institutional support to help the country cope with the expected inflow of oil wealth, the CSP referred to the possibility that in the medium term and depending on resource availability, the Bank might consider funding physical infrastructure projects to support private sector development, focusing on job creation and inclusivity. This was followed up in the mid-term review, which proposed to support the government's increased focus on agriculture as a key driver of economic transformation and inclusive growth, as well as a larger ADF envelope. On these grounds, the Bank and the government agreed on a second pillar to promote agriculture infrastructure.

In CSP 2018–2022, the inclusive growth agenda grew even more explicit: the CSP stated that "altogether, Bank support will help strengthen the country's economic resilience, promote pro-poor inclusive and green growth, and mitigate socioeconomic fragility through the creation of higher value-added jobs." In practice, however, few projects in the agriculture and public financial management program contributed to these attributes, for instance by using indicators capable of tracing the distribution of the project's benefits to different social groups.

5. PROGRAM MANAGEMENT

5.1 The Bank's performance

When referring to the Bank's performance, the evaluation refers to the processes that underlie the Bank's role and contribution to STP's development outcomes. The evaluation assessed the Bank's processes by reviewing projects' quality at entry and the quality of projects' supervision. For the first (the quality at entry), the evaluation measured the extent to which AfDB identified interventions, helped prepare them, and appraised them in such a way that makes interventions likely to achieve their planned outcomes and is consistent with the Bank's fiduciary role. For the second (the quality of supervision), the evaluation measured the extent to which AfDB proactively identified and resolved problems during implementation and executed its portfolio responsibilities adequately.

Annex 5 reviews issues relating to the quality of the portfolio in STP. Some of the most salient aspects of that overview are discussed here.

The evaluation found that the average time spent to start a project in STP was longer than the Bank's norm. The variables that affected projects' quality at entry include the relevance of a given project to the AfDB's country and sector strategies, the quality of the AfDB's analytical work, the use of lessons from evaluations of similar sector interventions, the relevance of interventions' design, the quality of implementation arrangements and coordination with other development partners, and the search for opportunities to add value. In the case of STP, the implementation of the country portfolio improvement plan helped improve portfolio performance over the evaluation period. The 2021 country portfolio performance report²⁹ shows a significant portion of the plan's targets to have been partly or fully

²⁹ AfDB 2021. Mid-Term Review of the Country Strategy Paper 2018–2012 and the 2021 Country Portfolio Performance Review.

achieved. Another review of the portfolio's status at the end of 2022—conducted when updating information for this evaluation—showed improvements in fund disbursements, start-up times, the fulfilment of conditions for effectiveness, and the existence of prefeasibility studies. The review also revealed that actions adhering to the country portfolio improvement plan led to more baseline indicators being recorded at the project conception stage in projects designed and implemented under the most recent CSP, than in projects designed under the older CSP. For instance, PRIASA II and the Zuntamon project had baseline indicators. The projects were in general assessed as satisfactory. For these reasons, the evaluation rates the Bank performances on quality at entry as satisfactory.

With respect to the quality of supervision, supervision missions and implementation progress reports (IPRs) were fewer for STP's operations than is the Bank's norm. The implementation progress reporting system shows only 20 IPRs for STP:³⁰ according to the number of missions in SAP, the system should have contained about 38 IPRs. Had two supervisions per project taken place, as per the Bank's minimum requirements (for projects with greater risk, the Bank requires more than two supervisions), 115 IPRs would have been filed. Evidently, insufficient attention was paid to monitoring, reporting, and supervision requirements in STP. This undermined the timely resolution of issues and affected project implementation. Despite the low number of supervision missions, the evaluation rates the Bank's overall performance as satisfactory. The evaluation bases its rating on its assessment of the project completion reports for the six projects subject to project results assessments (for all six projects, implementation progress was assessed as satisfactory).

Finally, overall disbursement rates, an important indicator of the Bank's performance, improved steadily from 23 percent in 2015 to 67 percent in 2019 before declining to 60 percent in 2020, 49 percent in 2021, and 29 percent in 2022. The disbursement rates in these years were aided by the one-time disbursements of policy-based operations and emergency funds in response to the COVID-19 pandemic. At the same time, low disbursement in general and issues associated with ageing projects corroborated concerns about project implementation delays expressed in the interviews.

5.2 The government's performance

Although the government frequently reaffirms its steadfast commitment to the Bank's programs and projects' implementation, the evaluation mission noted setbacks and factors that undermined the government's performance. The regular dialogue initiated by the Bank through its portfolio improvement plans has addressed the persistent challenges of resource capacity, language barriers, IT deficiencies, and the complex nature of development partners' procedures.

- *Weak monitoring and evaluation systems* mean that projects do not produce data critical to assessing progress and generating lessons that improve implementation. This is traceable to weak monitoring and evaluation frameworks and systems within projects, within the government, and within the Bank. Monitoring and evaluation systems need strengthening. Among other things, the capacity of project implementation units must be reinforced.
- *Insufficient ownership of projects* by the government and beneficiary departments and agencies delays implementation and limits sustainability.
- Despite continuous investments by the Bank and other development partners in building the capacity of the public sector, *weak institutional and technical capacity* persists, particularly in project design and implementation. Furthermore, government counterparts have limited knowledge of Bank rules and procedures. This explains delays in implementation and limits the sustainability of the Bank's interventions. In addition, the small size of the country means that some technical experts must be procured from abroad. This increases project costs and operational time (recruitment/set-up takes longer).
- *Overburdened project coordinators* at the ministry level take longer to respond. This leads to delays as well.
- *Limited financial resources*, reflecting the government's very difficult fiscal position, has delayed the government's meeting the requirements for counterpart funding.

These problems interacted with each other and affected the borrower's performance in energy, governance, and public financial management projects to different degrees. The borrower's performance also varied during periods of political change. An exception was the Ministry of Agriculture,

³⁰ This includes desk supervisions, which were conducted especially during the COVID-19 pandemic (2020–2021).

which was intimately engaged in all phases of its projects with the Bank. This ministry's performance could be emulated by other ministries and agencies.

5.3 Partnerships and aid coordination

The main development partners in STP include Portugal's development cooperation agency, the European Union, AfDB, the World Bank, and United Nations agencies (the United Nations Development Programme, the World Food Programme, the United Nations Industrial Development Organization, the International Fund for Agricultural Development, the Food and Agriculture Organization, etc.). The European Union's current program for 2021–2024 with the government has a resource envelope of EUR 13 million. The envelope of the Portugal's Strategic Cooperation Program (2016–2020) for STP is EUR 57.5 million, and the World Food Programme's Country Strategic Plan (2019–2024) for STP is worth US\$ 1.6 million. Some collaboration among development partners exists: the partners participate in regular meetings and sector working groups in agriculture and energy. But the lack of a dedicated government department or unit dedicated to facilitating better collaboration and synergy among development partners leaves STP without a strategy in this regard. The Bank collaborates with the World Bank in the energy sector, the World Health Organization on health, and the United Nations Development Programme in the social sector.

Coordination and joint work among development partners in specific programs have gained momentum in recent years, and partners are working harder with the government to better coordinate development activities, especially in the agriculture sector. In the absence of a standardized and functional aid coordination framework, the Bank actively participates in development partners' coordination meetings and leads certain working groups. According to interviews, aid programming was mostly decided at higher levels within the Ministry of Finance and sectoral agencies and less with technical experts within institutions. According to interviewees, synergy could have been achieved through more coordinated, programmatic approaches to designing and planning development activities.

6. CONCLUSIONS, LESSONS, AND RECOMMENDATIONS

6.1 Conclusions

This chapter presents the evaluation's main conclusions about the relevance, coherence, effectiveness, efficiency, and sustainability of the Bank's strategy and programming in STP. It presents the evaluation's conclusions on the Bank's performance on non-lending operations and cross-cutting issues and provides lessons and recommendations.

STP has great potential for growth and diversification, especially its tourism sector and the blue economy. STP's vast sea area is estimated to be 160 times larger than its land territory. The country's climate is also favorable to organic agriculture. Notwithstanding these advantages, STP confronts several difficult development challenges typical of small island states.

Despite this challenging setting, in general the portfolio's performance was good, given the resources available to STP over the period of review. The evaluation assesses the Bank's overall performance as satisfactory (Table 10). The Bank delivered a focused program, but it did not achieve critical mass in developing the private sector environment and non-sovereign operations. The outputs and outcomes of the Bank's assistance were generally in line with what had been planned, but less was accomplished in some areas because of implementation delays. Similarly, objectives for mainstreaming cross-cutting issues were not entirely achieved. The benefits of the Bank's support are expected to be maintained only in part and challenges with implementation persist, undermining effects at the country level. The strengths and weaknesses of the Bank's strategies and programs are summarized in Box 2.

Table 10: Summary Ratings for all Evaluation Criteria

Criteria	Rehabilitation and Development of Infrastructure			Economic Governance and Public Financial Management		Overall Rating by Criteria
	Agriculture and rural development	Energy	Overall	Governance and public financial management	Overall	
Relevance	Satisfactory	Satisfactory	Satisfactory	Highly Satisfactory	Satisfactory	Satisfactory
Coherence	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Effectiveness	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Efficiency	Satisfactory	Partly Unsatisfactory	Satisfactory	Partly Unsatisfactory	Partly Unsatisfactory	Partly Unsatisfactory
Sustainability	Satisfactory	Partly Unsatisfactory	Satisfactory	Partly Unsatisfactory	Partly Unsatisfactory	Partly Unsatisfactory

Source: IDEV evaluation team.

The evaluation rates the relevance of the Bank’s strategies and programs for the period under review as satisfactory. Drawing on the evaluation team’s interviews of key stakeholders and the team’s reviews of project appraisal reports and project results assessments, the evaluation found that the Bank’s interventions in STP were well aligned with the development strategies and priorities of the country and that they responded well to beneficiaries’ needs. The development of infrastructure (both in agriculture and energy production) and capacity building in governance, especially economic and financial governance, were key needs and priorities of STP. Between 2012 and 2022, the Bank also financed several projects in governance and public financial management reform. The relevance of these projects is considered highly satisfactory, since the projects addressed what several stakeholder interviews revealed as a main priority of the country’s economic policy: improving the business environment and supporting the development of the private sector.

The evaluation also noted that STP had not been able to benefit from the Bank’s private sector window, among other things because the Bank cannot invest in a private sector project worth less than UA 30 million, which is too large for STP. The Bank’s private sector support program was thus ill-adapted to STP’s needs and circumstances.

Finally, some projects were found to exhibit design flaws that inhibited their ability to respond to the challenges they sought to address.

The evaluation rates the overall coherence of Bank-funded interventions in STP over 2012–2022 as satisfactory. The evaluation noted satisfactory interlinkages within the Bank’s investment operations and between investment operations and non-lending activities. In general, the AfDB’s interventions were harmonized with the interventions of other development partners.

The evaluation rates the overall effectiveness of the AfDB’s interventions as satisfactory. The interventions broadly achieved a significant proportion of their planned outputs. They achieved fewer of their planned outcomes. The interventions contributed to sector targets and the achievement of the Bank’s goals under its two pillars: infrastructure development for agriculture, fisheries, and energy; and economic governance and public financial management. PRIASA I and PRIASA II, the COVID-19 Support Program, and MHPSP stand out as the most effective interventions. PAGEF was partly effective and LDSP II was unsatisfactory because of delays and challenges with implementation caused by weak capacity issues and flaws in program design.

The evaluation rates overall efficiency as partly unsatisfactory even though overall portfolio performance improved modestly over time. On the positive side, the Bank exhibited flexibility within the limits of the country’s resource allocation, especially in terms of accommodating execution delays and reallocating resources to address urgent priorities such as the COVID-19 pandemic. Also, a cost-benefit analysis of the three projects in the agriculture sector calculated economic internal rates of return that were consistently above the opportunity cost of capital. On the negative side, delays in implementation and the weak monitoring and evaluation of several interventions hampered efficiency. Evidence from interviews and project documents pointed to project design challenges, task managers’ limited attention to STP’s situation, communication barriers, and the capacity constraints of implementing agencies as fundamental causes for procurement bottlenecks and poorly managed implementation.

Performance on disbursement was modest, and several implementation challenges affected the performance of the portfolio despite some improvement over the years. Poor monitoring and evaluation capacity and a limited focus on monitoring and evaluation were noted as recurrent issues that led to poor data and poor results reporting.

The emergence of the COVID-19 pandemic compromised the implementation of the activities planned for ongoing operations. This is likely to further delay project deadlines going forward. Careful monitoring and adjustments to mitigate impacts on current and future programs is necessary.

Finally, the evaluation rates the sustainability of interventions as partly unsatisfactory. This rating reflects weaknesses found in three of the five dimensions assessed. Economic and financial viability, institutional sustainability and capacity-strengthening, and the ownership and sustainability of partnerships were rated partly unsatisfactory; technical soundness and environmental sustainability were rated satisfactory, except for technical issues noted in the MHPSP energy program. The low rating of the first three dimensions relates to limited domestic revenue mobilization capacity coupled with limited fiscal space (STP’s public debt is high). This made counterpart funding less available and is likely to make it challenging to continue the benefits of Bank-supported projects without continued assistance by other development partners. This was compounded by issues of commitment and ownership, both on the part of the government (especially after changes in political regimes) and on the part of public institutions. The stakeholders interviewed by the evaluation team often stressed the lack of ownership by beneficiaries, including government institutions, especially in terms of maintaining projects and policies after project closure. Environmental and social sustainability was found to be satisfactory. Concerns with technical soundness were noted in aspects of the energy program, but overall, technical soundness was rated satisfactory.

The Bank’s commitments to gender equality at the strategic level were well reflected in the last two CSPs but they barely resulted in systematic planning or the implementation of specific measures. The evaluation found similar results for mainstreaming climate change and green growth and ensuring inclusive growth. The Bank’s CSPs did not focus directly on climate change or green growth. Of the 17 interventions in the portfolio, only three were directly concerned with climate change. The evaluation noted efforts to mobilize Global Environment Facility funds to raise awareness about climate risks and build capacity regarding the environment. Few projects in agriculture and public financial management had activities that contributed to inclusivity.

The Bank’s non-lending activities played an important role in supplementing STP’s small country allocation. Non-lending activities included demand-driven analytical work, technical assistance, and ESW. These informed the AfDB’s strategic orientation, identified lending opportunities, and supported policy reforms. Most completed outputs were received favorably, but in general, they focused more on sectoral requirements that informed Bank investments than on driving policy dialogue for reforms. The ongoing private sector strategy and activities proposed under the Zuntamon project are exceptions. The setting up of a liaison office in STP, which brought the Bank closer to the Government of STP and other development partners, reportedly played a role in expanding non-lending activities and enabled the Bank to leverage its knowledge work by collaborating with development partners.

Box 2: Strengths and Challenges in the Bank’s Program in São Tomé and Príncipe, 2012–2022

Strengths	Weaknesses
<ul style="list-style-type: none"> • Programming shows good strategic orientation; programming was crafted to consider priorities as much as possible. • The Bank has maintained a reputation for being an honest broker. It is respected by government officials and partners, not just for its funding but for its ability to work constructively on development challenges in the areas of intervention. • Objectives were achieved in the two key focus areas: infrastructure development (agriculture, energy) and economic governance support (financial management and budget reforms). Some project activities were cancelled or not achieved (non-sovereign operations and support to develop the private sector) because of 	<ul style="list-style-type: none"> • Challenges with the quality of project design led to delays. Several projects - even grants - had too many procurement activities. • The capacity of STP’s public administration continues to face significant challenges even though capacity building was one of the most recurrent dimensions of the Bank’s interventions. • CSPs committed to addressing cross-cutting issues in all areas, but cross-cutting activities were not fully realized, and their results were not always monitored. Inclusivity was not adequately addressed. • Despite efforts to decentralize, significant delays were recorded across the portfolio. The Bank is perceived as not always quick or nimble in resolving implementation issues.

<p>unfavorable conditions for non-sovereign lending and unexpected developments (the pandemic).</p> <ul style="list-style-type: none"> • The Bank partnered with some actors (the World Bank, the International Monetary Fund, the European Union) on budget support operations. It partnered with other actors on energy projects. • Coherence was satisfactory. 	<ul style="list-style-type: none"> • Some projects (e.g., LDSP II and PAGEF) failed to achieve all their planned outcomes within the time planned. • Major weaknesses were observed in financial sustainability, institutional sustainability, and ownership in key sectors.
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Source: IDEV evaluation team.

Summary. Overall, the evaluation found the performance of the AfDB's cooperation with STP to be mixed. The relevance of the Bank's work to the country's priorities and beneficiaries' needs was satisfactory overall, even though the Bank's support for the development of the private sector was limited and certain projects exhibited weaknesses in their design. Coherence was satisfactory; effectiveness was broadly satisfactory; efficiency was partly unsatisfactory, especially in relation to timeliness and implementation performance; and sustainability also displayed important weaknesses. The Government of STP highly appreciates the Bank as a reliable partner.

6.2 Lessons

Three principal lessons can be derived from this evaluation of the Bank's support to STP under the CSPs covering 2012–2022.

1. The program implementation challenges that persisted in interventions in STP related mainly to (i) problematic project design, especially as concerned procurement planning and country readiness; (ii) the fact that some projects had multiple components that cut across several sectors; and (iii) task managers' limited attention to the interventions. Poor performance is also related to weak institutional, technical, and implementation capacity in STP. **To address challenges with implementation and achieve better results, it is critical to invest in preparatory studies that produce credible evidence on which the Bank can build realistic assumptions and set feasible preconditions when designing and supporting projects.**

2. **When multiple needs compete for limited resources, it is important to foster strong government leadership and ownership over analytical work, policy planning, and investment planning. It is also important that the government coordinates support, communicates consistently, and collaborates well with development partners.** Given STP's strong reliance on development assistance, a robust government policy direction and actions, including a development assistance policy and a coordinating mechanism, could (i) use limited resources more efficiently, (ii) harness more resources from nontraditional development partners and enhance the country's capacities, (iii) make policy more relevant, and (iv) create synergy and increase sustainability.

3. **To realize interventions' full potential in the long term, it is critical to build consensus around the Bank's strategies and have project agreements pay attention to institutional capacity.** By ensuring that development programming complements and continues the benefits of completed projects, the Bank and the government could make project outcomes sustainable.

6.3 Recommendations

In view of the preceding analysis, this country strategy and program evaluation makes three recommendations to the Bank:

Recommendation 1. Enhance the focus on developing infrastructure, which is one of the Bank's comparative advantages in STP:

- Continue to support the development of critical infrastructure in energy, where the Bank has experience and a comparative advantage;
- Strengthen collaboration and partnerships with other development partners to scale up resource mobilization and ensure support for emerging priorities in areas where the Bank does not have strong leverage;
- Strengthen collaboration with the government and other development partners to ensure the sustainability of Bank projects and programs.

Recommendation 2. Enhance measures to nurture and develop the business environment and lay the foundation for investing in STP's private sector, particularly SMEs:

- a) Maintain a strong focus on the implementation of the ongoing Zuntamon project, approved under the Bank's Lusophone Development Compact, making best efforts to deliver the innovative element of attracting investments to non-sovereign operations as part of the project's second phase;
- b) Consider reviewing the policy and rules for countries to access the Bank's private sector window, taking into consideration small island developing states like STP.

Recommendation 3. Address challenges in program implementation:

- a) Ensure that resources are available to meet requirements for program supervision and support, conduct policy dialogue, develop the portfolio, and build partnerships in STP, taking into consideration the language issue for Lusophone countries;
- b) Enhance dialogue with the government to reduce systemic delays, not only by considering case-by-case waivers on counterpart funding in situations similar to STP's, but also by considering measures to better support executing agencies and beneficiary institutions by involving them more closely in designing projects that address countries' unique characteristics.

7. ANNEXES

Annex 1: Methodological approach

IDEV's evaluation of the Bank's work in São Tomé and Príncipe (STP) over 2012–2022 was guided by international best practices in evaluation. This included the evaluation quality standards and principles of the Organisation for Economic Co-operation and Development's Development Assistance Committee, the Evaluation Cooperation Group's revised guidance for country strategy evaluations, and IDEV's own evaluation guidelines. The evaluation considered the following questions:

1. To what extent do the country's strategy and the African Development Bank Group (Bank)'s operations align with a) STP's development needs, strategies, and priorities, and the needs of beneficiaries; and b) the Bank's sector strategies and priorities?
2. To what extent does the design of the Bank's country strategy papers (CSPs) for STP ensure selectivity and flexibility in such a way as to allow the Bank to adapt to the country context and areas of value to the Bank and STP?
3. To what extent do the design and programming of the CSPs meet the Bank's standard quality requirements for development results?
4. To what extent do other interventions (particularly policies) support or undermine the Bank's interventions, and vice versa?
5. What synergies and interlinkages exist between the interventions implemented under the CSPs and other interventions carried out by the Bank/the Government of STP?
6. How complementary is the Bank's program with government programs and development partners' activities? How consistent (how harmonized, how complementary, how coordinated) were the interventions implemented under the CSPs with other actors' interventions in STP? How well did the Bank avoid duplicating efforts?
7. To what extent have the Bank's interventions 1) achieved their expected results (outputs and outcomes); 2) benefited members of target groups; 3) contributed to addressing development challenges, helped meet STP's objectives, produced expected development results (also, what impacts—intended and unintended—did they have?); and 4) addressed cross-cutting issues (gender, the environment, and capacity building) as stated in the CSPs?
8. Were any aspects or dimensions of the CSPs not addressed by the Bank's interventions?
9. What factors influenced the achievement or non-achievement of the CSPs' intended results?
10. To what extent are the benefits achieved by the Bank's interventions continuing or are likely to continue once the interventions are complete?
11. To what extent were the Bank's interventions 1) delivered in an efficient manner (i.e., to what extent did resources and inputs convert economically into results); and 2) implemented in a timely manner and in compliance with operational standards?
12. Knowledge and policy dialogue: To what extent did the Bank 1) actively engage and influence policy dialogue with relevant advice and technical support for important needs; and 2) deliver adequate analytical work to support its interventions in key focus areas?
13. To what extent is the Bank engaging with other development partners in STP and leading dialogue in areas of focus under the CSPs' pillars?
14. How has STP's government performed as a partner in the design and implementation of the CSPs and in managing results?

The questions and sub-questions of the Evaluation Matrix (Annex 3) were the evaluation team's main tools for data collection, analysis, and reporting. The team used evidence from the evaluation to rate the Bank's work against the evaluation criteria.

The evaluation adopted a theory-based methodological approach as the most suitable approach. A theory-based methodological approach determines what results were achieved, to what extent, and how, in a given context. As part of the scoping consultations, the evaluation team reconstructed a final theory

of change³¹ and identified impact pathways for the pillars of the two CSPs that were analyzed (Annex 2). According to IDEV's evaluation manual, "this approach allows a focus on assessing actual against planned results while identifying where issues occurred along the results chain as well as the assumptions and risks underlying the theory behind the Bank's approach."³²

To assemble evidence and evaluate the Bank's contribution to development results, the evaluation assessed activities at three levels: strategies, sectors, and projects. To base the assessment solidly on evidence and to triangulate data sources and data collection methods, the evaluation used mixed methods:

- Reviews and analyses of the literature (over 70 documents)
- An analysis of secondary data analysis (portfolio data from SAP; economic and statistical data from the Bank, the Government of STP, and other development partners)
- Project site visits during June–August 2022 (9 sites)
- Interviews (155 in total) with Bank task managers and other officials (23); Government of STP officials, projects beneficiaries, and project implementation unit staff (112); and development partners' staff (20)
- Perception surveys administered to three groups of respondents: STP government officials from the Ministry of Planning, Finance and the Blue Economy and other sector ministries; project implementation unit staff; and direct project beneficiaries (of 110 people targeted, 34 responded).

³¹ A theory of change describes the causal logic of how a project, program, or policy is expected to produce the outcomes intended. The theory establishes the logic from the beginning of the intervention, starting with the resources available, to the intervention's end.

³² IDEV November 2019. Evaluation Manual, p. 50.

Annex 2: Theory of change

Overview of the Theory of Change

An overview of the implicit theory of change underlying the CSPs is given on the next page. The AfDB support to São Tomé and Príncipe uses a combination of instruments, comprising funding (both loans and grants), budget support, technical assistance, policy dialogue and knowledge/analytical work. These instruments channel inputs by means of several mechanisms and delivery paths. The main ones include:

- **Investments:** infrastructure development (agricultural, transport, energy, communications, payment systems), procurement of equipment, and social sectors.
- **Budget support:** supporting macroeconomic stability, policy reforms (public finance and energy sector), and mitigating economic impact of COVID-19 on the citizen and on the economy.
- **Technical assistance:** including institutional strengthening, project preparation in the power sector, training for human and institutional capacity building.
- **Support to Studies, statistical exercises, and strategies:** particularly the National Rural Drinking Water Supply and Sanitation Program, the National Land Use Plan Study; the National Census of Population and Housing and the National Strategy for the Development of Human Resources.
- **Policy dialogue and economic and sector knowledge/analytical work:** analysis on social policy and the private sector environment.

These interventions were guided by the CSPs and aligned with the government's goal of achieving fast, poverty reducing and environmentally sustainable growth. The interventions were expected to deliver a set of outputs and outcomes grouped into: (i) Strengthening economic governance for improved quality of life, and (ii) Infrastructure promotion to support agricultural value chains development. Each set of outputs in turn contributes to a number of outcomes.

A) Strengthening economic governance for improved quality of life - The outputs are as follows:

- **Economic governance and PFM Outputs:** State accounts prepared, private sector development strategy 2015-2024 prepared, STP becomes EITI compliant, public sector institutions interconnected with a fiber optics network, SAFE-e (electronic PFM) system operationalized in both São Tomé and Príncipe, Bank's score on the Country Policy and Institutional Assessment improved in clusters A (Economic Management) and D (Public Sector Management and Institutions), study on institutional framework for oil sector regulation and management carried out.
- **Capacity building outputs:** Staff of the Institute of Aviation and Communication (INAC) and the National Airport Company (ENASA) trained to comply with international aviation standards; capacity building of Central Bank staff on the payment system; senior officers from the Tourism Ministry trained; public sector officials trained in PFM; capacity of telecommunications regulation agents strengthened.
- **Business sector outputs:** Private Sector Development Strategy for 2015-2024 prepared; simplified system for business registration implemented; SMEs trained in improved business and technical practices.
- **COVID-19 Mitigation Outputs:** Increased budget allocation to fund urgent health sector needs; government funding allocated to strengthen social support to vulnerable populations and partially cover lost income of unemployed or furloughed workers; and government funding of relief fiscal measures and credit guarantee scheme to lend to businesses / micro, small, and medium-size enterprises.

B) Infrastructure promotion to support agricultural value chains development -The outputs include:

- **Agriculture and rural development outputs:** Rural roads rehabilitated; irrigation networks built and functional; small agricultural processing units constructed; agricultural production and trade zones promoted; people trained (farmers, youth, wholesale merchants, Ministry of Agriculture officials); Fish markets rehabilitated and modernized; fish processing and transformation units for women constructed, canoe manufacturing unit constructed, water supply infrastructure built.
- **Energy sector outputs:** Mini-hydropower plants added to country's energy mix; renewable energy projects and upgrading of the network implemented; energy efficiency strategy and plan prepared.

All the outputs were expected to contribute to the following intermediate outcomes:

- Improved strategic planning and public financial management.
- Improved public accountability and transparency in oil sector.
- Improved regulatory framework of key economic sectors (telecommunications, energy) and private sector environment more conducive to economic diversification.
- Increased access to affordable and reliable energy and water supply in support of agricultural value chains development.
- Improved access to productive infrastructure for agricultural value chains.
- Increased capacity for improving PFM management and improved business enabling environment.
- Effects of the COVID-19 pandemic mitigated through reduced health impact, mitigated impact on livelihoods and increased private sector resilience.

Overall, these intermediate outcomes contribute to the following final outcomes:

- The production base is expanded and diversified, particularly in agricultural value chains and in services.
- The rate of economic growth increases.
- The private sector increases its diversification and its weight in the country's economy.

Ultimately, the final outcomes contribute to the impact of “supporting STP’s economic transformation, creating conditions for rapid economic growth and a more diversified economy, capable of providing sufficient employment and wellbeing and of improving the quality of life of the population”.

The hypothesized causality chain between inputs, outputs, outcomes (intermediate and final) and impact depends on the following assumptions:

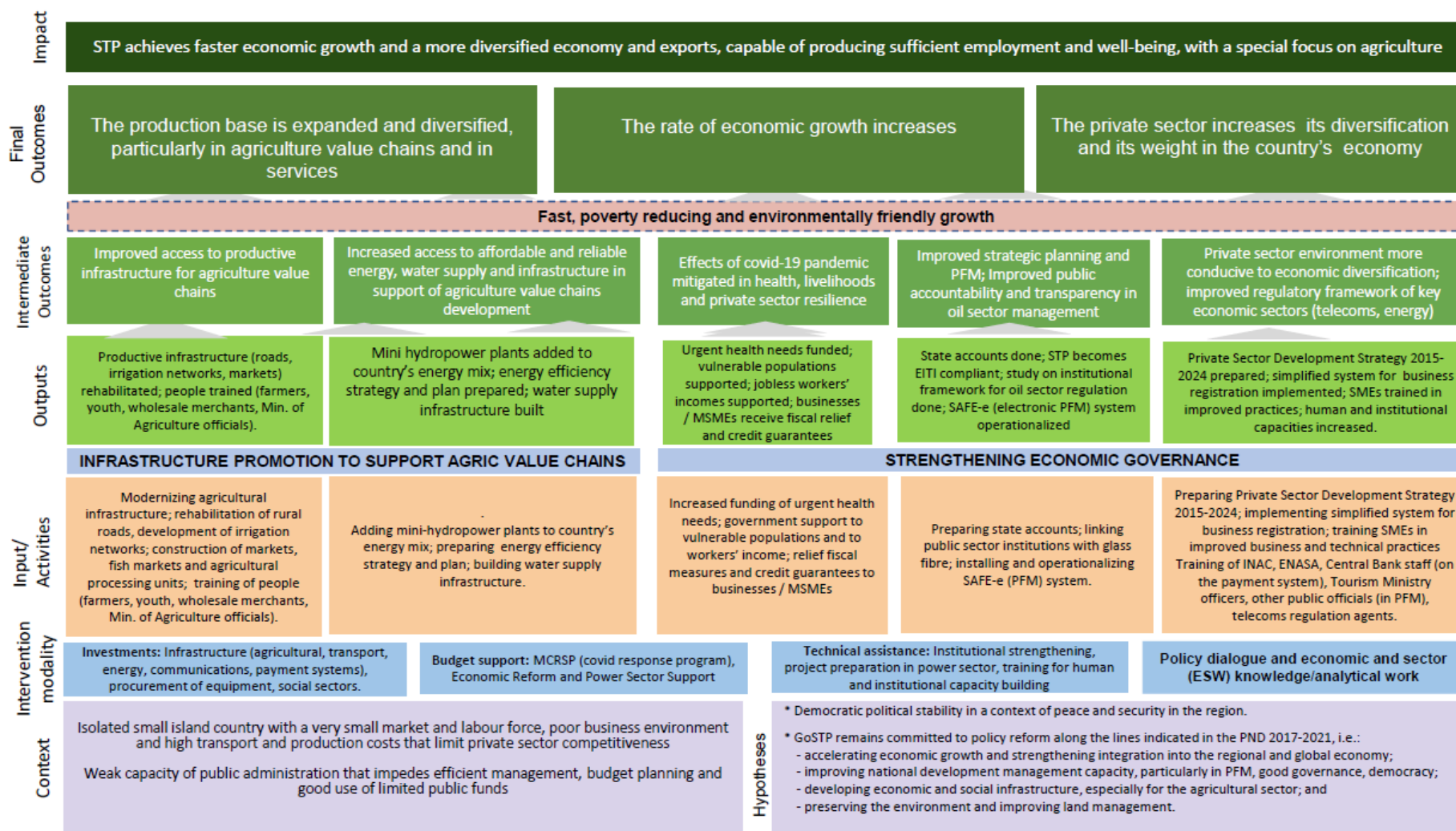
- The political landscape is characterized by political stability based on acceptance of the rules of electoral democracy in a context of peace and security in the region. Government of STP remains committed to policy reform along the lines indicated in the National Development Plan 2017–2021, aiming at:
 - Taking advantage of the country's development potential, accelerating economic growth and strengthening integration into the regional and global economy.
 - Improving strategic national development management capacity, particularly in public financial management and strengthening good governance.
 - Developing economic and social infrastructure, especially for the agriculture sector, energy, transport, water and sanitation, telecommunications, and ICT infrastructure networks; and
 - preserving the environment and improving land management.

Factors associated with good and poor performance, for the Bank projects and for the country program in general, will be collected and categorized into contextual and other factors. The main contextual factors considered in relation to the TOC are the following:

- The country's insularity, the very small size of its market and labor force, the poor business environment as well as high production costs (energy, transport, internet), which limit competitiveness of the private sector, posing special challenges to policy makers.
- The weak capacity of the country's public administration, which impedes efficient management, budget planning and the good use of limited public funds and may create difficulties for effective implementation.

Even if the assumptions mentioned above continue to hold, different combinations of contextual factors may result in different outcomes. In particular, unfavorable changes in the country context may result in outcomes that are less positive than predicted by the causality chain, unless measures are taken to compensate for those changes.

Diagrammatic presentation of the Theory of Change



Annex 3: Evaluation matrix

Key evaluation criteria and specific questions	Indicators	Sources of information
ACHIEVEMENT OF DEVELOPMENT RESULTS		
RELEVANCE		
<p>1. To what extent are the country strategy and Bank operations aligned with:</p> <ul style="list-style-type: none"> • STP's development strategies and priorities; • Sectoral development strategies and priorities; and • The beneficiaries' needs. 	<p>Strategic level:</p> <ol style="list-style-type: none"> 1. The realism of the implicit Theory of Change of the CSPs. 2. Alignment of projects' rationale and objectives with (i) São Tomé and Príncipe's development strategies and priorities; (ii) the beneficiary's needs from design/approval to completion including any adaptation to global or sector policy/strategy changes of the country; (iii) Potential for private sector development (given the country economic progress, reforms and projections); (iv) The pillars of the CSP and their focus. 3. Extent to which the country strategy and Bank operations are aligned with the needs of target groups and beneficiaries/ Proportion of CSPs which include analysis (or reference to analysis) of beneficiaries' needs. 4. Major challenges or opportunities in the Bank's continuous engagement with Government of STP. 5. Extent to which AfDB's CSPs, projects and the Theory of Change take fully into account the country's specificities. <p>Portfolio/Project level:</p> <ol style="list-style-type: none"> 6. Relevance of project design, including the extent to which the projects' objectives are clearly stated and focused on outcomes (as opposed to outputs only). 7. Realism of intended outcomes in the country's current circumstances, taking also into consideration cross-cutting issues such as rural-urban gap as well as regional disparities (Príncipe vs. São Tomé), youth and deprived populations. 8. Extent to which project design adopted the appropriate solutions to the identified problems, including cross-cutting issues. 9. Modifications to project design. 10. Circumstances prevailing at the time of the evaluation. 11. Relationships at the working level between AfDB, Government of STP and other development partners in São Tomé and Príncipe. 12. Extent to which the financing instruments, both lending and non-lending, offered by the AfDB for the programs under the CSPs, are fit for purpose? 	<ul style="list-style-type: none"> • Document review: CSPs, national strategies, sectorial strategies, project documents, ESW and other relevant studies • Data analysis: portfolio review and national social economic data (National Statistical Institute publications, etc.) • Interviews: AfDB, Government of STP, development partners • Development Partners publications (IMF, WB, UNDP, etc.) • Focus Groups: beneficiaries • Field visits • Perception survey: AfDB's Project Task managers, LIST, STP government officials from Ministry of Finance and relevant sector ministries, PIUs, CSOs, development partners and direct project beneficiaries.

Key evaluation criteria and specific questions	Indicators	Sources of information
<p>2. To what extent are the projects financed by the AfDB as part of the CSPs aligned with the Bank's strategy and priorities?</p>	<p>Strategic level:</p> <ol style="list-style-type: none"> Alignment of projects' rationale and objectives with the Bank's priorities and the applicable sector strategies. <p>Portfolio level:</p> <ol style="list-style-type: none"> Sector distribution and trends, volume, and size; status of operations; ratio of lending and non-lending/private sector and public sector. Percentage and ratio of loans and grants. Complementarity between sectors, use of mixed lending and non-lending products, including Economic and Sector Work (ESW) and policy dialogue. Have the Bank's programs adequately addressed its CSP focus across the portfolio? Are there highlights that are worth mentioning? 	<ul style="list-style-type: none"> Documentary review: (1. AfDB sector policies (high five); gender, environment, and private sector Development Policies; (2. CSPs, CP Completion reports, and mid-term reviews (3. Sector studies and Profiles (4 portfolio Data Interviews: (1. AfDB Task Managers & LIST and (2. Government of STP officials at the Ministries, Department, and agencies Perception survey: AfDB (Task Managers & LIST), Government of STP officials at the Ministries, PIUs, development partners, and Agencies.
COHERENCE		
<p>4. How compatible are the interventions with other programs in the country or sector?</p> <p>5. How consistent are they with other actors' interventions in the same context?</p>	<p>Internal Coherence:</p> <ol style="list-style-type: none"> Are there synergies and interlinkages between the interventions implemented under the CSP and other interventions carried out by the Bank or by the Government in the country? Coherence of portfolio including lending and non-lending operations linkages. <p>External Coherence:</p> <ol style="list-style-type: none"> How consistent (in the sense of complementarity, harmonization and co-ordination, avoiding duplication of effort) are the interventions implemented under the CSP with other actors' interventions in the country? Are there efforts to achieve coordination so as to strengthen external coherence? 	<ul style="list-style-type: none"> Documentary review: (1. AfDB sector policies (high five); gender, environment, and private sector Development Policies; (2. CSPs, CP Completion reports, and mid-term reviews (3. Sector studies and Profiles (4. portfolio Data Interviews (1. AfDB Task Managers & LIST and (2. Government of STP officials at the Ministries, Department, and agencies Perception survey: AfDB Task Managers & LIST and (2. Government of STP officials at the Ministries, Department, and Agencies
EFFECTIVENESS		
<p>6. To what extent have the Bank's interventions achieved or likely to achieve their expected results?</p>	<p>Strategic level:</p> <ol style="list-style-type: none"> To what extent has the theory of change (contribution story) of the Bank's engagement in São Tomé and Príncipe held true? Overall contribution of the Bank's interventions to outcomes compared to what was planned. Evidence that the Bank actively searched for its comparative advantage in STP and adjusted its interventions to explore it. Were there any specific areas or initiatives where the Bank could have gone further by supporting them? What could have been done differently to allow AfDB to increase its presence in those areas? To what extent has COVID-19 affected the delivery of the program and its results? <p>Portfolio level:</p> <ol style="list-style-type: none"> Sector performance assessment as documented by the AfDB (by key sector). Qualitative considerations on performance emerging from the contribution analysis, of both lending and non-lending portfolio. Is the portfolio adapted to the institutional, human, and financial capacities of the Government of STP and country partners? 	<ul style="list-style-type: none"> Documentary review: (1. AfDB sector policies (high five); gender, environment, and private sector Development Policies; (2. CSPs, CP Completion reports, and mid-term reviews (3. Sector studies and Profiles (4 portfolio Data) Interviews (1. AfDB 2. Government of STP officials at the Ministries Departments, and agencies Case studies, comparative analysis Perception survey: (1. AfDB Task Managers & LIST; and (2. Government of STP officials at the Ministries, Department, and Agencies.

Key evaluation criteria and specific questions	Indicators	Sources of information
	<p>9. Extent to which the Bank's non-lending operations are leveraged through collaboration with other development partners.</p> <p>Project level:</p> <p>10. Achievement of outputs: output execution ratio of projects.</p> <p>11. Achievement of outcomes: achievement of intermediate (if any) and final outcomes covering core sector indicators of projects.</p> <p>12. To what extent is the design of the interventions conducive to the achievement of results?</p> <p>13. Evidence of positive trajectory of ongoing projects with low activity status (likelihood of achievement of results).</p> <p>14. Were there any projects that were discussed or developed but never made it to approval? Why not?</p> <p>15. What obstacles has the intervention faced and what corrective actions have been taken or were necessary to achieve the results?</p> <p>16. Evidence that the Bank sought to use its non-lending operations (knowledge work, policy dialogue, support for capacity building) to enhance the results of its lending operations.</p> <p>17. Stakeholders' views on Bank success in identifying added value/potential for future comparative advantage.</p> <p>PBOs:</p> <p>18. Have outputs been delivered, i.e., have policy reform processes taken place?</p> <p>19. Evidence of complementary measures applied for the outputs to be achieved? e.g., have measures aimed at increasing public awareness, policy dialogue, capacity building and institutional arrangements taken place?</p>	
7. To what extent have the Bank's interventions benefited target group members?	<p>Portfolio / Project level:</p> <p>1. Perception of beneficiaries on the adequacy of projects to their needs.</p> <p>2. Perception of beneficiaries of the AfDB's role – knowledge, visibility, support, added value, etc.</p>	<ul style="list-style-type: none"> • Analysis of AfDB CSPs, project documents (key project cycle documentation), studies, non-Bank documentation. • Field visits • Interviews with PIUs and direct beneficiaries. • Focus-groups: final beneficiaries
8. To what extent have the Bank's interventions contributed to the development results of the country, including potential impacts? ++	<p>1. Contribution of the Bank's projects and engagement to national outcomes at policy/strategic, sector and project levels.</p> <p>2. Extent to which the support to enhancing the private sector environment contributes to economic diversification.</p> <p>3. Extent to which the Bank's interventions to help the country coping with COVID-19 contribute to support private sector resilience.</p> <p>4. Extent to which the Portfolio considers the Country's capacity to deliver on its development agenda.</p> <p>5. Have development challenges been thoroughly addressed, including those that follow from the unique characteristics of the STP economy and society?</p> <p>6. Are the Bank's projects having any unintended positive or negative effects? Were the negative effects considered for possible (risk) mitigation?</p> <p>7. Extent to which AfDB's country presence (the office) has contributed to improvement in the collaboration with Government of STP and development partners? (e.g., the right experts, enough staffing to engage dialogue, etc.?)</p>	<ul style="list-style-type: none"> • Analysis of the National statistical data, reviews of the MICs report, AFDB and other's development partners sponsored studies, and Evaluation reports, • Interviews: AfDB, Government of STP and development partners • Field visits (PIU and final beneficiaries) • Perception survey

Key evaluation criteria and specific questions	Indicators	Sources of information
SUSTAINABILITY		
<p>9. To what extent have the achieved benefits continued or are they likely to continue once the Bank's interventions are completed?</p>	<p>Strategy / portfolio level:</p> <ol style="list-style-type: none"> 1. Attention paid to sustainability in AfDB's strategies and policy dialogue. 2. What is being planned as prospects for greater lending, and if not, why not? 3. What are the prospects to upscale, replicate or multiply effects through the Bank's program? Were there any missed opportunities? 4. Has the Bank intervention considered any specific actions to enhance the government counterparts' technical-human, financial or institutional capacities? <p>Project level:</p> <ol style="list-style-type: none"> 5. Extent to which beneficiaries can operate funded equipment autonomously. 6. Financial sustainability of project's operations and organization, including funding mechanisms and modalities for continued flow of benefits after completion. 7. Institutional capacity of the executing/operating organization as a result of the intervention/operation, including the degree of use of country systems, improved governance practice, improved and applied knowledge/skills, incentives and effective institutional mechanisms. 8. Ownership of relevant stakeholders developed, and effective partnerships established for continued maintenance of benefits achieved. 9. Likelihood of continuation of benefits after project completion (observe factors that hinder and/or promote continuation), including possible political or governance changes that may have impact on the sustainability of the project (new laws, provision of counterpart funding, corruption). <p>PBOs:</p> <ol style="list-style-type: none"> 10. Assessment of the Bank's contribution to build the capacity to lead and manage the policy reform process. 11. (Energy sector) The extent to which conduciveness to the reform was facilitated through (i) good decision-making, (ii) the government's commitment to the reform, (iii) the design of the PBOs for reinforcing national ownership. 12. Extent to which consultations were conducted by the government during the preparation and implementation of the Poverty Reduction Strategy Paper. 	<ul style="list-style-type: none"> • Portfolio review, analysis of key social economic indicator report (MICs, doing business report, etc.) review of project documents (key project cycle documentation), CSPs performance reports (Mid-term reviews, Completion Reports, etc.), non-Bank documentation, evaluation • Interviews: AfDB, Government of STP, development partners, PIUs and beneficiaries. • Field visits (PIUs and final beneficiaries) and Focal group discussion with beneficiaries • Perception survey

Key evaluation criteria and specific questions	Indicators	Sources of information
CROSS-CUTTING ISSUES		
<p>10. To what extent does the Bank's interventions:</p> <p>(i) Address gender equality?</p> <p>(ii) address inclusivity (i.e., bringing prosperity by expanding the economic base across the barriers of age, income and geography)?</p> <p>(iii) address capacity building?</p> <p>and</p> <p>(iv) support transition to green growth and include climate change adaptation/ mitigation measures?</p>	<p>Strategic level:</p> <ol style="list-style-type: none"> 1. Compliance with Bank's policies and standards on cross-cutting issues (gender, inclusivity, capacity building, green growth and climate change). 2. Extent to which the CSPs address specific targets on gender, inclusivity, capacity building, and green growth/climate change. <p>Portfolio/project level:</p> <ol style="list-style-type: none"> 3. Extent to which cross-cutting issues are considered during project appraisal and design and then monitored during project implementation. 4. Extent to which the Bank's agriculture and rural development projects help women farmers to move from subsistence to commercial production. 5. Evidence of standard capacities within the national institutions and systems that ensures the environmental and social sustainability of the operations. 6. Extent to which the Bank's operations included capacity building programs to help efforts to provide the labor market with skilled workers. 7. Extent to which transition to green growth and climate change is assessed during appraisal and design and then monitored during implementation. 8. Extent to which the Bank's operations prioritize renewable energy over fossil fuels. 	<ul style="list-style-type: none"> • Document review (CSPs, national strategies, sectorial strategies, gender strategy, project documents, the AfDB Green Growth Framework, RISPs, studies, etc. • Data Analysis: the portfolio, national statistical data, Multiple indicator Cluster Surveys (MICs) data, etc. • Interviews: AfDB, Government of STP, development partners, PIUs, Gender office, beneficiaries • Focus-group: final beneficiaries • Field visits • Perception survey
EFFICIENCY		
<p>11. To what extent are the Bank's interventions delivered in an efficient manner (i.e., whether resources and inputs are economically converted to results)?</p>	<p>Portfolio/project level:</p> <ol style="list-style-type: none"> 1. Costs of implementation (overheads) where data are available. 2. Project level: cost benefit analysis (i) at appraisal; (ii) at time of evaluation; (if applicable). 3. Evidence of responsiveness of Bank to country context that impacts on project success and/or failures, e.g., effect of government policies, procedures, and regulations on projects performance. 4. Evidence of a monitoring and evaluation system that efficiently covers the intervention? Whether it is supported with all the needed resources to work well and how it could be improved? 5. Extent to which the chosen implementation mechanisms (including the choice of implementation modalities, entities, and contractual arrangements) conducive to achieving the expected results? 6. How the AfDB portfolio and/or interventions are adapted to the institutional, human and financial capacities of the Government of STP and country partners? 	<ul style="list-style-type: none"> • Documentary review: project documents (key project cycle documentation, supervisory reports, country portfolio performance reports, and BTOR, ROI calculation). • Portfolio review: typology, format of performance factors, non-Bank documents). • Interviews: implementing agencies, AfDB, Government of STP, PIU • Field visits: (final beneficiaries).
<p>12. To what extent are the Bank's interventions implemented in a timely manner and in compliance with operational standards?</p>	<p>Portfolio level:</p> <ol style="list-style-type: none"> 1. Evolution of portfolio performance. 2. Timeliness: start-up delays as well as implementation and closure delays. 3. IPR ratings. 4. Overview of project performance (PP/PPP), disbursement ratio/rating. If there are delays, how important are they? Have the reasons been identified? 5. Evidence and quality of supervision reporting, identifying, and addressing issues of procurement, financial management, project design review (changes). 6. Evidence of frequency and quality of monitoring. <p>Project management:</p> <ol style="list-style-type: none"> 7. Compliance with reporting requirements: audit reports, progress reporting from borrower. 	

Key evaluation criteria and specific questions	Indicators	Sources of information
	8. Evidence that problematic projects are well monitored. 9. Evidence of timely Bank response to project management issues. Project level: 10. Supervision and administration.	
KNOWLEDGE WORK AND POLICY ADVICE		
13. To what extent has the Bank actively engaged in policy dialogue through relevant advice and technical support?	Strategic level: <ol style="list-style-type: none"> Participation in dialogue with STP at various levels of governance. Advice provided to STP (sectors) and beneficiaries as well as instruments adopted for the support. Indication through consultations on the Bank's ability to provide support and advice to develop the sector's production? 	<ul style="list-style-type: none"> Documentary review: Analysis of AfDB CSP's and strategic documents Interviews: with AfDB staff; Development Partners; Government of STP Perception survey
14. To what extent has the Bank delivered adequate analytical work in support of its interventions and positioning?	Portfolio/project level: <ol style="list-style-type: none"> The proportion of operations preceded by Bank-funded studies. Quality and perceived usefulness of those studies. 	<ul style="list-style-type: none"> Documentary review: analysis of AfDB CSP's and strategic documents, portfolio review, project documentation. Interviews with stakeholders (i.e., recipients of knowledge products and capacity-building activities; donors).
COORDINATION AND LEVERAGE		
15. To what extent are the Bank's interventions synchronized with other development partners	<ol style="list-style-type: none"> Meetings with other development partners (institutionalized and informal). Agreements on common approaches with other development partners. Sectoral partnerships with other donors. Factors that hinder/promote effective harmonization. Are there strong relations at working level between the Bank and other stakeholders? What are key areas of collaboration? 	<ul style="list-style-type: none"> Documentary review: analyses of AfDB strategic documentation, portfolio review Interviews: with AfDB, beneficiaries and other stakeholders (donors, Development Partners) Stakeholder's perception Survey
16. To what extent are the Bank's interventions and resources bringing in other players and being leveraged for maximizing development effectiveness at country level?	<ol style="list-style-type: none"> Common interventions with other development partners. Interventions for which other development partners were encouraged to come on board following Bank engagement. Instruments and aid modality used to maximize development effects. Are institutional and human capacities likely to support the benefits of the initiatives? 	<ul style="list-style-type: none"> Documentary review: analysis of AfDB strategic documentation, portfolio review Interviews: AfDB, Government of STP, beneficiaries and other stakeholders (donors, Development Partners) Perception Survey
DRIVERS OF PERFORMANCE AND LESSONS LEARNED		
BORROWER'S PERFORMANCE		
17. To what extent has borrower/partner showed leadership in aid coordination/ harmonization?	Strategic / Portfolio level: <ol style="list-style-type: none"> Evidence of borrower effort and capacity in aid coordination and harmonization with bilateral, multilateral partners and other donors. 	<ul style="list-style-type: none"> Documentary review: AfDB CSP's and strategic documentation, portfolio review, analysis of borrower, and Development Partner Group documentation, portfolio review Interviews: AfDB, Government of STP, development partners Perception survey
18. To what extent does the borrower/ partner and other clients participate in design and implementation of interventions?	Strategic/ Portfolio level: <ol style="list-style-type: none"> Evidence of borrower participation and commitment in the design and implementation of interventions, including: the CSP; preparing for AfDB operations; compliance with AfDB loan covenants and conditionality; timely provision of counterpart funds; following of procurement guidelines, etc. 	

Key evaluation criteria and specific questions	Indicators	Sources of information
LESSONS LEARNED		
<p>19. What are the key factors positively and negatively influencing the achievement of development results?</p> <p>20. What are key issues to consider in enhancing the Bank's future engagement in STP for greater impact?</p>	<ol style="list-style-type: none"> 1. Evidence of key program implementation issues linked to project success/failure from stakeholders' perspective. 2. Lessons learned at strategic, portfolio and project level identified. 3. Critical issues for consideration in future CSP design. 	<ul style="list-style-type: none"> • Document review (CSP, national strategies, sectorial strategies, project documents), portfolio review. • Interviews: AfDB, Government of STP, development partners, PIU, beneficiaries • Perception survey

Annex 4: Evaluation Criteria and Rating Scale

Annex 4 (a): The evaluation's performance criteria: A summary

EVALUATION CRITERIA	
RELEVANCE	The extent to which the intervention objectives and design respond to beneficiaries', global, country, and partner/institution needs, policies and priorities, and continue to do so if circumstances change.
COHERENCE	The compatibility of the intervention with other interventions in a country, sector or institution. This includes internal coherence and external coherence.
EFFECTIVENESS	The extent to which the intervention achieved, or is expected to achieve, its objectives and its results (outputs and outcomes), including any differential results across groups.
EFFICIENCY	The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way.
SUSTAINABILITY	The extent to which the net benefits of the intervention continue or are likely to continue. It includes technical soundness, economic and financial, institutional and capacity, ownership, and environmental and social dimensions.
ENABLING FACTORS	
CROSS-CUTTING ISSUES	Refers to the extent the intervention addresses issues such as gender equality, inclusivity, capacity building, green growth and climate change adaptation/mitigation.
BANK PERFORMANCE	Refers to the processes that underlie the AfDB's role and contribution to development outcomes, comprising partnership, CSP quality of design at entry and over time, of supervision and services provided and management for development results.
RECIPIENT COUNTRY PERFORMANCE	Refers to the adequacy of ownership and assumption of responsibility by all participating government entities during the intervention cycle.

Sources: IDEV Evaluation Manual 2019 (updated in 2021 and under revision from July 2023), Chapter 3, Evaluation Matrix.

Annex 4 (b) The evaluation’s rating criteria for each intervention

Criterion	Sub-criterion	Rating scores
1. RELEVANCE	1.1 Relevance of objectives 1.2 Relevance of intervention design to achieve objectives. 1.3 Selectivity (<i>focus on strategic objectives</i>)	4. <i>Highly satisfactory</i> 3. <i>Satisfactory</i> 2. <i>Partly unsatisfactory</i> 1. <i>Unsatisfactory</i>
2. COHERENCE	2.1 External Coherence: Consistency, complementarity of the Bank’s interventions with that of other actors (Development partners, GoSTP’s policies and development activities), extent to which they mutually reinforce or undermine each other. 2.2 Internal coherence (consistency of the interventions and links/synergy with other Bank operations) and complementarity within the program.	4. <i>Highly satisfactory</i> 3. <i>Satisfactory</i> 2. <i>Partly unsatisfactory</i> 1. <i>Unsatisfactory</i>
3. EFFECTIVENESS	3.1 Extent of Achievement of outputs 3.2 Extent of Achievement of outcomes	4. <i>Highly satisfactory</i> 3. <i>Satisfactory</i> 2. <i>Partly unsatisfactory</i> 1. <i>Unsatisfactory</i>
4. EFFICIENCY	4.1 Cost-benefit analysis/ Cost-Effectiveness (where applicable) 4.2 Timeliness 4.3 Project/Program Implementation Progress	4. <i>Highly satisfactory</i> 3. <i>Satisfactory</i> 2. <i>Partly unsatisfactory</i> 1. <i>Unsatisfactory</i>
5. SUSTAINABILITY	5.1 Technical sustainability 5.2 Financial and economic sustainability 5.3 Institutional sustainability and capacity building 5.4 Ownership and sustainability of partnerships 5.5 Social and environmental sustainability	4. <i>Highly satisfactory</i> 3. <i>Satisfactory</i> 2. <i>Partly unsatisfactory</i> 1. <i>Unsatisfactory</i>

Source: IDEV Evaluation Team.

Annex 4 (c) Criteria for combined rating of the interventions assessed and overall program rating

Scale	1 Unsatisfactory	2 Partly Unsatisfactory	3 Satisfactory	4 Highly satisfactory
Relevance	Very weak, very inappropriate design and very limited/non-existent alignment in key areas	Weak, improper design and limited alignment / several gaps	Rather strong and appropriate design, strong alignment.	Very solid and appropriate design, complete alignment
Coherence	Very weak synergy or none Very weak coordination or none	Weak synergy Weak coordination	Strong synergy Strong coordination	Best practice for synergy creation and coordination
Effectiveness	Expected outputs not achieved in all or most cases. None or very few targeted results achieved.	Expected outputs achieved with significant gaps. Few targeted results achieved.	Expected outputs and achieved in most cases. Most targeted results achieved or likely to be achieved.	Expected outputs and outcomes fully achieved. All targeted results fully achieved or exceeded.
Efficiency	Very significant difference between the EIRR and the opportunity cost of capital. Very significant gap between planned and actual timing of implementation.	Significant difference between the EIRR and the opportunity cost of capital. Significant gap between planned and actual timing of implementation.	Moderate difference between the EIRR and the opportunity cost of capital. Moderate gap between planned and actual timing of implementation.	Little or no difference between the EIRR and the opportunity cost of capital Little or no difference between planned and actual timing of implementation.
Sustainability	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are not assured	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are hindered by significant risks.	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are generally ensured, with minor risks	Mechanisms guaranteeing sustainability (technical, economic, financial, institutional, partnership, environmental and social) are fully assured.

EIRR= Economic Internal Rate of Return

Source: IDEV Evaluation Team

Annex 5: Start-up time for public sector projects

Projects	Approval to Signature (months)	Signature to Effectiveness (months)	Effectiveness to 1st Disb. (months)	Approval to 1st Disb. (months)
Infrastructure Rehabilitation for Food Security Support Project - Project II (PRIASA II)	25.0	3.9	0.8	29.7
Livestock Support Project Phase II	1.6	0.0	3.2	4.7
Preparation of the National Rural Drinking Water Supply and Sanitation Program	4.9	0.0	2.5	7.4
Energy Transition and Institutional Support Program (ETISP)	1.9	0.2	8.2	10.3
Payments System Infrastructure and Financial Inclusion Project	2.5	3.3	4.9	10.7
Economic And Financial Management Support Project (PAGEF)	1.4	0.0	2.9	4.3
Study on the National Land Use Plan	0.7	8.0	0.0	8.8
STP Policy-Based Operation (PBO)	0.2	0.0	0.2	0.4
COVID-19 Response Support Program	0.2	0.0	0.7	1.0
General Census of Population and Housing	2.5	0.0	0.5	3.0
Co-Financing with the African Legal Support Facility (ALSF)	8.5	0.0	9.1	17.6
Complementary technical studies and Public-private partnerships (PPP) structuring for the construction of São Tomé deep sea trans-shipment port	2.6	0.0	9.0	11.6
Multi-country COVID-19 Response Support Program	2.2	0.0	0.0	2.2
Infrastructure Rehabilitation for Food Security Support Project - Project I	3.0	0.0	4.1	7.1
Mini Hydro Power Projects Support Program (SEFA)	2.0	0.0	0.0	2.0
Average	4.0	1.0	3.1	8.1

Annex 6: Stakeholder consultations

Annex 6.1: Stakeholders consulted during the scoping mission

No.	Institution
STP Government institutions	
1.	Ministry of Agriculture, Fisheries and Rural Development
2.	Central Bank
3.	Ministry of Planning, Finance and Blue Economy
4.	Energy Transition and Institutional Support Programme (ETISP)
5.	PNOT project - National Plan for Spatial Planning of São Tomé and Príncipe
6.	General Directorate for Natural Resources and Energy - DGRNE
7.	Ministry of Energy
8.	Directorate of Tourism
9.	National Statistics Institute
Development partners	
10.	European Union (EU)
11.	United Nations Development Programme (UNDP)
12.	World Food Program (WFP)
13.	Food and Agriculture Organization (FAO)
14.	European Investment Bank (EIB)
15.	World Bank (WB)
16.	COAO/STP
17.	LIST
AfDB Staff/Task Managers	
18.	Preparation of the National Rural Drinking Water Supply and Sanitation Program
19.	Infrastructure Rehabilitation for Food Security Support Project - Project I (PRIASA I)
20.	Infrastructure Rehabilitation for Food Security Support Project - Project II (PRIASA II)
21.	Payments System Infrastructure and Financial Inclusion Project
22.	ZUNTÁMON Lusophone Compact Initiative - Phase I
23.	Mini Hydro Power Projects Support Program (SEFA)
24.	AfDB - Climate Change & Green Growth
25.	AfDB - Gender
26.	AfDB - Quality, Results, and Monitoring
27.	AfDB - Financial Management
28.	AfDB - Disbursements
29.	AfDB - Economic and Financial Management Support Project (PAGEF); São Tomé PBO; and COVID-19 Response Support Program
30.	Energy Transition and Institutional Support Program (ETISP)
31.	Livestock Support Project -Phase II

Annex 6.2: Stakeholders consulted during the data collection mission, June–July 2022

No.	Institution
1.	Zatona
2.	ADAPPA
3.	World Bank
4.	Chamber of Commerce, Industry, Agriculture and Services in São Tomé and Príncipe
5.	CECAB ("Cooperative de Exportação de Cacau Biológico de São Tomé e Príncipe")
6.	Ministry of Agriculture, Fisheries and Rural Development
7.	CATAP - "Centro de Aperfeiçoamento Técnico Agro-Pecuário" (an agricultural training center in STP)
8.	PRIASA II
9.	COMPRAN project - IFAD (support to marketing, agricultural productivity and nutrition)
10.	Regional Secretariat of Economy
11.	Regional Directorate of Agriculture and Fisheries
12.	RAP
13.	ONG MARAPA "Mar Ambiente e Pesca Artesanal" (Sea Environment and traditional Fisheries)
14.	FAO
15.	CADR
16.	Directorate General for the Environment
17.	Tax Directorate
18.	Accounting Department
19.	Information Technology Department - DITEI
20.	General Inspection of Finance - IGF
21.	National Institute of Innovation and Knowledge - INIC
22.	General Directorate of Tourism and Hospitality
23.	Office for the Coordination and Monitoring of the Public Bidding System - COSSIL
24.	Planning Directorate
25.	Central bank
26.	Studies Office of the Ministry of Planning and Finance
27.	Budget Directorate
28.	Directorate of Social Security
29.	National Institute of Statistics
30.	Audit Office
31.	"Empresa de Água e Electricidade" - EMAE
32.	"Agência Fiduciária e de Administração de Projetos" – AFAP (The state Fiduciary Agency for Project Administration)
33.	DGRNE
34.	AFAP
35.	National Rural, Drinking Water Supply and Sanitation Program - NRDWSS
36.	PNOT project
37.	Federação de ONGs
38.	WEBETO (NGO)

No.	Institution
39.	Mé-Zóchi District
40.	Lobata District
41.	UNDP
42.	IMF
43.	WHO
44.	Embassy of Portugal in STP
45.	AfDB (Nigeria and STP)
46.	AfDB/LIST

Annex 6.3: Project sites visited during the data collection mission, June 2022

Name of Project	Location
PRIASA I and II	Bobo Forro market - São Tomé
PRIASA II	Cassava transformation unit in Terreiro Velho - Príncipe
PRIASA II	Associacao Qua lhe future shop and headquarters - Príncipe
PRIASA II	Directorate of Agriculture in Príncipe
PRIASA II	Trindade Market - São Tomé
PRIASA II	Mesquita irrigation center and nurseries - São Tomé
PRIASA II	CECAB chocolate factory in Guadalupe - São Tomé
PRIASA II	Several Roads built
Mini-Hydro project/ Energy	Santo Amaro PV Power Plant, Santo Amaro

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Type of documentation	Full Reference	Approval/publication year
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	AfDB, African Development Bank Group African Development Fund. (2017). The Bank Group Results Measurement Framework 2016-2025. Abidjan.	2017
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Country Strategy Papers (AfDB)	AfDB, ADF, Regional Department West II (ORWB) (2012). Country Strategy Paper 2012–2016. Abidjan	2012
	AfDB, African Development Fund, SARC/STFO Department (2014). 2013 country portfolio performance report (CPPR)	2014

Type of documentation	Full Reference	Approval/publication year
and other sources)	AfDB, African Development Fund, SARC/Department (2015). Combined mid-term review of the country strategy paper 2012–2016 and country portfolio performance review	2015
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¹ Exchange rate as of 31 December 2020: 1.44027 US\$ = 1 UA.