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Independent Development Evaluation  
African Development Bank

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## Evaluation of the AfDB's Utilization of its Public Private Partnership Mechanism (2006-2017)

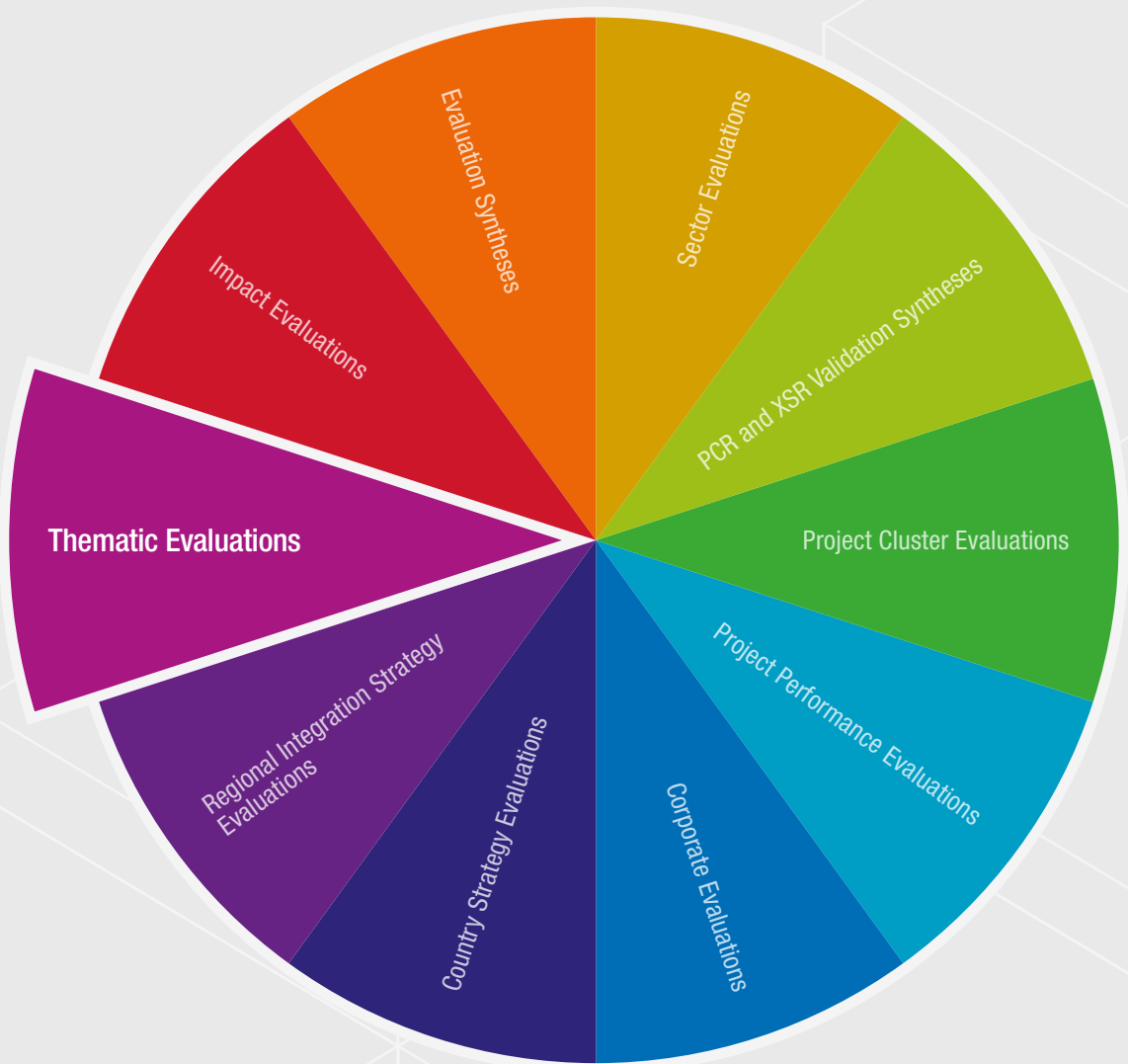
Summary Report

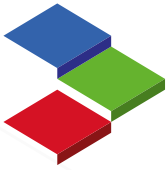


AFRICAN DEVELOPMENT BANK GROUP

September 2019

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Summary Report



AFRICAN DEVELOPMENT BANK GROUP

September 2019

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**Evaluation of the AfDB's Utilization of its Public Private Partnership Mechanism (2006-17) – Summary Report**  
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The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs and providing policy advice and technical assistance to support development efforts.

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The mission of Independent Development Evaluation at the AfDB is to enhance the development effectiveness of the institution in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

**Independent Development Evaluation (IDEV)**

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# Contents

Abbreviations and Acronyms	v
Executive Summary	1
Management Response	6
<b>Introduction</b>	<b>13</b>
Objective of the Evaluation	13
Evaluation Design	13
Coverage of the Evaluation	14
Organization of the Report	14
<b>Conceptual Framework</b>	<b>17</b>
What is PPP?	17
Rationale for Supporting PPPs in Africa	19
PPP in Africa	19
<b>Institutional Arrangements</b>	<b>25</b>
The Bank's Strategic Framework for PPPs	25
Institutional Arrangements and Resource Deployment for PPPs	26
<b>Bank Support for PPPs</b>	<b>29</b>
Overview of the Portfolio	29
The Bank's Upstream Support to PPPs	29
The Bank's Downstream Support to PPPs	32
Instruments and Sources of Financing	33
Trends and Evolution of the Bank's PPP Portfolio	35
<b>Upstream Support</b>	<b>37</b>
Relevance of Interventions Supporting the Enabling Environment and PPP Knowledge	37
Performance of Upstream Support	37
Drivers of Success and Failure	38
<b>Downstream Support</b>	<b>39</b>
Structuring and Financing PPPs	39
Focus and Results of Downstream Support	39
Drivers of Success and Failure	45
<b>Bank Performance</b>	<b>49</b>
Bank Performance	49
Synergies and Coordination across the Bank and with Other Development Actors	51
Challenges and Opportunities for the Future	53
<b>Conclusion and Recommendations</b>	<b>57</b>
Conclusions	57
Recommendations	59
<b>Annexes</b>	<b>61</b>

# Contents

## List of figures

Figure 1:	Integration and interdependence of the evaluation components/outputs	14
Figure 2:	Spectrum of PPP arrangements	18
Figure 3:	Trend of PPP investment (number and value in USD million) in Sub-Saharan Africa	20
Figure 4:	Country-wise number of PPP transactions reaching financial close (1993-2017)	21
Figure 5:	Sectoral share in value and number of PPP transactions	22
Figure 6:	Overview of the scores for Sub-Saharan countries compared with the scores of global low-income and lower middle-income countries	23
Figure 7:	Bank upstream support to PPPs in RMCs (2006-2017) by instruments and source of financing	30
Figure 8:	Evolution of the Bank's upstream support (2006-2017) in number of operations	31
Figure 9:	The Bank's PPP downstream support to RMCs, by instruments and source of financing	32
Figure 10:	Evolution of the Bank's downstream support, in numbers (2006-2017)	33
Figure 11:	Evolution of the Bank's downstream support, in value (2006-2017)	33
Figure 12:	Regional distribution of the Bank's PPP portfolio	34
Figure 13:	Sectoral distribution of the Bank's downstream financing support to PPPs	36

## List of tables

Table 1:	Infrascope 2015 - Evaluating the environment for PPPs in Africa	23
Table 2:	African Development Bank Group's support to PPPs in RMCs, 2006-2017	29
Table 3:	Countries benefiting from Bank upstream and downstream support (2006-2017)	35

## List of boxes

Box 1:	Inferences from evaluation of the Bank's strategic framework	26
Box 2:	Inferences from the evaluation of institutional arrangements and resource deployment for PPPs	28
Box 3:	African Legal Support Facility	31

## Abbreviations and Acronyms

<b>ADB</b>	African Development Bank	<b>KPLC</b>	Kenya Power and Light Corporation
<b>ADF</b>	African Development Fund	<b>MDB</b>	Multilateral Development Bank
<b>ADOA</b>	Additionality and Development Outcomes Assessment	<b>NSO</b>	Non-Sovereign Operation
<b>AfDB</b>	African Development Bank Group	<b>OECD</b>	Organization for Economic Co-operation and Development
<b>ALSF</b>	African Legal Support Facility	<b>PAR</b>	Project Appraisal Report
<b>AsDB</b>	Asian Development Bank	<b>PCG</b>	Partial Credit Guarantee
<b>CSO</b>	Civil Society Organization	<b>PICU</b>	Infrastructure and Urban Development Department
<b>CSP</b>	Country Strategy Paper/Country Strategy and Program	<b>PIVP</b>	Private Sector, Infrastructure and industrialization Complex
<b>CTF</b>	Clean Technology Fund	<b>PPP</b>	Public Private Partnership
<b>DAC</b>	Development Assistance Committee	<b>PRA</b>	Project Results Assessment
<b>DBDM</b>	Development and Business Delivery Model	<b>PRG</b>	Partial Risk Guarantee
<b>EBRD</b>	European Bank for Reconstruction and Development	<b>RMC</b>	Regional Member Country
<b>EIB</b>	European Investment Bank	<b>SDG</b>	Sustainable Development Goal
<b>EUR</b>	Euro	<b>TYS</b>	Ten Year Strategy
<b>IaDB</b>	Inter-American Development Bank	<b>UA*</b>	Unit of Account
<b>IDEV</b>	Independent Development Evaluation	<b>USD</b>	United States Dollar
<b>IFC</b>	International Finance Corporation	<b>WBG</b>	World Bank Group
<b>IPP</b>	Independent Power Producer		

\* 1 Unit Of Account (UA) = 1.415 United States Dollars (USD) as of December 2017







# Executive Summary

## Context and purpose

African countries and development institutions use the Public Private Partnership (PPP) mechanism to respond to the dual challenge of substantial infrastructure investment gaps and fiscal constraints faced by governments. However, while PPPs are high on the agenda of African policymakers, the size of the PPP market in Sub-Saharan Africa remains relatively small. Five countries account for almost half of all the PPPs in Africa, while 17 countries have fewer than three PPPs, and six countries have no PPPs at all. Given the infrastructure gap and the level of capacity of its Regional Member Countries (RMCs) to identify, develop and procure infrastructure PPPs, there is a critical need for the African Development Bank Group (“the Bank” or “AfDB”) to support PPP projects.

This evaluation provides key stakeholders (AfDB Board, Senior Management, RMCs, authorities, development partners and civil society organizations) with credible evidence on the Bank's role in supporting PPPs, the potential for PPPs to promote sustainable social and economic development, and the extent to which this potential is currently being realized. Furthermore, the evaluation identifies lessons and recommendations pertaining to the Bank's support to RMCs using the PPP mechanism that will guide and inform the design of the new AfDB Group Private Sector Development Strategy, and the implementation of the AfDB's High 5s, the 2013-2022 Ten-Year Strategy (TYS), and the Industrialization Strategy.

The objectives of this evaluation are:

- i. To assess the extent to which the Bank's PPP interventions have achieved development results;
- ii. To assess the extent to which Bank PPP interventions have been well-managed;

- iii. To identify factors that enable and/or hinder successful implementation and achievement of development results; and
- iv. To harvest lessons from past experience to inform the Bank's future use of its PPP mechanism.

The Bank's involvement in PPP activities in RMCs consists of preparing the enabling policy and regulatory environment “upstream” through its public sector window, together with transaction support and finance “downstream” through both the public and private sector windows.

This evaluation reviewed AfDB's PPP interventions in terms of policies, strategies and projects for the period 2006-2017. The project-level assessment is based on the portfolio of Bank operations that were identified as PPP interventions. Between 2006 and 2017, the AfDB approved 65 PPP-related operations (24 upstream and 41 downstream operations) in 29 RMCs, representing a total net commitment of about UA 2.7 billion (USD 3.8 billion). These operations covered all regions of the continent and consist of both lending (guarantees, project loans, institutional support loans, policy-based lending) and non-lending (grants, economic and sector work, and technical assistance) activities.

## Methodology

The evaluation is based on a “Theory-of-Change” approach. This approach places the Bank's PPP operations within the countries' respective development contexts by assessing: (i) the extent to which expected PPP outcomes are achieved and contribute to sustainable development; and (ii) the conditions and reasons for the achievement of, or failure to achieve, these outcomes. The evaluation relies on mixed methods for collecting and analyzing

the required data at project, sector, corporate and country levels. This includes the use of multiple lines of evidence, which helps to mitigate the data limitations, especially on project performance. The evidence is synthesized from seven background reports: 11 project results assessments (PRAs), non-lending reviews, five country case studies, sector syntheses, a portfolio review, and a benchmarking study. The main challenges for the evaluation included the lack of a clear official PPP definition, and limited data on PPP project outcomes.

### The Bank's strategic framework and institutional arrangements for PPPs

The Bank has neither an overarching and formal strategy, nor operational guidelines and directives for PPPs. It has generally addressed PPPs within its corporate and sectoral strategies, and country strategy papers (CSPs), which consider PPPs mostly as a cross-cutting issue. The rationale for the Bank's PPP interventions is established based on the Bank's long-term strategic priorities, as defined by the TYS 2013-2022, and reflected in the High 5s. The sectoral strategies of the Bank also encourage the use of PPPs. The Bank's policies and strategies, while mentioning PPPs, do not have a consistent PPP definition.

The Bank has no formal coordination mechanisms directed toward PPPs, facilitating concerted efforts across its departments, nor a central PPP unit. Instead, it has a decentralized PPP matrix approach. This means that several units within the Bank handle PPP activities, with occasional overlaps, and without the necessary coordination.

### PPP performance

The Bank's PPP interventions are largely relevant and effective, with the benefits likely to be sustained. However, both financial and non-financial additionality of the Bank is limited, mainly because of the late stage of the Bank's involvement, typically after the structuring and procurement stages.

### Upstream and downstream support performance

**Upstream performance:** Upstream PPP operations are in alignment with the operational priorities in the Bank's 2008-12 Medium-Term Strategy, and 2012-2017 Private Sector Strategy, defined as part of the TYS 2013-22. They are also in line with RMC needs and priorities.

A significant part of the Bank's upstream support to PPPs focused on the development of PPP-enabling laws and regulations, and the development of capable PPP institutions. Very few interventions focused on creating a pipeline of potential PPP projects. Upstream operations contribute to the development of capable institutions, and good governance and regulations for economic growth, which are part of the operational priority of governance and accountability.

All five upstream PPP operations completed by 2017 achieved their targeted outputs. However, their expected outcomes and long-term impact could not be established, because of the absence of measurement of the outcomes and impact. Reporting on upstream PPP operations focused largely on the completion of specific tasks and deliverables. More importantly, the identification of non-lending interventions is not coordinated with the identification of lending interventions.

**Downstream performance:** The Bank's downstream PPP support involved 41 operations during the review period. It performed well in terms of relevance, effectiveness and sustainability. These operations were directed toward financing parts of the total investment requirements for infrastructure projects being implemented on a PPP basis. The focus of this downstream PPP support was largely in areas that were defined by the Bank's corporate and sector strategies and policies. The PPP interventions were also aligned with the financing strategies, including using innovative models, co-financing with other multilateral development banks (MDBs) and commercial banks and using risk mitigation instruments, among others.

The Bank has been involved in some of the most transformative and pioneering PPP projects in the region. The Bank's downstream interventions established some of the first successful demonstrations of PPP models in some sectors and RMCs.

Throughout the period under review, the AfDB's PPP interventions have focused almost exclusively on the transport and energy generation sectors, matching its specific sectoral intentions. The interventions were also largely aligned with the countries' needs and priorities.

Most of the downstream interventions (88 percent of the sample interventions) achieved their targeted outcomes and impact satisfactorily. As the Bank's PPP interventions were targeted toward large economic infrastructure projects, they improved access to infrastructure facilities and services, and indirectly access to social services.

In addition, the Bank's downstream interventions performed satisfactorily in terms of the contributions to important cross-cutting objectives, including inclusive growth and access, the green economy, women and youth employment, and other social benefits.

From an institutional strengthening perspective, the primary contribution of the Bank's interventions has been in demonstrating the use of PPPs.

In most PPP projects, the Bank's downstream interventions came after the PPP transactions had been structured and procured. As a result, the contribution of the Bank in structuring or strengthening the transactions was limited.

The delivery of services by the Bank's PPP operations is likely to be sustained. Except for two interventions that are still not commissioned, all other sample interventions largely indicate sustained delivery of services. Financial sustainability, and environmental and social safeguards are largely satisfactory. However, financial sustainability is challenged by the lack of measuring and monitoring the fiscal impact

of PPPs by the Bank, especially contingent liabilities. Furthermore, the sustainability of the Bank's PPP services is exposed to multiple risks.

## The Bank's performance in managing interventions

In managing PPPs, the Bank was reactive and demand-driven, and also innovative, but it was challenged by implementation delays, and inadequacies in quality at entry and supervision and monitoring activities.

While the Bank was largely reactive and demand-driven in the PPP space, other MDBs are moving toward a more proactive approach in order to identify a deal pipeline, with more programmatic and strategic approaches for undertaking PPP operations.

The Bank innovated in managing its PPP operations by using different financing and risk management instruments to provide financing solutions customized to project and sector needs. These included hybrid solutions in the blended-finance spectrum.

Multiple PPP interventions experienced implementation delays caused by inadequate information about the baseline conditions, technical challenges with the equipment, changes in the constitution of the PPP companies, and inadequate coordination between government departments.

The Bank does not have any mechanism to measure its own cost and time efficiency in administering and managing its PPP interventions. In addition, the Bank did not conduct least-cost option analysis to establish cost efficiency in most cases.

The quality at entry of the Bank's PPP interventions has largely been satisfactory, although with inadequacies reported in areas such as the due diligence of the procurement process and private promoters, the establishment of non-financial additionality, and the quality of results-based logical frameworks.

There were also inadequacies in supervision and monitoring activities, especially considering that PPPs have different and more in-depth requirements for monitoring and supervision due to their continuously evolving risk profile.

## Synergies and coordination

### **Synergies and coordination inside the Bank:**

All elements for PPP support are present in the Bank, but in different areas and departments, with limited coordination and synchronization. Most of the projects demonstrate successful coordination between all the key departments and units of the Bank, as evidenced by the operational status of the PPP interventions. However, there are some instances of inadequate coordination between the public sector and private sector operations of the Bank. According to interviews with stakeholders, there is scope to improve coordination between the sectoral and regional complexes, and between the country teams and headquarter teams. In addition, there is inconsistent collaboration between the public sector and private sector teams within the Bank, and between the sectoral and regional complexes within the Bank. Also missing is a centralized repository of knowledge and experience, hindering cross-learning within the Bank.

### **Coordination with development actors outside the Bank:**

As a typical practice, the role of various donors and MDBs is coordinated at the country level, based on the allocation of sectors and themes. Other MDBs consulted during the evaluation indicated areas for improvement, such as the harmonization of long-term plans with other MDBs, the establishment of mutual reliance initiatives, more active participation in multi-donor activities and the simplification of coordination processes.

The Bank worked closely with the respective RMC government agencies. The responsiveness of the Bank, its contextual understanding, its partnership-based approach and its support to investor confidence were all appreciated. The low visibility

of the Bank's plans and activities compared with other MDBs, limitations in country staff capacity, and restrictive approval processes were indicated as areas for improvement. Specifically, stakeholders perceive that the Bank's approval processes relating to environmental and social safeguards are restrictive compared with co-lenders, especially because some of the processes impede timely availability of funds for the project company. The administrative processes of the Bank are perceived as being more time-consuming than those in other MDBs.

## Recommendations

From the evaluation's findings and conclusions, the Bank should consider the following recommendations:

### ***At the Strategic Level:***

- Clearly define a strategic framework for the Bank's participation in the PPP agenda continent-wide to improve internal efficiency, and PPP effectiveness and impact;
- Develop and promote standard classification/flagging criteria for PPPs to facilitate PPP management, and knowledge creation and sharing;
- Strengthen and improve coordination between upstream and downstream interventions. The upstream interventions can facilitate the identification of a project pipeline as potential targets for downstream operations (PPP effectiveness and impact);
- Continue strengthening PPP expertise in teams that interact with RMC governments, especially in the areas of project identification and establishing the preliminary business case;
- Continue strengthening communication with external stakeholders on the Bank's PPP agenda in specific sectors;

- Review the existing products and solutions, and map them across the PPP value chain. In addition, the Bank should package multiple solutions for comprehensive support to RMCs, and ensure that the Bank's in-country staff are capable of proactively offering the solutions to RMC governments; and
- Establish a project knowledge repository, and leverage this repository to guide project development and implementation in RMCs.

***At the Operational Level:***

- Continue strengthening the pre-approval due diligence process;
- Continue strengthening PPP performance monitoring and reporting, and risk management mechanisms;
- Continue strengthening post-approval processes, including contract and relationship management; and
- Establish appropriate mechanisms to measure the Bank's own cost and time efficiency in administering and managing its PPP interventions.

# Management Response

Management welcomes IDEV's Evaluation of the Bank's Utilization of its Public Private Partnership (PPP) Mechanism over the period 2006 to 2017. The Bank has been supporting PPPs for several years and needs to further demonstrate its capability and readiness to provide leadership and tailored assistance to Regional Member Countries in the future. The evaluation is timely as demand for more innovation in structuring finance for infrastructure development on the continent continues to increase. It is also timely in that Management has already commenced initiatives to create an internal mechanism for supporting PPPs. As such, this evaluation highlights the key issues, challenges and opportunities for the Bank to address and explore. Overall, Management agrees with the evaluation's findings and recommendations put forward. This note provides context for some of IDEV's findings and sets out actions that Management plans to implement to address the specific recommendations.

## Introduction

As observed in the evaluation, the Bank has been providing support to its RMCs in the development and implementation of PPPs for several years and continues to do so, all this in the absence of a corporate-wide Strategic and Operational Framework. The Bank's involvement in PPP activities consists of supporting the preparation of enabling policies and regulatory environment (upstream support) through its public sector window; and transaction support and finance (downstream support) through both the public and private sector windows.

Whilst the Bank has achieved some success in the PPP interventions it has supported, Management recognizes that such assistance has largely been provided in an unstructured, uncoordinated and reactive manner. In addition, PPPs have been undertaken by different Bank departments without adequate coordination, sharing of lessons learned or a corporate strategic approach.

Management notes that there is a lot yet to be done for Africa to reap the potential benefits of private investment in infrastructure. Despite the demand from many RMCs to deploy PPPs as one of the means of closing the infrastructure gap, PPP penetration and use remain very limited. In fact, only five countries account for almost half of the PPPs in Africa; 17 countries have fewer than three PPPs; and six countries have not had any PPP at all as of

end of 2017. As such, Management concurs with the evaluation's conclusion that there is a critical need for the Bank to undertake necessary policy, strategic and institutional actions to position itself as a leader and the go-to development financier for PPP projects in Africa.

To address the findings and recommendations of the evaluation and set out a way forward, Management presents its response in the following order:

1. Addressing the Bank's PPP Strategic & Operational Framework;
2. Improving the Bank's internal organisation for effective PPP support;
3. Streamlining Bank support for PPP operations - upstream, midstream and downstream operations;
4. Summary of the way forward
5. Management action record.

## Addressing the Bank's strategic & operational framework for PPPs

Management agrees that the absence of a corporate-wide policy and strategic framework hampers the Bank's ability to deliver better-focused, properly-designed and coordinated PPP interventions. As a



result, there are no formal coordination mechanisms directed towards PPPs, to facilitate concerted efforts across departments, nor any organisation-wide strategic or operational framework. This has led to various departments, units and regional centres in the Bank responding to requests for assistance for PPPs in an *ad hoc* manner, using provisions made in country and sector strategies. This situation has led in some instances to overlapping initiatives, such as in the case of PPP training.

Management also concurs that the absence of a common definition for PPPs in the Bank leads to different interpretations and understanding of the concept. This is taking place as most corporate and country strategy documents increasingly refer the need to promote PPPs. In the case of this evaluation, it led to categorizing as PPPs operations that would not fall under the globally accepted definition of PPPs.

Furthermore, the absence of dedicated resources at central level within the Bank for PPPs led to PPP activities that are being handled by several units utilising multiple instruments scattered across the Bank, without a clear mapping of what instruments or funds are most suitable for what interventions. Management also agrees with the observation that at the regional level, the non-availability of financial and human resources, including the absence of dedicated experts, have contributed to the low level of PPP activity in the regions.

In order to address these shortfalls at the corporate and strategic level, while also harnessing some of the positive results recorded by the Bank in support of PPPs, a Bank-wide Operational Framework and Guidelines for PPPs will be developed. This will cover the transport, energy, ICT, water, agriculture and social sectors (health, education) infrastructure as well as aspects related to improving enabling environment/frameworks for PPPs, institutional support and capacity building for RMCs. Its development will be led by the Infrastructure and Urban Development (PICU) Department in the PIVP Complex, and will involve extensive internal consultations and inputs of all relevant departments and units.

In terms of process, the Bank will assess its strengths and weaknesses, resources and capabilities as well as regional presence, and identify a road map for transforming the Bank into the leading voice and development partner for sustainable PPPs in Africa. In addition, it will assess its existing instruments and initiatives for supporting PPPs, and benchmark those offered by its immediate partners. This will help identify recommendations on how the Bank can better streamline its products, instruments and platforms.

The Operational Framework, to be developed through broad internal and external consultations, will address the following issues:

- Develop a Bank-wide definition of what activities will be categorized as PPPs;
- Define the Bank's strategic principles underpinning its support of PPPs;
- Map out the Bank's focus areas and priorities for achieving a leadership position in the development of sustainable PPP projects in Africa;
- Establish strategic directions and tools to enable the Bank to provide an appropriate mix of policy advice, technical assistance, capacity building and investment for the development and implementation of sustainable PPP projects in various economic and social sectors;
- Develop guidelines to support the Bank's PPP interventions through all stages of the project cycle; upstream (legal, regulatory and institutional framework), midstream (capacity building, technical assistance and transaction advisory services) and downstream (financing transactions).

Management's plan is to have the proposed framework finalized by end of the second quarter of 2020, and to commence implementation of its concrete recommendations in the second half of 2020.

The proposed framework will lead to a review of the Bank's institutional and organizational arrangements to deliver on new PPP ambitions. Central coordination with clear linkages to regional and country offices with the appropriate type, levels and numbers of skills and expertise may be required to put in place the necessary structures.

### **Improving the Bank's internal organisation for effective PPP support**

The Bank has already made efforts to institutionalize PPPs within its structure and operations. In 2008, it commissioned a firm (Institute for Public Private Partnerships - IP3), which presented a PPP Strategy for the Bank. Following that, the Bank launched two guarantee projects for credit enhancement of PPPs, namely Partial Credit Guarantees (PCG) and Partial Risk Guarantee (PRG); deployed PPP training initiatives across the Bank, while continuing to increase PPP deal flow through quality project preparation activities (NEPAD-IPPF, FAPA, AWF, etc.).

During 2015 and 2016, the Bank set out to establish PPP Hubs in the Regional Centers principally to coordinate support to public sector institutions in RMCs. The Bank eventually did not implement the proposed plan, which coincided with the DBDM's institutional transformation. Furthermore, the launching of the African Investment Forum in 2018 as a platform to close deals, mostly PPPs and private sector deals, is to boost investments through PPPs.

For the Bank to achieve its objective of being a leading voice, adviser and financier of PPPs in Africa, it needs a strong internal organisation. Learning from other similar institutions, the Bank's own institutional framework for supporting PPPs needs to be strengthened and tailored to Africa's needs and the Bank's comparative advantages.

The proposed PPP operational framework will advance specific recommendations on internal organisation, including on augmenting skills when necessary and leveraging its resources in both the

regional and country offices to deliver quality PPP operations to its clients. Specifically, Management will aim to scale up its PPP capacity development initiatives internally, targeting operational staff actively engaged in development and management of PPP projects at all levels.

As part of this, Management will also address the current absence of a centralized repository of PPP knowledge or experience to enable cross-learning from the PPP operations already undertaken by the Bank and guide the implementation of future projects. The experience and knowledge of PPP interventions of the Bank in one country, region or sector should be able to provide opportunities and instruments for learning and cross-dissemination. Additionally, the Bank's communication to external stakeholders, especially in terms of indicating its intention to support PPPs in specific sectors, will be strengthened. This will encourage prospective clients to engage with the Bank as the partner of choice when considering the development of PPP projects.

### **Streamlining Bank support for PPP operations - upstream, midstream and downstream operations**

Management acknowledges that the Bank's current approach in supporting PPPs has a lot of potential for improvement. This cuts across its operations pipeline development; its support for upstream lending and non-lending operations (including development of PPP ecosystems, enabling framework in RMCs, and legal, regulatory and institutional arrangements); its preparation and development of investment transactions and the attendant advisory services; and in financing the actual investment transactions downstream.

Furthermore, the evaluation points out that some gaps exist between the process and documentation of the risk assessment process for PPP operations. It states that in multiple cases, one or more of the critical risks (tariff risk, counterparty risk, market risk, traffic and demand risk) were not adequately assessed

as part of the due diligence process. Management notes that a risk assessment framework and process for PPP projects is a very fundamental activity prior to making investment decisions and will be considered under the new framework. This ensures the adequate use of mitigation measures and an appropriate transfer of risks to the parties best suited to manage them within the project structure.

Management aims to strengthen the entire internal ecosystem for PPP interventions, including by covering the whole PPP operational value chain-pipeline development, project origination, internal processing, project development, provision of advisory services, investment financing, monitoring, evaluation and dissemination of information. Development of a Bank-wide PPP Operational Framework and Guidelines will go a long way towards producing the tools necessary to support the achievement of Management's objectives in this respect. The operational guidelines will ensure a clear mapping of processes and responsibilities within the Bank, including how the Bank can leverage its existing Trust Funds and special instruments and explore the creation of a new harmonised and centralised instrument to support PPPs.

Finally, there were a number of conclusions in the evaluation that were not specifically listed in the IDEV recommendations but only in the conclusions. These important conclusions will all be addressed comprehensively in the proposed PPP Framework but Management would like to highlight a few key ones that will deserve special attention in the framework:

- Mismatch between existing incentive and performance assessment framework in the Bank, which may not reward the disproportionately higher time and effort that needs to be invested in developing and implementing a PPP transaction, as compared to a sovereign loan.
- The current delineation of Bank sectors does not clearly indicate the Bank's intentions for engagement in PPP operations;
- The Bank's role in some of the PPP interventions has been limited to that of a lender; and
- The absence of a clear mechanism for measuring the efficiency of Bank operations in undertaking PPP interventions.

### Summary of the way forward

Management has found this independent evaluation a useful exercise, which will go a long way in helping to improve the environment, operational mechanisms, and effectiveness of the Bank's PPP interventions. Actions to be taken are set out in the Management action record below.

It is important to note that one of the most important actions - the development of an operational framework and guidelines for PPPs within the Bank has already commenced - and will now benefit from this evaluation's learning.

Management action record	
Recommendations	Management's Response
<b>Recommendation 1:</b> Address the lack of a Bank-wide strategic and operational framework for PPPs	
<i>Irrespective of whether the Bank intends to deploy a strategic, proactive and systemic framework for addressing PPPs or it continues in the more reactive/demand driven role, the Bank should consider establishing a strategic and operational framework for PPPs. The operational framework will facilitate a more synchronized and coordinated use of the various PPP-specific solutions and services that the Bank has to offer to RMCs.</i>	<b>AGREED.</b> Management had already begun work on developing a <b>Bank-wide PPP Framework</b> and associated <b>Operational Guidelines</b> to guide and support PPP interventions even before the IDEV evaluation was delivered. To fill this policy gap, PICU under the PIVP Complex will conduct a consultative exercise involving all relevant sector and policy departments of the Bank <b>[PICU, Q3 2020]</b> .
<b>Recommendation 2:</b> Standardise PPP classification	
<i>The Bank may consider developing a standard classification criterion for identification of PPPs. A standard category may facilitate more systematic monitoring and assessment of the PPP intervention portfolio.</i>	<b>AGREED.</b> As part of the development of the PPP Framework and associated Operational Guidelines, an internal definition of what constitutes a PPP activity will be proposed and adopted. This will lead to a classification of operations that will be identified as PPPs in the Bank's portfolio and pipeline of operations <b>[PICU, Q1 2020]</b>
<b>Recommendation 3:</b> Support RMCs to increase PPP deal pipeline	
<i>Bank can consider supporting the identification of a deal pipeline by the RMCs. The Bank already hosts or supports multiple project development funding facilities. The Bank may consider reviving the PPP hubs, adding PPP pipeline development in upstream interventions and marketing project development facilities to RMCs as part of the deal pipeline building strategy. Upstream, non-lending activities for development of PPP ecosystem/ enabling framework in RMCs could also be used strategically to develop a deal flow in the long-term with big-ticket lending operations in the nature of PPP interventions.</i>	<b>AGREED.</b> As outlined in response to recommendation 2 above, the PPP Framework and Operational Guidelines will specify areas of Bank intervention and how such assistance will be provided to RMCs and other stakeholders. In addition, Management will put in place an internal structure for the management and coordination of Bank-supported PPP interventions. In this regard, the creation of a central unit to provide PPP Transaction Advisory Services could be envisaged. Once established, pipeline development and origination of transactions would be a core activity of such a unit. The proposed unit would leverage the experience of Bank-managed project preparation facilities (such as NEPAD-IPPF Special Fund, the AWF Special Funds and SEFA) and existing resources and presence in regions and countries across the continent <b>[PICU and other relevant departments, Q4 2020]</b> .
<b>Recommendation 4:</b> Map existing instruments and products in support of PPP	
<i>The Bank may consider an in-depth review of existing products and solutions and mapping them across the PPP value chain. Based on the results of the review, the Bank may consider packaging comprehensive solutions (including upstream and downstream support) and marketing them to RMCs for upscaling PPPs.</i>	<b>AGREED.</b> Management will carry out a mapping exercise as part of the background work leading to the preparation of the PPP Framework and Operational Guidelines. Management will ensure that the Operational Guidelines include a clear mapping of processes and responsibilities within the Bank, including how the Bank can leverage its existing Trust Funds and special instruments, financing instruments, risk mitigation instruments as applicable to the upstream, midstream and downstream phases of the PPP value chain <b>[PICU, in coordination with relevant departments, Q2 2020]</b> .
<b>Recommendation 5:</b> Centralise PPP knowledge depository	
<i>The Bank may consider establishment of a centralized knowledge depository and dissemination mechanism, either as a part of the proposed/existing PPP hubs or as separate mechanism to ensure cross-border sharing of PPP experience and learning. Such a knowledge depository will facilitate institutional memory regarding best practices that can inform future projects. The Bank can also showcase and disseminate successful precedents of PPPs across RMCs to encourage replication of such structures.</i>	<b>AGREED.</b> Following the recommendations of the evaluation report and based on the outcome of the proposed PPP Framework and Operational Guidelines, Management will adopt a holistic view to designing an effective internal structure to coordinate and deliver PPP operations across the Bank. Management will take into account lessons learned from the experience with the PPP hubs, augmenting the Bank's existing strengths and skills where necessary, while also leveraging its resources in both the regional and country offices to deliver quality PPP operations <b>[PICU, in coordination with relevant departments, Q3 2020]</b> .

<b>Recommendation 6: Strengthen communication around Bank's PPP program</b>	
<i>The Bank may consider strengthening its communication to external stakeholders, especially in terms of indicating its intentions of supporting PPPs in specific sectors more strongly. This will encourage prospective clients to engage with the Bank as the first choice when considering development of PPP projects.</i>	<b>AGREED.</b> Management will ensure that the guidelines to be developed as part of the Operational Framework include information dissemination and communication (both internal and external) on the Framework, areas of Bank focus, modalities, processes and opportunities with respect to PPPs. Roll out will follow adoption of the Framework and Guidelines [PICU, Q3 2020].
<b>Recommendation 7: Strengthen the Bank's capacity for PPP delivery</b>	
<i>The Bank may consider strengthening the capacity of country staff with expertise and skills necessary for identifying and developing PPP opportunities, proactive identification of the need for specific solutions offered by the Bank and guiding RMCs through the PPP development process. In parallel, the Bank may consider creating centralized or regional expertise that can provide more specialized and expert support to the country staff in providing PPP-specific solutions and guiding RMCs for implementation of PPPs.</i>	<b>AGREED.</b> There are ongoing efforts within PICU to develop a Certified PPP Training programme. Management will develop an in-house capacity building programme to enhance staff's internal skills and capabilities for preparing and implementing PPPs on a continuous basis. The following steps will be taken: <ul style="list-style-type: none"> <li>■ (i) Extend basic certified PPP Training to operational staff Bank-wide with sector customization when possible;</li> <li>■ (ii) Disseminate PPP core principles across the Bank to enhance awareness;</li> <li>■ (ii) Prepare case studies of PPP projects supported by the Bank to serve as learning tools;</li> <li>■ (iii) Scale up to other departments as well as field office staff [PICU will lead this effort in coordination with other relevant departments, Q3 2020].</li> </ul>
<b>Recommendation 8: Strengthen internal relevant processes for PPP delivery</b>	
<i>The Bank may consider strengthening its capacity, guidance/ standard processes, in particular:</i> <ul style="list-style-type: none"> <li>■ For evaluating risks at the appraisal stage, especially from the perspective of PPP projects.</li> <li>■ For assessing the direct and contingent liabilities of the public sponsor, arising out of the PPP contracts, and the ability of the public sponsor to meet these liabilities.</li> <li>■ For conducting the due diligence process based on the inadequacies identified as part of this evaluation.</li> <li>■ For reviewing and assessing the performance of the borrower, especially in terms of the project meeting the intended impact as defined by the Bank in the log frame for the project, at the time of appraisal and approval.</li> <li>■ For improving the post-approval management capacity and processes, especially in terms of performance monitoring and supervision of emerging risks.</li> <li>■ For estimating budget for PPP interventions in terms of identifying the cost that the Bank may incur in developing, administering and implementing the project to measure the financial efficiency of the Bank staff in managing and implementing future interventions.</li> </ul>	<b>AGREED IN PART.</b> PGRF and ADOA ensure adequate risk assessment of projects including PPP projects at various stages of the due diligence. This process is well established and very useful for risk management. However, the development of guidelines for the Bank's support to PPPs will address the recommendations made here from an enhancement perspective. The guidelines will fall under the overall Operational Framework and will cover all the aspects required for development of pipelines, processing of PPP transactions internally, use of specific tools for due diligence, risk assessment, monitoring and evaluation, etc. Management will review the proposals made in the guidelines to be prepared and decide on their adequacy for an effective use of the PPP mechanism. Where necessary, and once the internal organization/structure is in place, additional guidance documents and tools may be developed to strengthen operations [PICU and other relevant departments, Q3 2020].







# Introduction

## Objective of the Evaluation

Given the increasing emphasis placed on PPPs as a means of closing the continent's infrastructure gap and promoting social and economic development, it is important that credible, evidence-based information is available to guide decision-making and promote the efficiency and effectiveness of the Bank's PPP interventions over the next few years.

The evaluation provides key stakeholders (AfDB Board and Senior Management, RMCs, development partners and civil society organizations [CSOs]) with credible evidence on the Bank's role in supporting PPPs, the potential for PPPs to promote sustainable social and economic development, and on the extent to which this potential is currently being realized. Furthermore, the evaluation identifies lessons and recommendations pertaining to the Bank's support to RMCs using the PPP mechanism that will guide and inform the design of the new AfDB Group Private Sector Development Strategy, and the implementation of the AfDB's High 5s, the 2013-2022 TYS, and the Industrialization Strategy.

The objectives of this evaluation are:

- i. To assess the extent to which the Bank's PPP interventions achieved development results;
- ii. To assess the extent to which the Bank's PPP interventions have been well-managed; and
- iii. To identify factors that enable and/or hinder the successful implementation and achievement of development results; and
- iv. To harvest lessons from past experience to inform the Bank's future use of its PPP mechanism.

## Evaluation Design

The evaluation is based on a "Theory-of-Change" approach. This approach places the Bank's PPP operations within RMCs' respective development contexts by assessing: (i) the extent to which PPPs' expected outcomes are achieved and contributed to sustainable development; and (ii) the conditions and reasons for the achievement of, or failure to achieve, these outcomes (Annex 1).

The evaluation mainly uses the Development Assistance Committee's (DAC) Principles for the Evaluation of Development Assistance,<sup>1</sup> the DAC Quality Standards for Development Evaluation,<sup>2</sup> and the Good Practice Standards of the Evaluation Cooperation Group<sup>3</sup> as reference guides. It examines the following main evaluation criteria: relevance, effectiveness, efficiency, sustainability and impact. Specific guiding principles that also include gender equality and disadvantaged groups into this approach are inclusion, participation and fair power relations. Field discussions with CSOs, community groups and beneficiaries also helped in implementing these guiding principles.

The evaluation relies on mixed methods for collecting and analyzing the required data at project, sector, corporate and country levels. This includes the use of multiple lines of evidence, which helps to mitigate the data limitations, especially on project performance. The evaluation relied on different sources of data (Annex 1), such as primary data (e.g. interviews, site visits, etc.) and secondary data (e.g. project level documentation, documentation from sister organizations, etc.).

## Coverage of the Evaluation

The evaluation covers the period from 2006 to 2017. The project-level assessment is based on the portfolio of Bank operations that were identified as PPP interventions, and involves an in-depth review of a sample of 11 downstream interventions across the three sectors of power, renewable energy and transport. The sample interventions are spread over five countries and inform all regions of the continent, namely Morocco (North), Cameroon (Central), Senegal (West), Kenya (East) and South Africa (South).

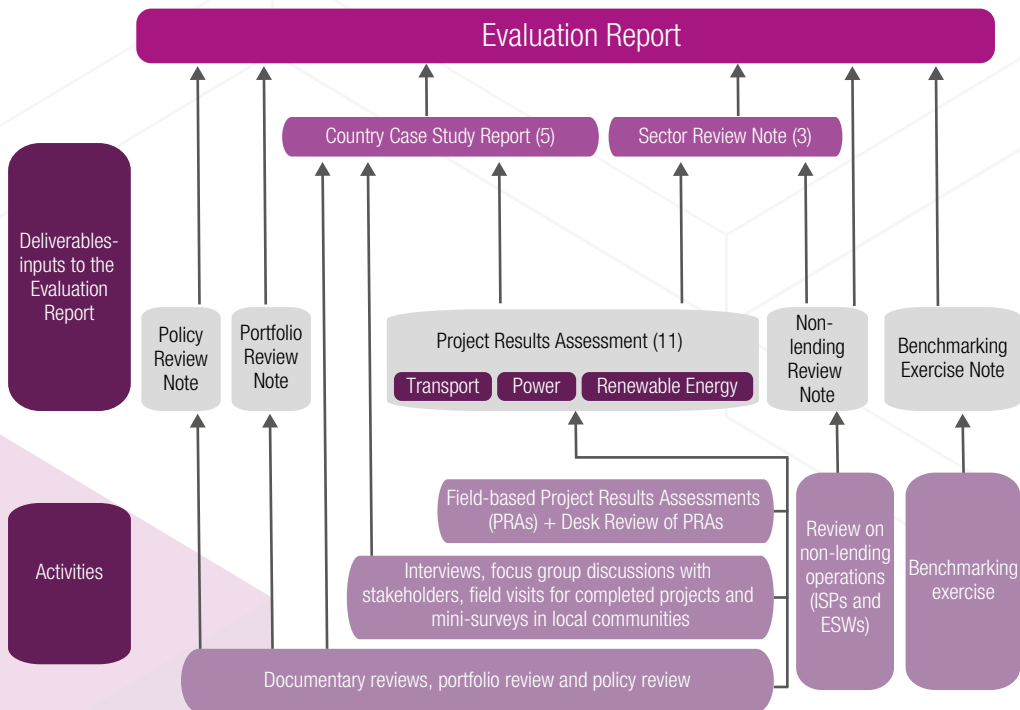
In addition, the evaluation includes the in-depth review of 18 upstream interventions that include support to the PPP enabling framework or for expanding the PPP development capacity of the public sector in RMCs.

The results of the in-depth project results assessments (PRAs) were reinforced by country- and sector-level assessments for the five countries and three sectors mentioned above.

## Organization of the Report

Figure 1 shows the multiple background reports that form the basis for the evaluation summary report. This summary report is organized in eight chapters, including this one, reflecting the key focus areas and context of the evaluation. The purpose and coverage of each chapter are listed below:

**Figure 1:** Integration and interdependence of the evaluation components/outputs



**Chapter 1: Introduction** provides the objective of the evaluation and overview of this summary report.

**Chapter 2: Conceptual Framework** establishes the context of the evaluation in terms of listing the defining parameters of PPPs, the need for PPPs in Africa and the current state of PPPs on the continent.

**Chapter 3: Institutional Arrangements** presents the strategic framework that determines the Bank's activities in the PPP sector and its institutional arrangements for such activities.

**Chapter 4: Bank Support for PPPs** provides an overview of the Bank's PPP portfolio in terms of the instruments of support, the regional and sectoral distribution of support, and associated matters.

**Chapter 5: Upstream Support** discusses the Bank's interventions supporting the enabling environment for PPPs, PPP institutional capacity and knowledge in greater depth.

**Chapter 6: Downstream Support** examines the Bank's support to PPP transactions in the form of financing and guarantees. It also responds to the research question: To what extent are the Bank's PPP interventions relevant and additional, effective, efficient and yield sustainable development results and social impact, and contribute to inclusive growth, employment, the reduction of local disparities and the transition to green economy?

**Chapter 7: Bank Performance** responds to the evaluation questions: To what extent are the Bank's policy, strategy and institutional settings, including operational guidelines and directives governing PPP generation, portfolio management, and monitoring and evaluation, relevant; and to what extent do they contribute to RMCs' private sector development and social development impact?

**Chapter 8:** responds to the research questions: What has worked and what has not worked and why? What are the factors behind success and failure that enable and/or hinder successful implementation and achievement of objectives, and what are the lessons of experience, including policy implications and potential improvements to inform the Bank's future use of PPPs as an intervention instrument? This chapter presents a forward-looking perspective in terms of informing the Bank's Management about how future PPP interventions can be strengthened, and providing inputs for the PPP-focused strategy of the Bank for the next 10 years. This chapter ends with conclusions representing the findings from the evaluation, and a list of recommendations that the Bank's Management may consider in shaping its strategy for PPPs.

## Annexes

### 1. Evaluation Design and Methodology

This annex provides a summarized description of the evaluation design and methodology, including the Theory of Change for the evaluation.

### 2. Summary of Project Results Assessments (for downstream PPP interventions of the Bank)

This annex provides a summary of the 11 sample PPP interventions of the Bank, and their assessment based on the evaluation design and pre-defined research questions.

### 3. List of Main Documents Consulted

This annex records a non-exhaustive list of the main documents used during this evaluation.





# Conceptual Framework

## What is PPP?

Assessing the Bank's PPP framework requires a clear understanding of the concept of Public-Private Partnerships, together with the determinants, and the benefits and risks associated with this financial mechanism.

There is no single, internationally accepted definition of a Public-Private Partnership. PPP practitioners are confronted with a definition challenge despite, or perhaps because of, an ever-growing body of literature.<sup>4</sup> All definitions have been influenced by the approach through which the concept is explored, namely, governance/managerial, financial management or developmental. Even within the infrastructure approach there are still numerous possible definitions of what PPPs are.<sup>5</sup>

In 2015, several MDBs launched the PPP Knowledge Lab.<sup>6</sup> The Lab took a specific view of what a PPP is, defining it as follows:

*“A long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance”.*

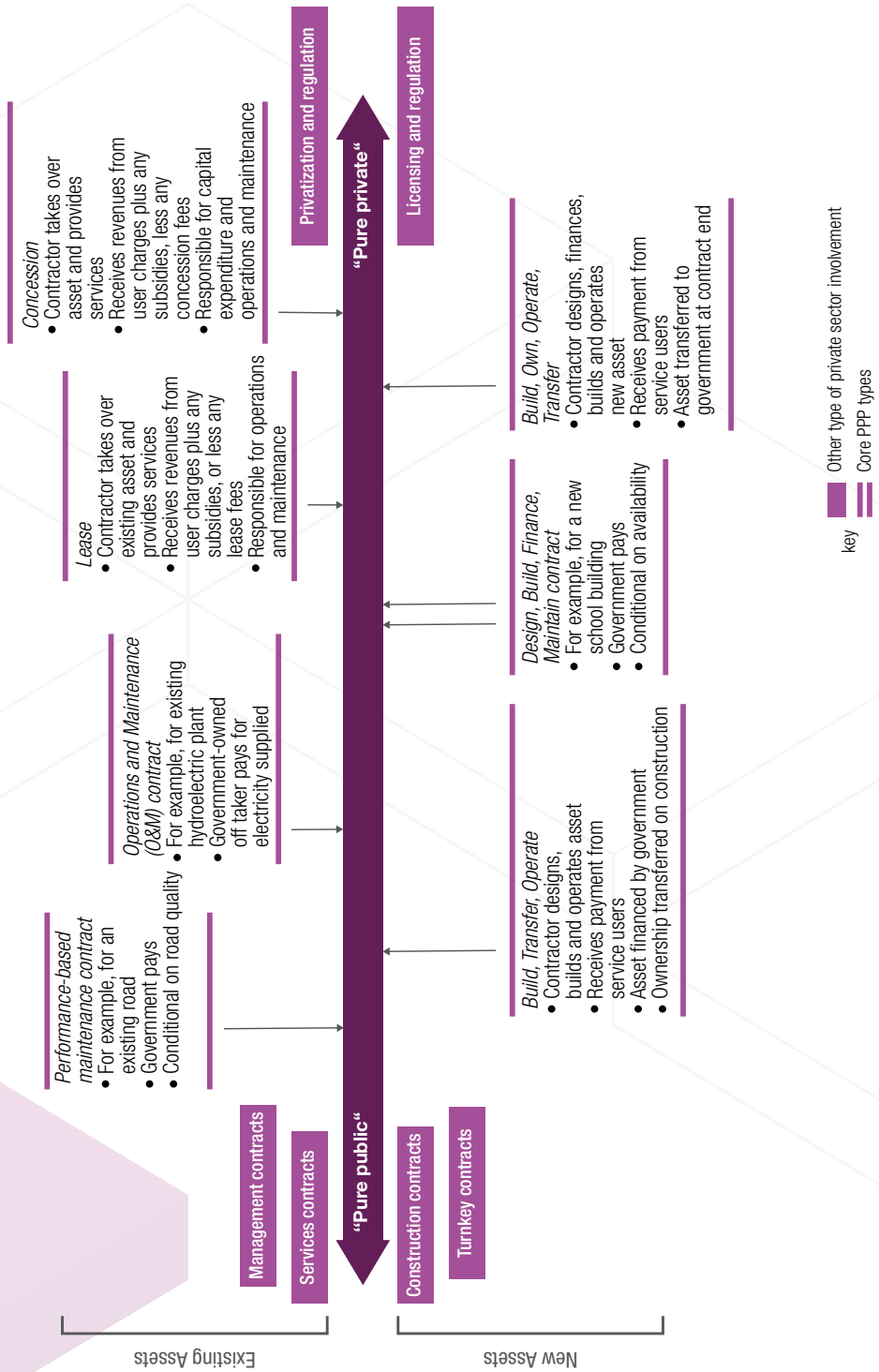
Prior PPP evaluations conducted by MDBs also led to the suggestion of several operational definitions. Although these definitions vary from one agency to another, they appear to have common features, including:

- i. cooperation agreement between private and public entities for the provision of a new, or existing, asset and related services;
- ii. longer-term commitment of the entities involved in the partnership;
- iii. risk-sharing between those entities; and
- iv. efficiency and effectiveness in producing goods and services by sharing responsibility.

A central characteristic of a PPP contract is that it bundles together multiple project phases or functions between the public and private sectors. Nonetheless, the functions for which the private party is responsible vary, and depend on the type of asset and services involved. In addition to these characteristics, a PPP arrangement in the true sense should involve a 'private-sector entity'—an entity with majority private sector ownership. If the public sector has a dominant interest in the so-called 'private-sector entity' then it is not a true PPP arrangement, as there is no risk-sharing by the public sector.

The project functions transferred to the private party (design, construction, financing, operation and maintenance) may vary from one contract to another, as shown in Figure 2. In all cases, the private party is accountable for project performance, and bears significant risk and management responsibility.

Figure 2: Spectrum of PPP arrangements<sup>7</sup>





## Rationale for Supporting PPPs in Africa

In April 2017, the World Bank published its biannual analysis, *Africa's Pulse*. The detailed study shows that Sub-Saharan Africa ranks at the bottom of all developing regions in all dimensions of infrastructure performance (quantity, quality and access). The study, however, highlights that infrastructure challenges vary significantly from one country to another within regions.

The report highlights that, while infrastructure has seen substantial improvement in quality and quantity in Africa since the 1990s, a huge gap still remains to be bridged to bring the region on a par with the rest of the world.

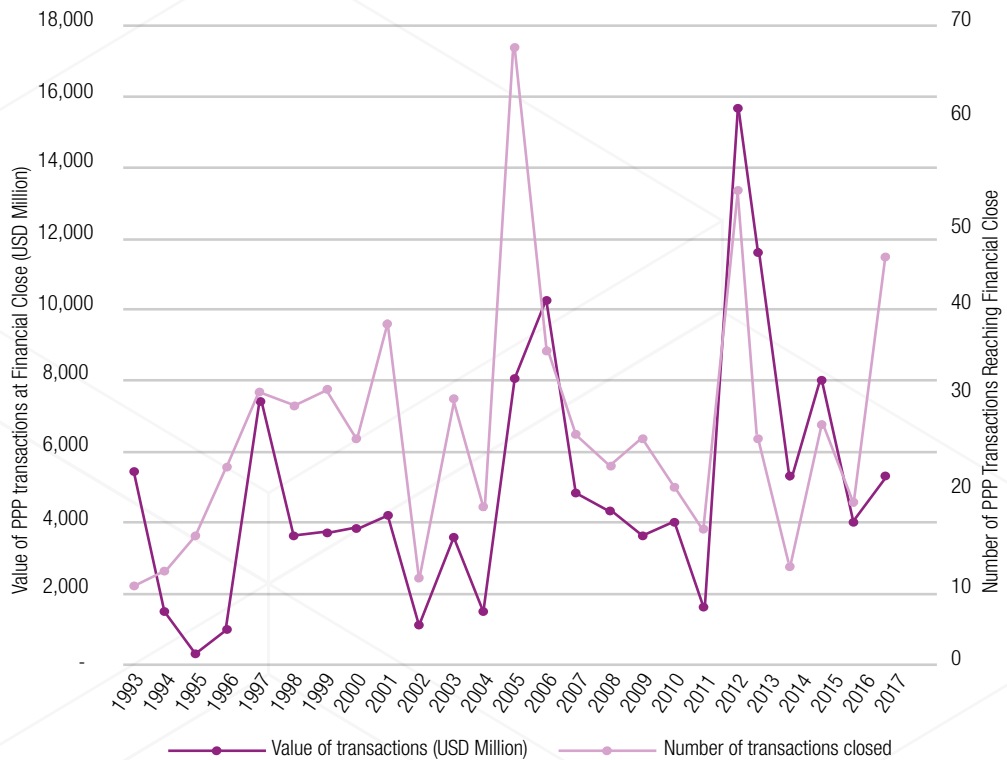
In addition, more than any other region in the world, Africa faces substantial challenges in achieving the Sustainable Development Goals (SDGs). According to the Africa SDG Index 2018<sup>8</sup> and Dashboard Report, the areas facing the greatest challenge in Africa include clean water and sanitation (SDG 6), affordable and clean energy (SDG 7) and infrastructure (SDG 9). These indicators have more than 80 percent of African countries in the red, denoting a substantial distance from achievement and major infrastructure challenges for many countries.

Public capital spending levels seem too low to address the region's infrastructure needs. According to data collected by the BOOST initiative for 24 countries in Sub-Saharan Africa,<sup>9</sup> annual public spending on infrastructure was 2 percent of GDP in 2009-15 to build, rehabilitate or improve existing infrastructure. Roads accounted for two-thirds of overall infrastructure investments in the region, while electricity and water supply accounted for 15 percent each of total capital expenditures. The study observes that actual spending on infrastructure is considerably lower than capital allocations, reflecting substantial under-execution.

In 2018, the President of the AfDB revealed that Africa's annual infrastructure needs stood at as much as USD 170 billion, with an infrastructure funding gap of USD 87 billion to USD 112 billion annually. New estimates by the AfDB suggest that the continent's infrastructure needs amount to USD 130 billion to USD 170 billion annually, with a financing gap in the range of USD 68 billion to USD 108 billion.<sup>10</sup> Investment in infrastructure from all sources during the period 2012-2016 averaged about USD 75 billion per year.<sup>11</sup> The AfDB's Ten-Year Strategy (2013-2022) estimates that bridging the infrastructure gap could increase GDP growth by about 2 percentage points a year in the region. Furthermore, the Bank's former Private Sector and Microfinance Department found that "inadequate infrastructure is holding back Africa's economic growth by 2 percent each year and reducing firms' productivity by as much as 40 percent."<sup>12</sup> Given the intensity of the need for infrastructure and the wide investment gap, African countries are looking to sources of investment other than public resources. The successful experience of similar countries in Asia and Latin America<sup>13</sup> with leveraging private investment in infrastructure through PPPs represents an attractive alternative to the use of public funds. This is the reason that RMCs are increasingly looking toward PPPs.

## PPP in Africa

Despite the fact that PPPs are high on the agenda of African policymakers, PPP data in Sub-Saharan Africa show that the PPP market remains very small. PPP development started slowly in the early 1990s, with projects in South Africa and Côte d'Ivoire. Eventually, PPPs spread to 41 countries in the region, reaching a peak in 2012-13. According to the Private Participation in Infrastructure database,<sup>14</sup> 461 PPIs have reached financial closure in the past 27 years. In the long term, annual PPP transactions do not show an increasing trend, except for a few years when the number of transactions shot up, as shown in Figure 3.

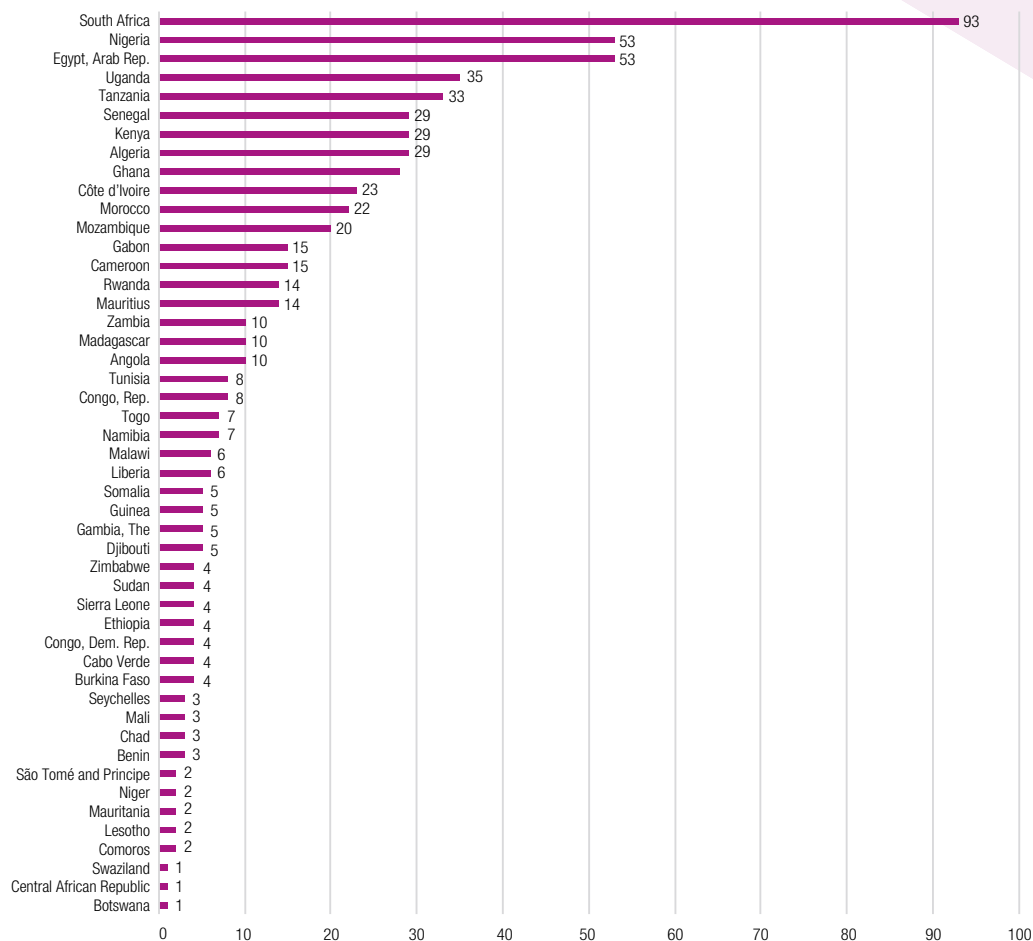
**Figure 3:** Trend of PPP investment (number and value in USD million) in Sub-Saharan Africa <sup>15</sup>

The number and value of PPP transactions is largely range-bound within 20-40 transactions every year, totaling USD 2 billion to USD 6 billion.

South Africa leads the continent in terms of the number of PPP transactions reaching the stage of financial closure, as indicated in Figure 4. The top five countries-South Africa, Nigeria,

Egypt, Uganda and Tanzania-accounted for 41 percent of the total number of PPP transactions reaching the stage of financial closure during 1993-2017.

**Figure 4:** Country-wise number of PPP transactions reaching financial close (1993-2017)<sup>16</sup>



Furthermore, 17 countries have produced fewer than three PPPs over the past 25 years, while six have yet to undertake their first PPP. Despite the fact that many countries started early with their first PPP, some then never produced another PPP.

When breaking down the projects by sector, we see the dominance of energy projects, followed by ICT and transport. When we look exclusively at the past five years, projects are concentrated in energy, in particular in renewable energy.

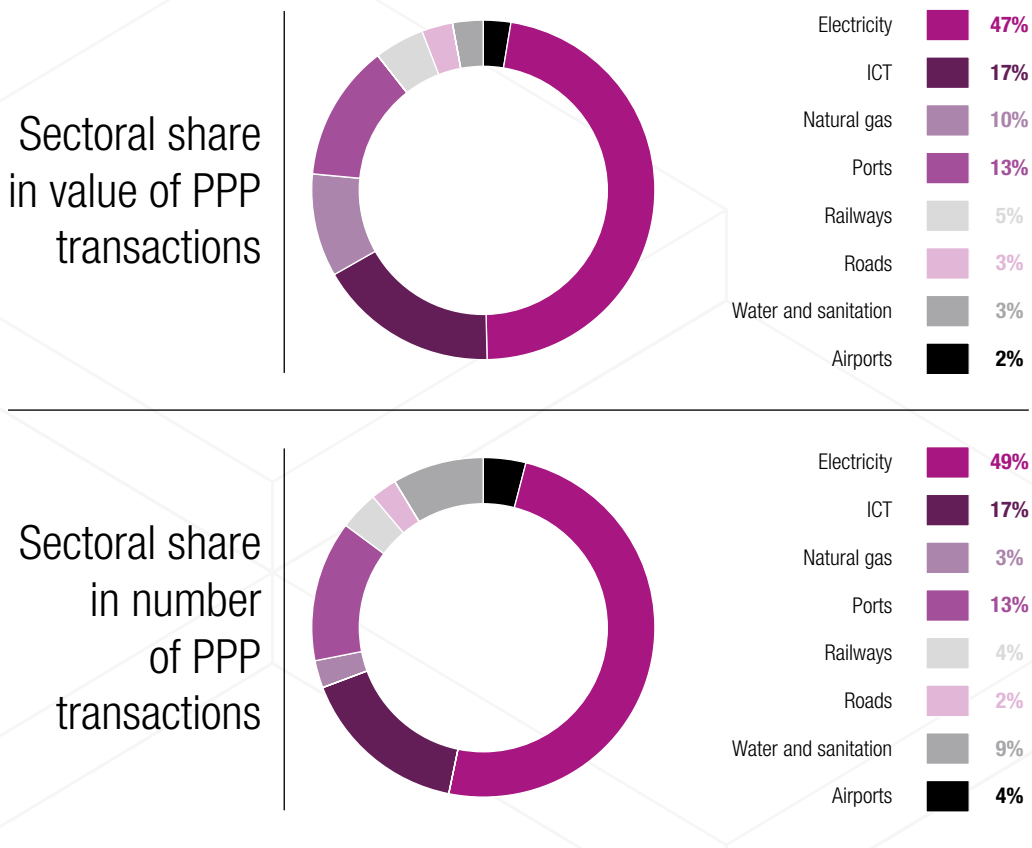
**Figure 5:** Sectoral share in value and number of PPP transactions<sup>17</sup>

Figure 5 shows the overall sectoral distribution of PPPs in Africa from 1993 to 2017. Over the past two decades, most countries in the region have developed PPP frameworks, including enabling regulatory environments and robust PPP-focused institutions. Between 2004 and 2017, 33 African countries enacted a PPP legal framework, and 27 in the past eight years. Since 2004, 20 countries with PPP laws have also created PPP units. This reflects the effort of decision-makers in Africa to see more PPPs being developed. However, practical evidence suggests that creating enabling frameworks does not automatically lead to a PPP deal flow.

Thirteen countries with dedicated PPP laws have undertaken fewer than three PPPs since 1990. Two countries with a PPP framework have undertaken no PPPs at all. It therefore appears that the adoption of a PPP framework is not strongly correlated with a record of undertaking PPPs. Other factors are necessary to create an adequate PPP enabling environment. According to the African Legal Support Facility (ALSF), many large-scale infrastructure projects, particularly in the energy sector, did not wait for their respective governments to adopt PPP laws. In addition, 13 countries in the region have undertaken at least one PPP without enacting any PPP law.

Infrascope 2015 by the Economic Intelligence Unit has classified 15 Sub-Saharan countries based on the maturity of their PPP enabling frameworks, as shown in Table 1. The Infrascope consists of 19 indicators grouped into legal and regulatory frameworks, institutions, operational maturity and investment climate.<sup>18</sup> Similarly, a World Bank report, Procuring Infrastructure Public-Private Partnerships Report 2018,<sup>19</sup> scores the maturity of country capacity for procuring PPPs, including the parameters for regulatory and institutional frameworks, the preparation of PPPs, the procurement of PPPs, contract management and the treatment of unsolicited proposals. Figure 6 shows the scores of Sub-Saharan countries compared with global averages for low-income and lower middle-income countries.

From the assessment above, the region performs below average in each of the four thematic areas: project preparation, procurement, unsolicited

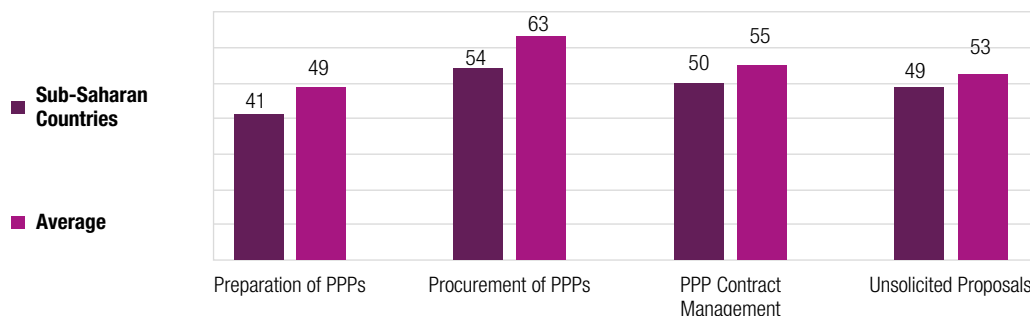
proposals, and contract management. Compared with other regions, Sub-Saharan Africa is in the bottom two, except for contract management, where it is above the Middle East and North Africa, and South Asia, but still below the global average. Sub-Saharan Africa’s lowest performance is for PPP preparation indicators. The average performance indicates wide variations between countries.

Given the infrastructure gap and the limited capacity of RMCs to identify, develop and procure PPPs in infrastructure, there is a critical need and opportunity for the Bank to support PPPs. The Bank has been providing different forms of support for strengthening the PPP enabling framework (upstream support) and for implementing individual PPP projects (downstream support). The following chapter describes the strategic framework within which the Bank provides these forms of support and the way it is institutionally organized to provide support to PPPs.

**Table 1:** Infrascope 2015 - Evaluating the environment for PPPs in Africa

Mature	Developed	Emerging	Nascent
None	South Africa	Morocco, Kenya, Egypt, Tanzania, Côte d'Ivoire, Tunisia, Uganda, Rwanda, Ghana, Cameroon, Nigeria, Zambia, Angola	Democratic Republic of Congo

**Figure 6:** Overview of the scores for Sub-Saharan countries compared with the scores of global low-income and lower middle-income countries







# Institutional Arrangements

PPPs are not subject to any Bank-wide overarching strategy, but are addressed instead in the context of corporate and sectorial strategies, as well as CSPs. PPPs are considered to be a cross-cutting issue in most, if not all, policies and strategies reviewed for the preparation of this report.

## The Bank's Strategic Framework for PPPs

The rationale for the Bank's PPP interventions is established by its long-term strategic priorities, including **the AfDB TYS**,<sup>20</sup> and reflected in the **High 5s**.<sup>21</sup> The TYS asserts that the Bank will be an increasingly active partner and facilitator for private investment in Africa. The document also mentions that the Bank will make wider use of PPPs, co-financing arrangements and risk mitigation instruments to draw in new investors.

**The Energy Sector Policy 2012** states that the Bank will support RMCs in removing barriers to PPPs in the energy sector and in fostering PPPs. **The Urban Development Strategy 2011** includes PPPs as one of the focus areas, and states that the promotion of PPP frameworks for effective local service delivery will be accorded a high priority.

In addition, one of the pillars of **the Private Sector Development Strategy 2012-2017**<sup>22</sup> identifies one of the outputs of the strategy as activities supporting government efforts to establish a regulatory and institutional framework that enables and facilitates PPPs, and private sector participation in infrastructure and social services.

Despite the fact that PPPs are mentioned across most policies and strategies, none of them actually defines the term. Beyond these documents, it appears that the Bank does not have a clear operational definition of PPPs or PPP types.

At the country level, a review<sup>23</sup> of a sample of CSPs shows that 74 percent of CSPs mention PPPs. For instance, the CSP for Senegal for the period 2010-15 states that "Public-private partnership is the main tool used to finance private sector operations under the CSP 2010-2015". However, the strategic focus on PPPs at the country level is generic and inconsistent over time.

The recently approved Policy on Non-Sovereign Operations (2018) identifies PPPs as one of the categories eligible for non-sovereign operations and clients. However, the policy document does not explicitly define any PPP categories. The policy, while articulating a preference for specific project types, highlights the key features of PPPs without presenting them as defining criteria. For instance, the Policy states that preference will be given to PPPs that are based on open and fair competition, with a view to ensuring a fair distribution of risks and rewards between the government and the private entity. However, the policy does not position these features as a standard approach to formally identify PPPs.

When benchmarked with other MDBs, the AfDB is not very different from the Inter-American Development Bank (IaDB), the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD), which do not have any dedicated PPP strategy. In contrast, the Asian Development Bank (AsDB) does have a dedicated PPP strategy in the form of its PPP Operational Plan 2012-2020.

Most MDBs have an operational definition for PPPs, including the AsDB, IaDB, EIB and EBRD. PPPs are also institutionalized across departments, with PPP flagging systems already in place in most of them.

**Box 1:** Inferences from evaluation of the Bank's strategic framework<sup>24</sup>

- While the importance of PPPs is clear across strategic documents, the areas of intervention remain broadly defined across policies and strategies.
- The Bank adopted a holistic approach toward PPPs, with the provision of upstream and downstream support in strategic documents.
- The strategic framework neither provides information concerning the selectivity for upstream and downstream PPP support, nor explains how they should interact to create synergies and spillovers.
- The current strategic framework provides limited analysis on the main PPP constraints faced by RMCs.
- The strategic documents do not systematically and exhaustively map the current competitive landscape of the PPP market or the Bank's positioning. The exercise was partially done at the country level through CSPs. This was not systematic or consistent across CSPs.
- The strategic framework does not identify the comparative and competitive advantages of the Bank in the PPP market.
- The Bank's strategic framework provides limited guidance on how strategic intentions would be implemented or translate into operations (for instance, the role and responsibilities of departments, collaboration mechanisms, etc.)
- The Bank has established a number of partnerships and initiatives to deliver some or partial elements of its PPP support.

## Institutional Arrangements and Resource Deployment for PPPs

The Bank's strategic framework provides limited guidance on how strategic intentions should be implemented. For PPP institutional arrangements, the Bank's Medium-Term Strategy 2008-2012 states that "the Bank Group can build on its integrated structure as a source of advantage: it is well placed to build synergies across public/private sectors and foster Public-Private Partnerships". However, the document is silent on what forms these synergies will take, or what the Bank can do to foster PPPs through these synergies. This limited guidance also applies to the definition of roles and responsibilities of departments, as well as collaboration mechanisms.

In practice, the evaluation found that there are no centralized resources dedicated to dealing with PPPs. PPP activities are handled by several units without the necessary coordination and with occasional overlaps (for instance, PPP training).

Despite the lack of a centralized PPP unit, the Bank attempted to operationalize its PPP agenda with the launch in 2014 of Regional PPP Advisory

Hubs. This was initiated by the erstwhile Southern Africa Regional Resource Centre (now Southern Africa Regional Development and Business Delivery Office, RDGS)<sup>25</sup> starting with South Africa. Three hubs were eventually established in Pretoria, Nairobi and Abuja, covering 34 countries in Southern Africa, West Africa and East Africa, while two remained at the planning stages. The three operational PPP hubs are at present inactive. Information collected during interviews with stakeholders confirmed that the non-availability of financial and human resources, the absence of dedicated experts, and the restructuring of the Bank's organization under the new Development and Business Delivery Model (DBDM) contributed to the inactivity of the hubs. According to the Industrialization Strategy 2016, the Bank intends to establish up to 30 hubs across the continent by 2025. This ambition has yet to materialize or be clarified.

There are no formal coordination mechanisms directed toward PPPs to facilitate concerted efforts across departments. In addition, stakeholders interviewed as part of the evaluation indicated that the current framework of performance objectives and incentives does not encourage

the investment of time and effort in developing PPP transactions. PPPs are complex, time-consuming and may not always end up with loans being disbursed, while the current performance framework incentivizes lending operations that can be concluded faster and that lead to a high volume of disbursements.

Currently, according to Bank staff interviewees, only limited staff and resources are dedicated to PPPs, and those resources are dispersed throughout the Bank. Most staff directly or indirectly involved in Bank PPP activities have demonstrated their knowledge of specific components of PPPs. However, most of them acknowledged their lack of sufficient understanding of the entire PPP project life-cycle and technical requirements.

The benchmarking of the Bank and other MDBs shows that MDBs developed their own unique institutional arrangements to best serve their clients. Two different approaches to delivering PPP responses can be identified:

- The Central approach: cluster PPP expertise in dedicated PPP unit(s) - used at the EIB and EBRD; and
- The Matrix approach: PPP experts across the institution and units - used by AfDB, AsDB and laDB.

Due to its size and geographical coverage, the World Bank Group (WBG) has features of both approaches. Each model presents a number of advantages and disadvantages. For example, with the Central approach, clustering PPP expertise avoids having the expertise scattered throughout the institution, and facilitates the management of PPP activities, synergy of operations, knowledge transfer, and institutional recognition, both internally and externally.

With regard to the Matrix approach, this favors integration of PPPs into a broader sectorial or geographical agenda, and facilitates cascade financing. Nevertheless, when submerged into a broader agenda, PPP experts within a non-dedicated PPP unit have the tendency to be absorbed into non-PPP-related activities.

Box 2 summarizes some of the key inferences from the evaluation of the Bank's institutional arrangements and resource deployment for PPPs.

The following chapter provides an assessment of the actual support provided by the Bank, and the various instruments used by the Bank to support its PPP agenda in RMCs.

**Box 2:** Inferences from the evaluation of institutional arrangements and resource deployment for PPPs

- The strategic framework provides limited guidance on the implementation of the Bank's PPP agenda, especially on institutional arrangements and mandates.
- There is no central unit within the Bank for supporting PPPs. In addition, the regional PPP hubs that were established for guiding and supporting the development of PPPs in RMCs are inactive at present.
- There are institutional mechanisms for inter-departmental collaboration and coordination on PPPs. However, according to internal stakeholders interviewed as part of the evaluation, they expressed confidence that the new organizational structure of the Bank would improve and facilitate cooperation and coordination within the Bank.
- The fragmented and uncoordinated approach may have reduced the Bank's ability to seize business opportunities in the PPP market.
- The internal and external stakeholders agree that, while PPP expertise exists within the Bank, it is spread in overlapping and disconnected pockets of excellence. In addition, there are areas specific to PPPs where the internal expertise in the Bank needs to be strengthened, especially at the country-office level.
- The current incentive and performance management structure does not encourage or reward the time and effort that needs to be invested for PPP operations. In addition, the incentive structure does not encourage collaboration between departments, specifically for developing PPP transactions.
- The Bank has not established specific PPP objectives at the Bank level and few at the country level. The absence of such objectives does not facilitate a PPP-specific monitoring and evaluation framework.
- Guiding principles to pursue partnerships or initiatives are broadly defined in the strategic framework. The Bank has operationalized these principles in the form of multiple partnerships and initiatives to deliver some, or partial elements, of its PPP support.

# Bank Support for PPPs

## Overview of the Portfolio

The Bank's involvement in PPP activities in RMCs consists of preparing the enabling policy, regulatory and governance environment "upstream" through its public sector window, together with transaction support and finance "downstream" through both the public and private sector windows.

Between 2006 and 2017, the Bank approved 65 PPP-related operations in 29 RMCs, representing a total net commitment of about units of account (UA) 2.7 billion (Table 2). These operations, covering all regions of the continent, consist of lending (guarantees, project loans, institutional support loans, program-based lending) and non-lending (grants, economic and sector work, and technical assistance) activities. The Bank's support consisted of 24 "upstream" lending and non-lending operations and 41 "downstream" operations. The Bank's upstream support to PPPs represents a total net commitment of UA 665 million, while the downstream support amounts to a total net commitment of UA 2.1 billion.

The Bank's currently active PPP portfolio consists of 39 operations, representing a total net commitment of about UA 1.3 billion. Active upstream activities consist of 12 operations amounting to UA 86.1 million, while the active downstream portfolio consists of 27 operations representing a total net commitment of UA 1.2 billion.

Table 2 provides an overview of the Bank's support to PPPs, across the upstream and downstream aspects, including lending and non-lending support.

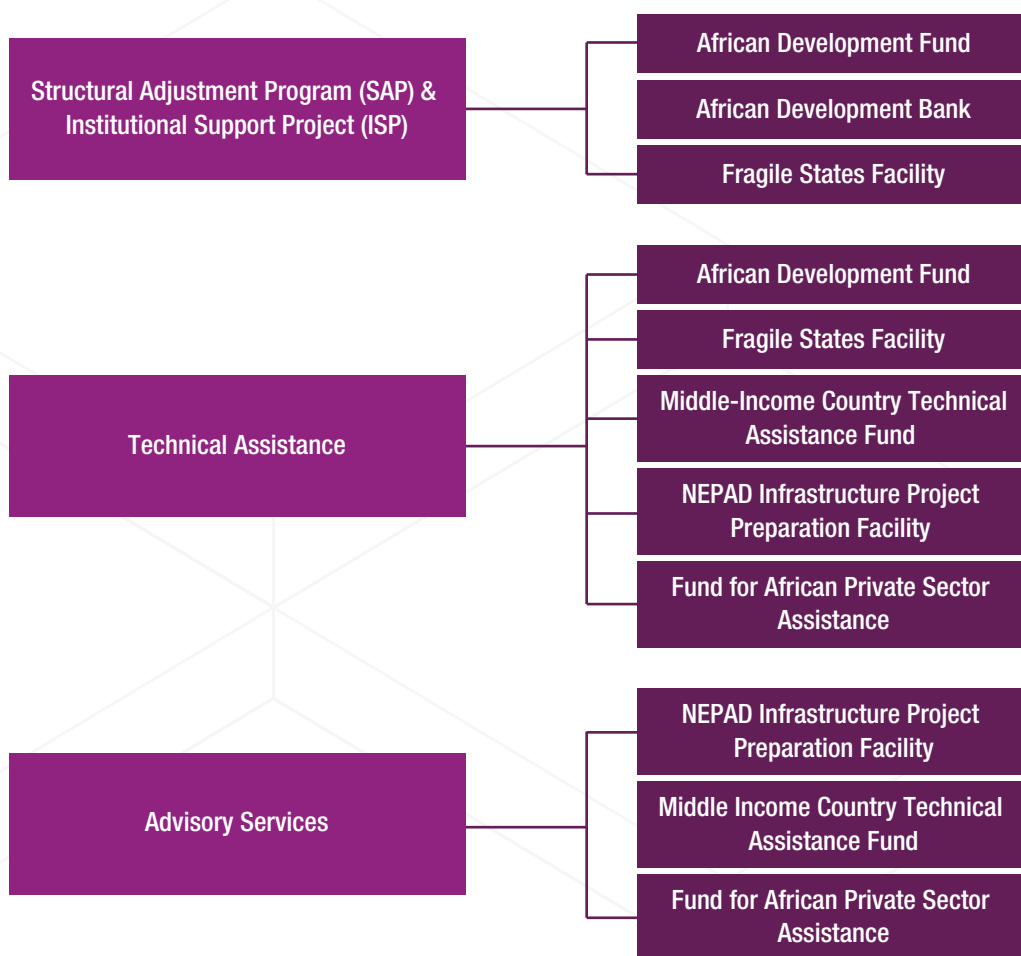
## The Bank's Upstream Support to PPPs

To provide upstream support to RMCs in the context of PPPs, the Bank deployed instruments such as program-based and institutional support programs with PPP components and technical assistance, as well as advisory services, to prepare enabling policy and regulatory environments for PPPs in RMCs. Figure 7 provides an overview of the instruments of upstream support and the sources of financing.

**Table 2:** African Development Bank Group's support to PPPs in RMCs, 2006-2017

Particulars	Number of operations		Net commitment (UA million)	
	Non-lending	Lending	Non-lending	Lending
Upstream support to RMCs	14	10	47	618
Downstream support to RMCs	-	41	-	2100
<b>The Bank's total support to PPPs in RMCs</b>	<b>14</b>	<b>51</b>	<b>47</b>	<b>2718</b>



**Figure 7:** Bank upstream support to PPPs in RMCs (2006-2017) by instruments and source of financing

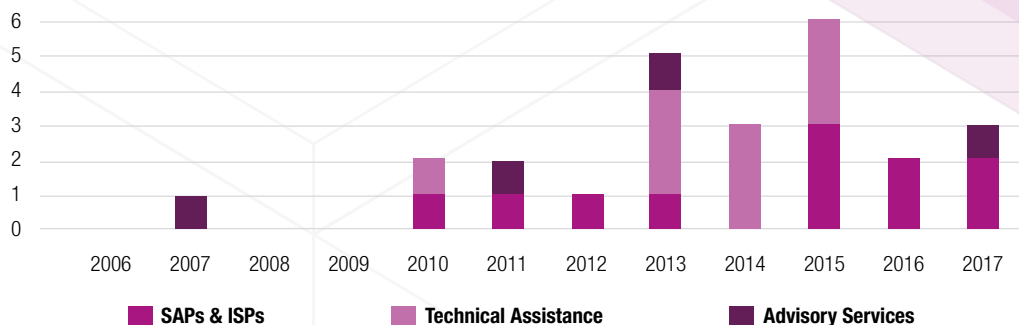
This upstream support to RMCs was mainly financed through the African Development Bank (ADB) and the African Development Fund (ADF) windows.

Since 2010, the Bank's support to improve the enabling policy and regulatory environment for PPPs in RMCs has been consistent. With a modest average of three operations annually, and at least one policy-based or institutional support loan per year (except for 2014), direct or indirect upstream support to PPPs has become a central pillar of the Bank's public sector strategy. Figure 8 provides an

overview of the evolution of Bank's upstream support (2006-2017) in terms of the number of operations.

In terms of value, it is challenging to account for the Bank's support to PPPs, as it is mostly indirect. The Bank's upstream support for PPPs primarily consists of institutional support and policy-based loans with PPP components. In this regard, accounting for the exact amounts allocated to PPP components is difficult. Therefore, it is important to note that the value of the upstream PPP support is probably overestimated.

**Figure 8:** Evolution of the Bank's upstream support (2006-2017) in number of operations



Since 2015, the value of the Bank's direct and indirect upstream support to PPPs in RMCs has picked up. Since then, the average annual net commitment has increased to UA 177.5 million, against UA 14.6 million for the previous years of the decade.

In addition to the direct upstream support by the Bank for the development of the enabling framework and implementation of PPP projects, the Bank hosts and supports several facilities that provide critical support to RMCs in operationalizing PPPs. The ALSF is one such key institution that is hosted by the Bank.

### Box 3: African Legal Support Facility<sup>26</sup>

The African Legal Support Facility (the "ALSF" or "Facility") is a public international institution hosted by the AfDB Group. The Facility is dedicated to providing legal advice and technical assistance to African countries in the negotiation of complex commercial transactions, creditor litigation and other related sovereign transactions. The ALSF also develops and proposes innovative tools for capacity-building and knowledge management.

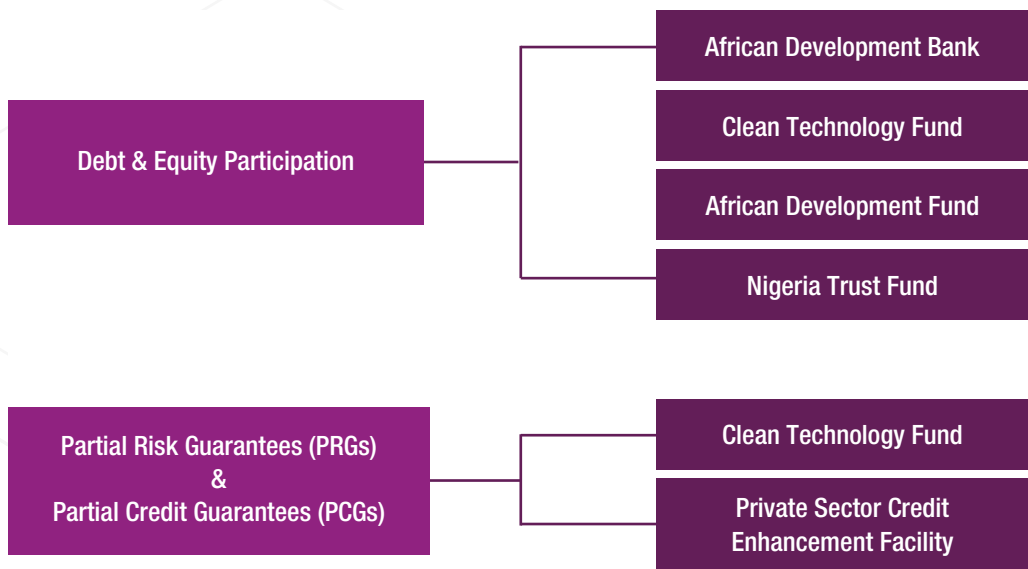
The goal of the Facility is to remove asymmetric technical capacities and level the field of legal expertise among parties to litigation and negotiations. The Facility has successfully launched operations and is currently executing projects in the following four strategic pillars:

- Litigation support;
- Advisory services;
- Capacity-building; and
- Knowledge management.

In addition to the four strategic pillars listed above, the Facility also promotes cross-cutting policy issues, including environmental awareness and gender mainstreaming, as well as participation of the disabled, and compliance with good governance practices and standards, in all the activities it supports.

The Facility provides high-quality legal advisory services to African governments in the negotiation of complex commercial transactions and investment agreements. The assistance is aimed at removing the imbalance between governments and investors. The Facility seeks to strengthen the legal capacity of African governments to help them protect and assert their sovereign rights by promoting the negotiation and conclusion of agreements that are sustainable and maximize their economic development. One of the focus areas of its legal advisory services is infrastructure and PPPs (energy, transport, other infrastructure, and services).

**Figure 9:** The Bank's PPP downstream support to RMCs, by instruments and source of financing



## The Bank's Downstream Support to PPPs

Downstream, the Bank provided financing and guarantees as part of its transaction support and finance. Figure 9 provides an overview of the instruments and sources of financing for the Bank's downstream support to PPPs.

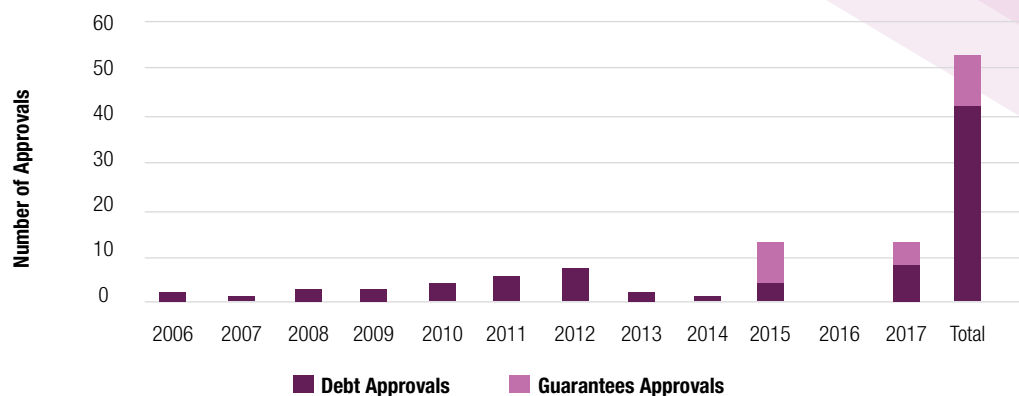
In total, the Bank supported 41 PPP transactions with financing (debt and equity participation), representing a total net commitment of about UA 2.1 billion. This support went mainly to the power and transport sectors, which respectively contributed 64 and 30 percent of the total value of the Bank's downstream support to PPPs.

Thirteen of the 41 downstream transactions also benefited from guarantees financed by the Bank, for a total amount of UA 140 million. As with other financing, these partial risk guarantees<sup>27</sup> and partial credit guarantees<sup>28</sup> mainly concern power and transport sector projects in blend and ADF countries.

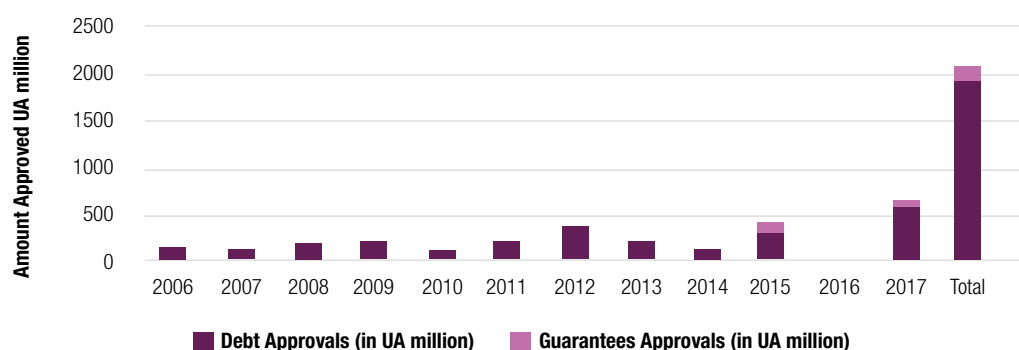
Between 2006 and 2014, the volume of the Bank's downstream support to PPPs was relatively modest, with an average of three transactions annually. However, as has been observed for the volume and value of upstream PPP support, there has been a significant increase in the annual average of PPP downstream transactions approved since 2015. Between 2015 and 2017, the average number of approvals increased almost threefold to reach eight. Figure 10 indicates the trend of number of downstream PPP financing operations by the Bank.

A similar increase is clearly observed between 2015 and 2017 in the value of PPP approvals. As shown in Figure 11 below, the average annual value of the Bank's downstream PPP support to RMCs increased to reach UA 323 million between 2015 and 2017, up from UA 125 million in the preceding years.

**Figure 10:** Evolution of the Bank's downstream support, in numbers (2006-2017)



**Figure 11:** Evolution of the Bank's downstream support, in value (2006-2017)



## Instruments and Sources of Financing

Throughout the period, the Bank deployed a wide range of instruments in the context of its support to PPPs in RMCs. These instruments vary depending on the type of transaction.

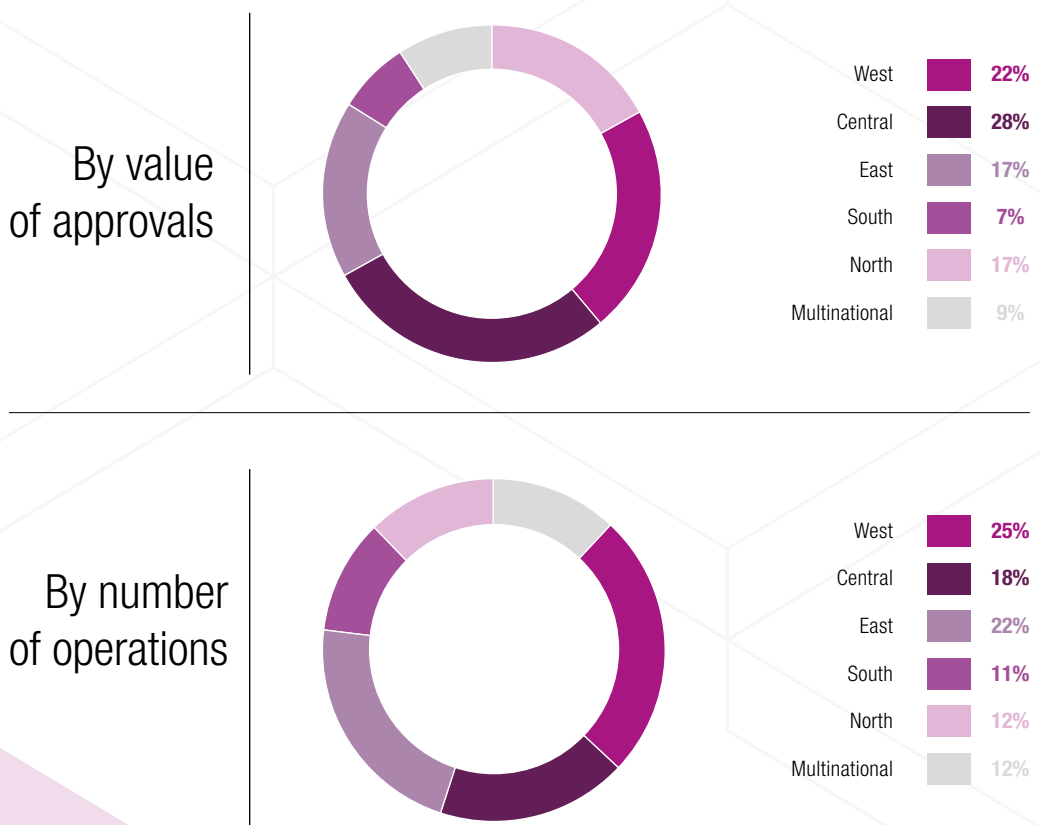
**Upstream transactions** consist of loans and grants used to finance policy-based and institutional support projects/programs, as well as technical assistance and transaction advisory services (Figure 7). The two main financing windows of the Bank Group, namely the ADB and the ADF, provided the bulk of the total upstream financing. In fact, the ADF and the ADB, respectively, covered 65 and 32 percent of the total upstream financing.

**Downstream transaction** support consisted of debt and guarantees (Figure 9). As mentioned above, the Bank provided 41 loans and 13 guarantees, amounting to UA 2.1 billion. Lending operations using debt mostly consisted of senior loans, with maturity periods varying between eight and 25 years, including grace periods ranging between nine months and eight years. The ADB window is the primary window for project loans in the context of PPP downstream operations, with 38 operations amounting to UA 1.7 billion. This represents 87 percent of the total amount committed to PPP debt financing. The AfDB's non-concessional resources are followed by the Clean Technology Fund, which played a major role through the financing of seven operations for a total net commitment of UA 200 million.

The 13 guarantees were provided exclusively for transport and power projects in ADF and blend countries. This is mainly due to the fact that the Bank's partial risk guarantees and partial credit guarantees only target ADF-recipient countries. Only the Clean Technology Fund (CTF) and the Private Sector Credit Enhancement Facility contributed to the financing of these guarantees.

PPP project financing through the AfDB's non-concessional resources is unevenly distributed across country categories in the RMC classification groups. The evaluation found out that the AfDB's non-concessional resources allocation was positively correlated to countries' creditworthiness.

**Figure 12:** Regional distribution of the Bank's PPP portfolio



**Table 3:** Countries benefiting from Bank upstream and downstream support (2006-2017)

Region	Country	Upstream operation	Approval year	Downstream operation	Approval year
North	Tunisia	Operationalizing PPPs in Tunisia	2013	Enfidha Airport Project	2009
West	Cabo Verde	Support for Promoting Economic Efficiency and Investment Through Privatization and PPPs	2014	Cabeolica Wind Power Project	2010
Central	Gabon	Economic and Financial Reform Program	2017	Grain Support Project: Agriculture and Agro-Industrial PPP Program	2017
East	Seychelles	Technical assistance for Development of PPP Legal, Regulatory, and Operational Framework	2014	Seychelles Submarine Cable	2011
		Inclusive Private Sector Development and Competitiveness Program Based Operation -II	2015		

## Trends and Evolution of the Bank's PPP Portfolio

### *Regional/ Country Distribution*

Throughout the period, the AfDB assisted 30 RMCs in all five regions of the continent with PPP operations. This represents an RMC coverage of 55 percent in the context of Bank's PPP assistance. The Bank also supported eight multinational PPP operations. Côte d'Ivoire had the largest number of PPP operations, while Morocco received the largest share of financing toward PPP transactions. Figure 12 provides an overview of the regional distribution of the Bank's PPP portfolio. While the West African region comes first in terms of the number of PPP interventions, with 16 operations, the Central African region replicates this performance in terms of the amount committed, with total financing of UA 730 million. The West and Central regions together have received almost half of the Bank's financing geared toward PPPs. The North and the East have received 17 percent each.

The country distribution of upstream and downstream support indicates that the concept of "One Bank" has not necessarily been applied in the context of PPPs. As is evident in Table 3, only four countries, namely Tunisia, Cabo Verde, Gabon and the Seychelles, received both upstream and downstream support from the Bank. In addition, there is no indication of strategic sequencing between these operations in terms of objectives.

### *Sectoral Distribution*

The Bank's upstream support to PPPs almost entirely consists of multisector projects, implying that most of these operations were geared toward the overall PPP regulatory and institutional framework, covering PPPs across all sectors. These operations represent 99 percent of the total amount committed by the Bank to finance upstream transactions. Though the contribution was minimal, other sectors that also benefited from the Bank's upstream support were the power, communications and transport sectors.

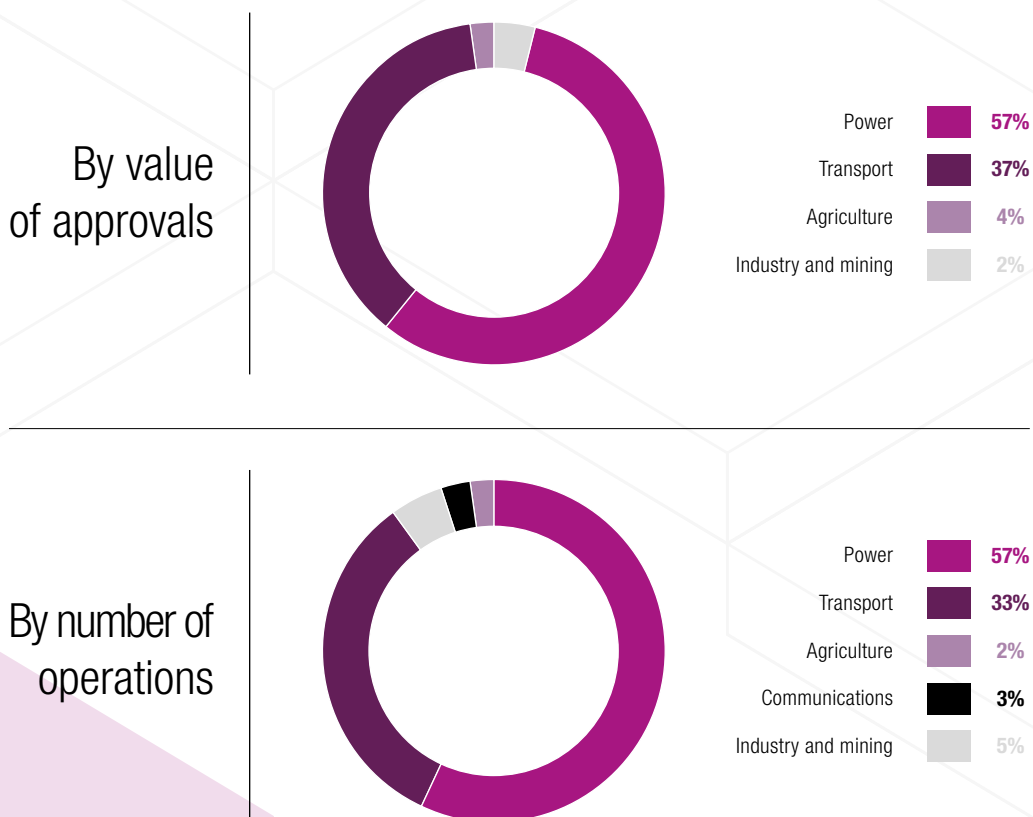


The Bank's downstream transaction support presents a completely different picture, with a strong concentration in the power and transport sectors (Figure 13). The Bank also supported other sectors, such as industry, mining & quarrying, communications and agriculture. However, this support was of less significance than the support provided to the power and transport sectors.

Figure 13 provides an overview of the sectoral share in the Bank's downstream financing support to PPPs.

The Bank's downstream support to the energy sector in the context of PPPs consisted of 23 operations, representing a total net commitment of about UA 1.25 billion. The downstream PPP portfolio in the energy sector was dominated by renewable energy, namely wind, hydropower and solar. The portfolio of downstream PPP interventions in the transport sector spreads across four subsectors, namely road transport & highways, ports, rail and air transport, with a dominant focus in the port/rail subsectors.

**Figure 13:** Sectoral distribution of the Bank's downstream financing support to PPPs



# Upstream Support

A growing body of evidence points to the importance of an enabling and favorable regulatory environment, and a robust institutional framework in developing sustainable and efficient PPP infrastructure projects. The challenge is thus to ensure both strong rules and regulations, as well as effective implementation. PPP projects are more difficult to launch and execute than traditional public procurement projects. Therefore, they require robust regulatory and institutional architecture, high levels of technical capacity, and strong political will.

## Relevance of Interventions Supporting the Enabling Environment and PPP Knowledge

The upstream operations during the review period were found to be in line with the operational priorities in the Medium-Term Strategy of the Bank for the 2008-2012 period, specifically, improvements in governance structures and encouraging private investment in infrastructure. They were also found to be largely aligned with the Bank's operational priority of private sector development as defined in the Strategy for 2013-2022. In addition, the upstream operations contribute to institutional strengthening, good governance and regulation for economic growth, which is part of the operational priority of governance and accountability. There is evidence that the upstream operations were largely in alignment with country needs and priorities.

The upstream operations were found to be largely aligned with the themes used in the World Bank's Procuring Infrastructure PPPs Report. The Bank's portfolio had a more dominant focus on strengthening PPP regulations for the preparation, procurement and contracting of PPPs, and for strengthening the institutional capacity to manage these processes. A majority of the operations focused on the development of PPP enabling laws and regulations, and the development of capable PPP institutions. Very few interventions focused on creating a pipeline of potential PPP projects.

## Performance of Upstream Support

Out of the total of 24 upstream interventions undertaken by the Bank targeting the enabling environment for PPPs, only five were completed by 2017, which was the end of the review period of the current evaluation. The non-lending review note prepared by the evaluation team demonstrates that while the completed upstream interventions clearly achieved their targeted outputs, the long-term impact of these operations in facilitating PPP investments was not measured or established. For instance, PPP policies and regulations were developed for Ethiopia, the Seychelles and Tanzania. However, there was no documentary evidence or reporting by Bank staff indicating that the development of the regulatory and policy frameworks in these countries led to higher levels of PPP investment, with or without the downstream operations of the Bank.

The progress reporting of the selected PPP portfolio of non-lending operations was found to be largely focused on the completion of specific tasks and deliverables, although there was a logical framework defined for each individual operation. There was however no indication of measurement of the impact of the operations after the completion of the deliverables. In certain cases, where the deliverable relates to the adoption or approval of a policy or law, it is reasonably expected that the impact of the Bank's operation will be sustained over the long term. However, there is no existing approach or framework in use to measure the sustainability (or likelihood of sustainability) of such operations over the medium or long term.

Given that only five operations were completed by the end of the review period, a review at this stage may not be enough to identify useful inferences for improving future interventions. A review should be undertaken once a larger set of interventions has been completed, allowing at least two to three

years for the impact to be realized. The impact of upstream operations may take more time to show results than downstream operations that are directed toward individual physical projects.

## Drivers of Success and Failure

Based on the interviews, field visits and the analysis of projects documentation, including Project Appraisal Reports, Project Supervision Reports and Project Completion Reports, the evaluation team concluded that the following factors contributed to the effectiveness of the Bank's upstream operations:

- The close alignment of the upstream operations with the immediate needs of the respective RMC was well established. The Bank identified and implemented specific operations with the objective of filling in the missing elements of the RMC's PPP enabling framework. This is evident from the components of the upstream interventions.
- The upstream operations were developed based on stakeholder consultations and suggestions from the recipient RMC government.
- The operations were implemented/ are being implemented in close collaboration with key ministries, leveraging opportunities for knowledge transfer.

The following factors seem to have limited, or are likely to limit, the results of the Bank's upstream operations:

- The identification of non-lending interventions is not coordinated with the identification of lending interventions. Non-lending operations, as a precursor to large lending operations, specifically in the PPP sector, may improve the impact of lending operations. Non-lending operations directed toward improving the procurement capacity of the public sector, contract management, and performance management capacity and frameworks should reduce the implementation

risks in lending operations. In addition, non-lending operations directed toward the creation of legal frameworks for PPPs and project identification capacity will create future opportunities for lending interventions by the Bank.

- Monitoring and supervision frequency and documentation are not standardized across non-lending operations. This impairs the ability to review different aspects of the implementation of the portfolio of non-lending operations.
- The supervision process and documentation in seven out of 18 reviewed interventions are not aligned with the results-based logical framework. The document template used in such cases does not capture the indicators defined to measure the impact and outcomes of non-lending interventions.
- Non-lending operations and targeted results focus more on outputs ("training of 50 officials from the public sector on PPP identification and development") than on the impact of the operations ("three potential PPP projects identified and one taken to procurement stage").
- Six out of 18 reviewed non-lending operations have reported implementation delays. A review of the reasons for these delays indicates that most of them can be traced to: (i) gaps in the implementation, procurement and contract management capacity of the beneficiary government departments; and (ii) implementation and approval steps taking more time than planned.
- In 11 out of 18 reviewed upstream interventions, gaps in implementation were identified as a potential risk in the project appraisal documentation by the Bank staff undertaking the project appraisal. However, the risk assessment and the resulting risk mitigation strategy does not seem to be based on any examination of the capacity of the counterpart staff and systems. This results in the risk materializing in terms of delays in implementation, despite risk mitigation being in place.

# Downstream Support

## Structuring and Financing PPPs

These operations or instruments of support are directed toward financing a part of the total investment requirement for an infrastructure project to be implemented on a PPP basis. In general, PPP project companies should be majority private-sector held (in line with the generally accepted defining characteristics of PPPs).

The Bank's downstream operations for project-specific privately held enterprises were typically through non-sovereign operation (NSO) instruments. Operations financed through the Bank's private sector window on non-concessional terms and without the requirements of sovereign guarantees are defined as NSOs. NSOs can take the form of loans, equity investments, guarantees, and other blended-finance options.

The evaluation of the Bank's downstream support to PPPs is based on PRAs carried out for a sample of 11 projects across the power, renewable energy and transport sectors. The list and key details of these 11 projects are provided in Annex 2. An in-depth analysis of the sample projects was synthesized at sector level (Sector Reports) and at country level (Country Reports for Cameroon, Kenya, Morocco, Senegal and South Africa).

The Bank's involvement in eight out of the 11 PPP projects was largely in the post-procurement stage. This essentially means that the respective PPP projects were developed, structured and procured before the Bank became involved in the project. Thus, the Bank largely acted as a lender in most of the sample PPP interventions, with limited contributions to the structuring of the PPP projects. However, the Bank did contribute to the social and environmental impact management components in specific projects, for instance advising the project

stakeholders on strengthening the environmental and social safeguards in the Dakar Toll Highway Project

For projects where the Bank was involved at the structuring stages, the financial structuring of the projects was strengthened to improve their bankability, reinforce the PPP agreements, and expand the social and environmental impact management components.

While the Bank has largely been reactive and demand-driven in the PPP space, other MDBs are moving toward a more proactive approach in identifying a deal pipeline, with more programmatic and strategic approaches for undertaking PPP operations.

## Focus and Results of Downstream Support

### *Focus of Downstream Support*

**Focus of PPP interventions is largely based on corporate strategies**

The focus of the Bank's PPP interventions is largely in areas that are defined by its corporate strategies and policies. The interventions directly or indirectly contribute to most of the High 5s that drive the long-term activities of the Bank. Development of transport and energy infrastructure is one of the key priority areas of the Bank, and the PPP interventions contributed to the same areas. PPP interventions were also aligned with the financing strategies, including using innovative models, such as co-financing with other MDBs and commercial bankers, using risk mitigation instruments, etc.

The Bank's PPP interventions during the 2006-2017 period are consistent with the operational priorities identified in the AfDB Strategy for 2013-2022, especially the priorities of infrastructure development and private sector development. Some of the PPP interventions were unprecedented and pioneered the

use of an instrument in the sector and/or in the RMC. Such interventions created successful precedents that will lead to future opportunities for private sector investment. The evaluation team considers that the relevance of the Bank's downstream interventions to its corporate strategies is clearly established.

The Bank contributed to innovative structuring of PPP interventions, demonstrating their use for future private sector investments. For instance, **the Dakar Diambiado Toll Highway** supported by the Bank used a combination of a sovereign loan passed on to the project by the Government of Senegal as viability gap funding, and project financing debt to the special purpose company.

In case of **the Lake Turkana Wind Power Project**, the Bank used a partial risk guarantee to mitigate the counterparty risk for the private sector and improve the bankability of the project, thus facilitating private investment.

In addition, domestic business integration in some PPP interventions created incremental business for domestic suppliers and new markets for domestic businesses. Finally, the successful use of PPP

instruments strengthened the capacity of RMC governments to utilize PPPs in the future, mainly by their demonstration effect creating future opportunities for private investment.

**The Ouarzazate Solar Power Station Project**, supported by the Bank, had a high degree of domestic market integration. As a consequence, the domestic industry for solar power components in Morocco was catalyzed.

### Sectoral focus is partly in line with sectoral strategies

As part of the operational priority for infrastructure development, the Bank articulated its intention to allocate a significant portion of its commitments on infrastructure development to improve transport and logistics chains, meet the rising demand for energy, enhance water resources development and expand broadband communications. The PPP interventions of the Bank during the review period focused almost exclusively on the transport and energy generation sectors, matching the specific sectoral intentions of the Bank.

In the energy sector, the PPP interventions of the Bank are aligned with the two objectives of the Bank's Energy Sector Policy-increasing access to modern energy services and fostering clean energy investments. The interventions are directly aligned with the action area of enabling PPPs in the energy sector.

The Bank's PPP interventions in the conventional energy sector were found to be partly aligned with these strategic intentions. The AfDB ensured that the environmental impact was minimized and that the development impact was strong. However, there is limited evidence to indicate that the interventions were part of an overall sectoral strategy.

In the transport sector, the strategic intentions of the Bank were articulated in the Transport Sector Policy 1993. The Bank's PPP interventions had a largely downstream transaction-specific focus, so they did not contribute materially to improving the efficiency of transport sector institutions, except through a demonstration effect. PPP interventions were largely aligned with all other key strategic objectives of the Bank in the transport sector, including improving standards of service, promoting private investment in the transport sector and improving access to transport infrastructure.

The relevance of the Bank's PPP interventions to its sectoral strategies was found to be partly established, due to the limited involvement of the Bank in the development of sector strategies and programs, as well as in strengthening sector institutions. While PPP interventions were aligned

with the strategies influencing the Bank's operational selectivity in the sector, the interventions did not contribute to strategies with a more sector-wide perspective. However, this may be due to the limited number of PPPs reaching the market.

The Bank contributed to the development of Morocco's Solar Strategy. In Kenya, the Bank is supporting the development of the geothermal energy sector by facilitating preparatory studies. These are exceptions in which the Bank is engaging at the sectoral level. In most cases, the Bank has engaged at the transactional level rather than at the sectoral level. This finding does not align with the Bank's intention of supporting RMCs at the sectoral level, especially in power and renewable energy.

### **Focus of PPP interventions is largely in line with country needs**

The relevance of the Bank's interventions with country priorities, policies and needs is well established. This was more so because the Bank's interventions were in basic infrastructure sectors in which most of the RMCs have an investment gap. The interventions of the Bank were closely aligned to the long-term plans and priorities of the respective RMC governments and the Bank's own country strategies.

The Bank's PPP interventions were aligned with the long-term needs of the respective RMCs, and driven by the long-term priority areas. This was primarily because the projects were identified, originated and developed by the RMC governments themselves. The projects were identified by the respective governments to address pressing country-specific needs. These needs were also reflected in the articulation of the Bank's country strategies, and hence the Bank's PPP interventions are aligned with its own country strategies.

The PPP interventions in Senegal and Cameroon were in line with the respective governments' focus on development of economic infrastructure and improvements in access to economic infrastructure. The interventions in Kenya, Morocco and South Africa were in line with energy strategies of the respective countries, especially the focus on improving the energy mix and reducing the dependence on fossil fuels.

However, the Bank's involvement in the country-level PPP agenda is limited in those RMCs where the Bank undertook downstream interventions. This is mainly because the upstream interventions of the Bank were largely disconnected from the downstream support, with most RMCs receiving one of the two types of support but not both. Also the two types of support were not sequenced.

The relevance of the Bank interventions to the specific needs of the beneficiary economy, general population, businesses and households, is clearly established. There is evidence presented in the PRAs that the Bank contributed to improving the outcomes for specific beneficiaries. However, this contribution was limited, as the Bank's involvement in most interventions (eight out of the sample of 11 PPP interventions) took place only after the structuring and procurement stages had been completed.

Moreover, the lack of involvement of civil society organizations and other stakeholders led to issues at a later stage, exposing some of the projects to legal action and delays. The following examples indicate this:

- As part of the Dakar Toll Highway Project, the project company was entrusted with the development of the area where the project-affected people were to be resettled. This involved closure of an existing dump site and construction of a landfill near the Municipality of Sindia. However, there was considerable opposition to



the construction of the landfill leading to delays in opening of the resettlement site.

- Representatives of Kenyan civil society and Amnesty International have opposed the implementation of the Lake Turkana Project on the grounds that indigenous people in the region are adversely affected and were not consulted at the planning stages.

- In 2016, the Bank (and other lenders) received an official complaint against the Sendou Power Project from two CSOs as well as two individuals on behalf of the members of the Bargny community. The investigation of the complaints by the Bank concluded, among other findings, that the community engagement and consultation processes carried out for the project, undertaken by the project sponsor and on behalf of the lenders, were inadequate when considered against prescribed standards.

The Bank supported two energy generation projects in Kenya. The first, heavy fuel oil powered generation capacity in **Thika**, was supported when the country was facing a severe shortage of electricity generation capacity, especially during peak demand. The second, **Lake Turkana Wind Power Project**, was supported when the country wanted to reduce its dependence on fossil fuels and create supply to meet base demand. Thus, the Bank responded to the evolving needs of Kenya in the energy sector.

The Bank made active contributions to the social and environmental impact safeguards in the **Dakar Diamniado Toll Highway Project**, jointly with the WBG. The enhanced social and environmental safeguards, especially the rehabilitation and relocation components, will act as precedents for all large economic infrastructure projects in the region.

On the flip side, while the Bank contributed to the social and environmental safeguards in the case of the **Sendou Power Project**, there were multiple inadequacies alleged by the adjacent communities. A subsequent independent review commissioned by the Bank validated some of these inadequacies.

### *Results of Downstream Support*

The following sections summarize the assessment of the results of downstream support.

The Bank supported the implementation of the investment program of **AES SONEL**. The investment program was expected to improve the electricity transmission and distribution situation in Cameroon. However, AES SONEL revised the investment program midway through implementation, diluting the transmission and distribution components substantially. As a result, the “project” was not effective in achieving its targeted outcomes with regard to power transmission and distribution.

### *Effectiveness*

Out of the sample of 11 PPP interventions reviewed, eight achieved the targeted outputs satisfactorily, two were not rated as they were under construction, and the performance of the remaining intervention was unsatisfactory.

The Bank's PPP interventions were targeted toward large economic infrastructure projects. The PPP interventions improved access to better infrastructure facilities and services, and indirectly also improved access to social services. The PPP interventions in

the transport sector directly improved the access of businesses to new markets, consumption and production centers, and the access of households to better/ new employment opportunities.

The Dakar **Container Terminal Project** reduced the vessel waiting time at anchorage from 100 minutes (in 2008) to zero (in 2013), leading to savings in fuel and costs .

The **AES SONEL** Investment Program supported by the Bank led to 266,488 new electricity connections from 2004-11 (for households previously unconnected to the electricity network).

The PPP interventions in the electricity sector (both conventional and renewable sources) directly facilitated improved access to reliable electricity. While the Bank's PPP portfolio did not involve electricity transmission and distribution projects, the generation projects in the portfolio ensured that the demand-supply gap for electricity was partly reduced, allowing the utilities to supply new customers. The availability of a reliable supply of electricity improved the ability of households to access improved facilities for irrigation, education, healthcare and other services that depend on electrical energy.

In the absence of any counterfactual assessment conducted by the Bank, it is difficult to compare the development outcomes of projects, with or without PPP, and with or without the Bank's involvement. Having said that, financial additionality by the Bank is evident in most of the projects undertaken (cf. PRAs). The financial additionality of the Bank was in terms of providing debt on terms that matches the project cash flows and which may not have been offered by commercial banks. For example, the Bank approved a loan to the Dakar Container Terminal Project after it had been rejected by multiple banks. In case of the Ouazazate project, the Bank approved a loan with tenor of 20 years and a grace period of 5 years, which would have been difficult for a commercial bank. This indicates that the Bank's involvement was a key factor in ensuring the financial closure of some of the reviewed PPP projects.

The Bank had limited opportunities to improve the development outcomes, or improve the targeting of specific beneficiaries through the development outcomes, as it became involved only once the project was already scoped, developed, structured and procured. The Bank's presence strengthened specific outcomes, especially through improved social and environmental safeguards.

Based on the PRAs assessment, the Bank's downstream interventions performed satisfactorily in terms of contributions to important cross-cutting objectives, including inclusive growth and access, the green economy, women and youth employment, and other social benefits.

There is a wide range of unintended outcomes in the Bank's sample PPP interventions, both positive and negative, as illustrated in the examples below. The reasons for the unintended negative outcomes can be distilled to mainly two: (i) inadequate preparation and due diligence by the parties to the transaction, including the Bank; and (ii) political actions. The fact that a particular outcome was 'unintended' or 'unforeseen' could be because it was not addressed (or foreseen), and not managed in the project preparation process. Some of the negative outcomes were also caused by extraneous factors that are difficult to predict and manage during the due diligence process. However, the lessons from these negative outcomes can serve to strengthen the Bank's due diligence process going forward.

In the case of the Dakar **Diamniado Toll Highway Project**, the delays in developing basic infrastructure around the plots where the project affected people were to be relocated led to the creation of a speculative land market.

The **Lake Turkana Wind Power Project** has been questioned for its inadequate consideration of the indigenous people of the region by community bodies and international organizations. Several legal processes have been initiated against the project company.

The transmission line for the project is under construction and hence the power being generated in the **Lake Turkana Wind Power Project** is not being transmitted to the national grid. In lieu of the cost of power, Kenya Power and Light

Corporation (KPLC), the sole off-taker, is paying an energy charge to the project company. According to the terms of the project contract, the deemed energy charge increased after June 2018. This situation may result in an increase in tariff for all KPLC consumers to cover for the deemed energy charge paid to the project. This could trigger public opposition to the project. In case KPLC defaults on the payment of the deemed energy charge, then the PRG of the AfDB would be activated. In the event that the entire PRG is called, any subsequent default on behalf of the Government of Kenya could result in cross-default penalties, which would negatively impact Kenya's credit worthiness and subsequently raise the cost for Kenya to borrow.

The **Thika Thermal Power Plant** was expected to serve as base-load plant initially and, subsequent to the development of renewable sources, to serve as peak-load plant later on. However, the earlier-than-expected development of renewable sources meant that the plant is serving as a peak-load plant from its commissioning. The take-or-pay contract for the plant means that the off-taker pays for the available capacity, irrespective of the actual evacuation of power. The change in role from the initial expectation meant that the average cost of electricity actually supplied by the plant was higher than initially expected.

The positive unintended outcomes were largely due to the proactive community outreach and development initiatives undertaken by the private sector sponsors and project companies. The Bank

might consider finding ways to encourage its private sector borrowers to go beyond the requirements of the loan terms and conditions, and also contribute to the surrounding communities.

The fiber optic network laid down by **AES SONEL/ ENEO** for its internal communications and networking purposes has substantial spare capacity, which is being leased out to telecommunications companies. The network reaches several unaddressed areas. The network will help the telecommunication companies to extend services to remote corners of the country, which will be connected to internet and telecommunications networks for the first time.

The **Dibamba Power Development Company** has trained more than 1,000 educated unemployed youth in its plant, in cooperation with the local university.

**Kribi Power Development Corporation** has undertaken several initiatives in the region, including providing electricity supply, arrangements for infrastructure relocation/replacement, enterprise relocation/compensation and building houses.

The construction of the **Thika Thermal Power Project** contributed to the economic development of the surrounding areas, which have emerged as residential and commercial localities. In addition, the project company for the Thika Thermal Power Project has extended financial and physical support to educational institutions in the areas, developed water sources for adjacent farms, and contributed to the cleaning up of the surrounding areas.

The project company for the **Xina Solar One** project has invested substantial resources in the development of surrounding communities, including for education, housing, skills training and agriculture.

## Sustainability

Except for two interventions still to be commissioned, almost all the remaining sample interventions largely indicate the sustained delivery of services. Five interventions have already completed five or more years of operation with sustained operating performance and service delivery. The sustainability of services is exposed to risks such as adverse decisions by governments, political risks, and changes in market conditions.

The financial sustainability of the Bank's PPP projects supported by downstream interventions is largely satisfactory according to the PRAs. An exception is the energy projects in Cameroon, which are experiencing liquidity issues and financial uncertainties due to delays in payments by the off-taker. This is causing financial stress across the electricity value chain. The financial sustainability of most of the projects in the power and renewable energy sectors is primarily due to the take-or-pay structure of the PPP arrangements. The financial sustainability of the transport sector projects is due

to the high level of usage of the facilities, and robust financial management by the project companies.

One key shortcoming in the financial sustainability of the Bank's PPP interventions was the absence of focus on measuring and monitoring the fiscal impact of the interventions on the public sponsor,

including through direct and contingent liabilities. In certain cases, such as the Dibamba and Kribi Power Projects in Cameroon, the financial sustainability of the PPP project company was critically affected by the inability of the public partner to meet its financial obligations in a timely manner.

The **Dakar Container Terminal** faced a decrease in its revenues due to macroeconomic conditions and competition from competing ports serving the same hinterland. Strong operating and financial measures by the project company ensured that the operating costs were limited or reduced, and the profitability of the project was sustained.

The Bank's PPP interventions are related to large-scale infrastructure developments, and have substantially high social and environmental impact. However, based on the PRAs, the contributions of the Bank in strengthening the management of social and environmental impact in individual interventions were not matched by the quality of the Bank's ongoing monitoring and supervision processes. As a result, according to the analysis of the evaluation team presented in the PRAs, while currently the sustainability of environmental and social safeguards is rated as satisfactory in most cases, there is uncertainty regarding continued performance in this aspect.

As far as the sustainability of Bank support to strengthening PPP institutions is concerned, the primary contribution of the Bank's PPP interventions has been in demonstrating the use of PPPs. This is all the more so because the projects supported by the Bank were some of the first PPPs (if not the first) in the sector in the respective RMCs. The Bank's PPP interventions had demonstration effect. For instance, the Dakar Toll Highway led to Phase II of the Highway and the New Dakar Airport. Also, after having successfully implemented the Ouazazate Phase I, MASEN initiated subsequent phases of the project on a PPP basis. The Bank did not specifically undertake any operation to strengthen the institutional capacity for developing and implementing PPPs in these RMCs. However, most of the PPP interventions involved some technical and commercial support provided by the Bank to strengthen the specific transactions or, in a couple

of cases, the sectoral programs. These technical and commercial 'advisory' inputs by the Bank contributed to strengthening the institutional capacities in the respective RMCs.

In several countries, while the country had a dedicated PPP agency, this agency was not systematically involved in PPP related activities. The non-involvement of the PPP institutions is a missed opportunity for the Bank in strengthening the PPP enabling framework in RMCs. The demonstration effect itself would have been much wider with cross-sectoral implications if a cross-sectoral PPP agency had been involved. However, since the Bank was involved in most of these transactions after the project development and procurement stages had been completed, it had little influence in ensuring that the PPP agency was also involved in the transactions.

## Drivers of Success and Failure

Based on the analysis performed by the evaluation team and presented in the PRAs, the following factors contributed to the successful results of the Bank's downstream support to PPP projects:

- The RMCs where the Bank has undertaken its PPP interventions had substantial gaps in terms of the demand for infrastructure services and existing supply. The commercial sustainability of the Bank's PPP interventions is primarily driven by this unmet demand.

- The immediate priorities and needs of RMC governments helped the implementation of some of the projects. For instance the Ouarzazate Phase I, Dakar Toll Highway and Lake Turkana Wind Power projects were helped by the fact that these were treated as high priority projects by the government with high level political support. The strategic intent also ensured that most government departments and administrative processes were coordinated and effective.
  - An enabling legal and regulatory framework facilitated the transactions in the form in which they were implemented. In multiple cases, there was an existing framework (for instance for Independent Power Producer contracts) that enabled the transactions.
  - The financial feasibility and, therefore, the development outcomes of some of the projects were highly dependent on government financial support. It can be said that the government financial support was a key driver of success for such projects. For instance, in the Ouarzazate project, the financial support of Government of Morocco in covering the tariff difference between the tariff paid by the company and the cost of generation in the project was critical for financing of the project. Similarly, the sovereign loan taken by the Government of Senegal from the ADF was critical for the feasibility of the project.
  - A single interface with the government counterpart ensured that the transaction was better coordinated, effective and expedited from the perspective of the government.
  - The Bank offered long tenors and competitive pricing that made the financial closure of the projects possible.
  - The managerial and technical expertise of the private sponsor/ project company is key for ensuring the sustainability of operations, financial sustainability, and environmental and social sustainability of PPP interventions.
  - The strength of the relationship between the contracting parties enables the sustainability of services and the financial sustainability of multiple PPP interventions.
  - The co-financiers of the Bank in the sample PPP interventions consulted as part of this evaluation pointed out that the Bank's presence in specific projects reassured them and was one of the factors considered for approval of loan facilities.
- The following factors limited the results of the Bank's interventions or acted as barriers to the achievement of results:
- There are multiple instances of unilateral government action in the sample set of 11 Bank PPP interventions, sometimes in violation of the contractual commitments. These unilateral actions exposed these projects to financial stress and hampered the development outcomes.
  - In certain instances, inadequate coordination between different departments of the government led to issues in project implementation.
  - The poor implementation performance of a government department in fulfilling its commitments restricted the achievement of results in at least one project (Lake Turkana Wind Power Project).

- In some PPP interventions, the private entity was selected without a competitive process being followed. While this was allowed in some legal frameworks, the justification provided was that the public sector did not have the capacity to undertake a competitive tendering process. However, single-source procurement, even if it is legally allowed in a country, fails to allow competitive price discovery.
- Inadequacies in the due diligence process (especially related to due diligence of private promoter and assessment of fundamental features of the project) conducted by the Bank led to some projects being exposed to material risks.
- The Bank had very limited opportunities to strengthen or enhance the development outcomes of the respective projects, because its involvement in most projects occurred only after procurement had already been completed.
- The irregular frequency of the monitoring process, limited updating in successive periods and a lack of focus on development outcomes may have limited the Bank's ability to take corrective action (cf. chapter 7).
- The lack of involvement of CSOs and other stakeholders led to issues at a later stage, exposing some of the projects to legal action and delays.





# Bank Performance

## Bank Performance

As part of the PRA exercise, the Bank's performance in origination, management and monitoring of its downstream PPP interventions was assessed. The following sections summarize the results of the PRAs as concerns the Bank's performance in these areas.

### *Selectivity*

In most of the downstream PPP interventions (eight out of 11), the evaluation team found that the Bank's involvement was initiated by the RMC government or a co-financier in the project. The relevance of the intervention to corporate strategies, sectoral priorities and country strategies was established *post facto*, and formed one of the criteria for approval of the project. It is difficult, therefore, to clearly assert that the Bank was selective in its choice of interventions, based on corporate and sectoral priorities, when the Bank was simply responding to offers by another party on a reactive basis. In the remaining PPP interventions, the Bank can be seen being more selective, as it initiated the involvement in the projects in high-priority sectors (mainly the renewable energy sector).

### *Efficiency*

Five out of 11 PPP interventions reviewed experienced implementation delays, caused by: (i) inadequate information about the baseline conditions, (ii) technical challenges with the equipment, (iii) changes in the constitution of the PPP company, and (iv) inadequate coordination between government departments.

While the Bank measured the implementation efficiency of individual PPP projects based on a comparison of actual time for completion of projects against targeted timelines (cf. annex 2), it did not

conduct a similar assessment for its own activities. Based on the documents reviewed, the evaluation team could not find evidence of any measurement of actual implementation timelines against targeted or standard timelines for specific internal activities of the Bank in relation to the management of lending interventions.

Cost efficiency should also be measured in terms of the actual expenses incurred by the Bank (including staff expenses) to implement an intervention vis-à-vis the budgeted expenses. There is no evidence of any budget prepared by the Bank's staff for the cost and expenses related to the implementation of individual interventions for PPP or private sector operations. In the absence of a budget, an assessment of the economic efficiency of PPP interventions in terms of time and cost spent by Bank staff, against the planned time and cost for management of individual PPP interventions, is not possible.

The measurement of cost efficiency by the Bank staff did not consider, in most cases, whether the individual projects were implemented at least cost (compared with all the alternative implementation models). There are very few projects where the appraisal documentation provides evidence that the cost of the project was benchmarked against similar projects.

### *Innovation*

Innovation is assessed by the Bank in terms of the extent to which it provided solutions that were adapted to the sector, country and project contexts. There is evidence in the PPP interventions reviewed by the evaluation team that the Bank innovated with different financing and risk management instruments to provide financing solutions customized to specific project and sector needs.

The most prominent examples of innovation were the use of an ADF sovereign loan as viability gap funding in the Dakar Toll Highway Project; blending of CTF and Bank facilities, and on-lending to the project company, such as the case of the Ouazazate Solar Power Project; and the use of a PRG for the Lake Turkana Wind Power Project. These innovations represent hybrid solutions in the blended-finance spectrum.

### ***Quality at entry***

The evaluation found that the results-based logical framework for individual projects followed the standard template, including goals, objectives, impact and outcomes. The logical frameworks in most cases were comprehensive, and defined quantitative and measurable indicators to measure the results of the interventions. Gaps were observed in the results-based logical frameworks of some projects in terms of poorly defined indicators, inconsistent objectives in two phases of the same project, not capturing baseline values of indicators and the short-term focus of the results framework.

The Bank undertakes an assessment of development outcomes ex ante, as part of the Additionality and Development Outcomes Assessment (ADOA) and Project Appraisal Report (PAR) processes and documentation. The evaluation team found that the justification or basis for estimating outcomes is not well documented. While the assessment of development outcomes is based on an estimated value of benefits (incremental corporate taxes to the government, incremental business to local private sector), none of the fundamental assumptions or calculation inputs is mentioned in the documentation.

The quality of due diligence of projects selected for PRAs has largely been satisfactory, with inadequacies identified in areas such as due diligence of procurement process followed for selection of PPP investor, due diligence of private promoters, and due diligence of revisions in the project or changes in investors. Also, the due diligence undertaken by the Bank did not involve an assessment of the possible

fiscal impact of PPP projects on the government project sponsors and the RMC governments as a whole. The direct and contingent liabilities arising out of the contracts and the ability of the public sponsor/RMC government to meet the liabilities were not measured or assessed. This affected the Bank's ability to identify and manage counterpart risks in the PPP arrangements. In certain cases, such as the Dibamba and Kribi Power Projects in Cameroon, the financial sustainability of the PPP project company was critically affected by the inability of the public partner to meet its financial obligations in a timely manner. In at least seven out of the 11 reviewed projects, one or more of the critical risks (tariff risk, counterparty risk, market risk, traffic/ demand risk) have not been assessed as part of the due diligence process.

The Bank's documents claim that it achieves financial additionality in its PPP interventions, primarily because of the long tenor of the Bank's facilities. In some cases, the terms of the Bank facilities are driven by the common agreement between all the lenders as formalized in the common-terms agreement. It is difficult to attribute the commonly agreed terms (including tenor, pricing and grace period) to the Bank and thus establish additionality. Non-financial additionality by the Bank is claimed in the ADOA note primarily based on the mitigation of political risk (risk of political intervention or unilateral decisions by the government affecting the commercial sustainability of the PPP project). The ADOA notes that across PPP interventions, the mitigation of political risk could be attributed to the Bank's presence in a project and the reluctance of the RMC government to interfere in the project due to the Bank's presence. However, this aspect of non-financial additionality was subsequently diluted in some projects (AES SONEL, Sendou, Dakar Toll Highway) where the government did intervene, with unilateral decisions affecting commercial sustainability of projects despite the presence of the Bank.

In most projects, the Bank enhanced the social and environmental components of the project, especially in the management of social and environmental impact by:

- Ensuring that the social and environmental impact and mitigation plans were documented as part of the loan approval process, as indicated in the PARs;
- Advising the project sponsors on strengthening the social and environmental safeguards; and
- Requiring the submission of information on compliance with social and environmental safeguards by the borrower company.
- Inadequate focus on monitoring of development outcomes of the project (in four out of 11 reviewed projects);
- Limited updating of supervision reports from one period to another (in three out of 11 reviewed projects); and
- Inadequate focus on post default aspects, in terms of not addressing the consequences of defaults and the corrective action taken by the project companies (in four out of 11 reviewed projects).

In such cases, not only were the development outcomes of the supported projects enhanced, but the social and environmental impact components also act as precedents for all large infrastructure developments in the respective RMCs. While this is not addressed in the ADOA as non-financial additionality of the Bank's involvement, in reality this contributes significant value addition by the Bank in its PPP interventions.

### **Monitoring**

The PRA exercise carried out as part of this evaluation identified substantial inadequacies in supervision and monitoring activities, especially considering that PPPs have a different and more in-depth requirement for monitoring and supervision due to their continuously evolving risk profile. The issues and areas for improvement identified by the evaluation team across projects are listed below. It should be noted that these inferences are entirely based on supervision and monitoring reports made available for the evaluation.

The key inadequacies observed as part of the evaluation exercise include:

- Absence of tracking of direct and contingent liabilities, and their fiscal impact on the public sponsor of the project (in four out of 11 reviewed projects);
- Irregular frequency of the supervision reports and documentation (in five out of 11 reviewed projects);

## **Synergies and Coordination across the Bank and with Other Development Actors**

### ***Inside the Bank***

Following the Bank's organizational restructuring under the DBDM, private and public sector operations are now under sector leadership and are fronted by the country and regional offices. This evaluation relates mostly to the pre-DBDM period. During the pre-DBDM period, the Bank's Private Sector Department was the key department for identifying, developing and implementing the PPP interventions reviewed as part of this evaluation.

Most of the projects covered by this evaluation represent successful coordination between all key departments and units of the Bank, as evidenced by the operational status of the PPP interventions. During stakeholder interactions conducted as part of the evaluation, feedback was received on some instances of inadequate coordination between the public and private sector operations of the Bank.

The public sector departments and the sectoral departments holding the public sector portfolio in specific sectors were expected to provide technical assistance to the Private Sector Department. However, the workload of the public sector departments/ sectoral departments did not allow for closer coordination and collaboration with the Private Sector Department. The key performance

indicators framework used for the evaluation of the performance of the public sector operations departments did not incentivize contributing to private sector operations, and this also reinforced the situation of limited collaboration.

In addition, while all the elements for providing support to PPP project development, procurement and implementation are available within the Bank's organization, a coordination mechanism that can offer a single interface to the RMCs, including all the required elements, is absent.

### ***Outside the Bank with RMC Governments***

As part of the process of implementing PPP interventions, the Bank worked closely with the respective RMC government agencies, even though contractually its counterpart was the project company as the borrower. Governments, through one or more of their agencies, undertook several roles in these PPP interventions, including as the contracting party, off-taker/ customer of the project company, supplier of the project company, regulator, tariff approver, debtor and guarantor.

As part of the stakeholder consultations for this evaluation, feedback was solicited from the respective government departments that were involved in one or more of the roles mentioned above. They expressed appreciation for the responsiveness of the Bank, its contextual understanding, its partnership-based approach and its support to investor confidence. The low visibility of the Bank's plans and activities compared with other MDBs, limitations in country staff capacity and restrictive approval processes were indicated as areas for improvement. Specifically, stakeholders perceived the Bank's approval processes related to environmental and social safeguards as restrictive compared with the co-lenders, especially because some of the processes impede timely availability of funds for the project company. The Bank's administrative processes were

seen as more time-consuming than those of other MDBs, especially when the Bank does not harmonize some of its processes with other lenders and insists on separate compliance.

### ***Outside the Bank with other development actors***

As a typical practice, the role of various donors and MDBs is coordinated at country level based on the allocation of sectors and themes. There are exceptions, such as Morocco, where coordination is based on priorities or pillars defined by the government ("building green and resilient future" and "promoting competitive and inclusive growth"). In Cameroon, Kenya and Senegal the Bank's focus (and that of other MDBs/ donors) is defined based on sectors and themes, and not on delivery method—PPPs or non-PPPs. In Cameroon and Senegal there is a theme defined as the private sector, in both cases allocated to the WBG. In South Africa, there is a theme for PPPs but it has not been allocated to any MDB or donor.

During stakeholder consultations undertaken as part of this evaluation, feedback from other MDBs and donors was solicited on the quality and extent of the Bank's coordination. Some areas for improvement that were indicated include harmonization of long-term plans with other MDBs, the establishment of mutual reliance initiatives, more active participation in multi-donor activities, and the simplification of processes for coordination.

As mentioned in Section 4.5, the Bank's operations in the countries covered in the review—Cameroon, Kenya, Morocco, Senegal and South Africa—have a largely downstream, transactional focus. In Kenya, South Africa and Senegal, the WBG has had a wider focus, covering both upstream and downstream support. Other MDBs/donors are not specifically active on PPPs across the reviewed RMCs compared with the WBG and the AfDB itself.



## Challenges and Opportunities for the Future

Based on the analysis of the country case study reports, the policy review note, the PRAs, the sector review notes and the non-lending review note, the evaluation team has identified several challenges that the Bank faces in managing its PPP interventions:

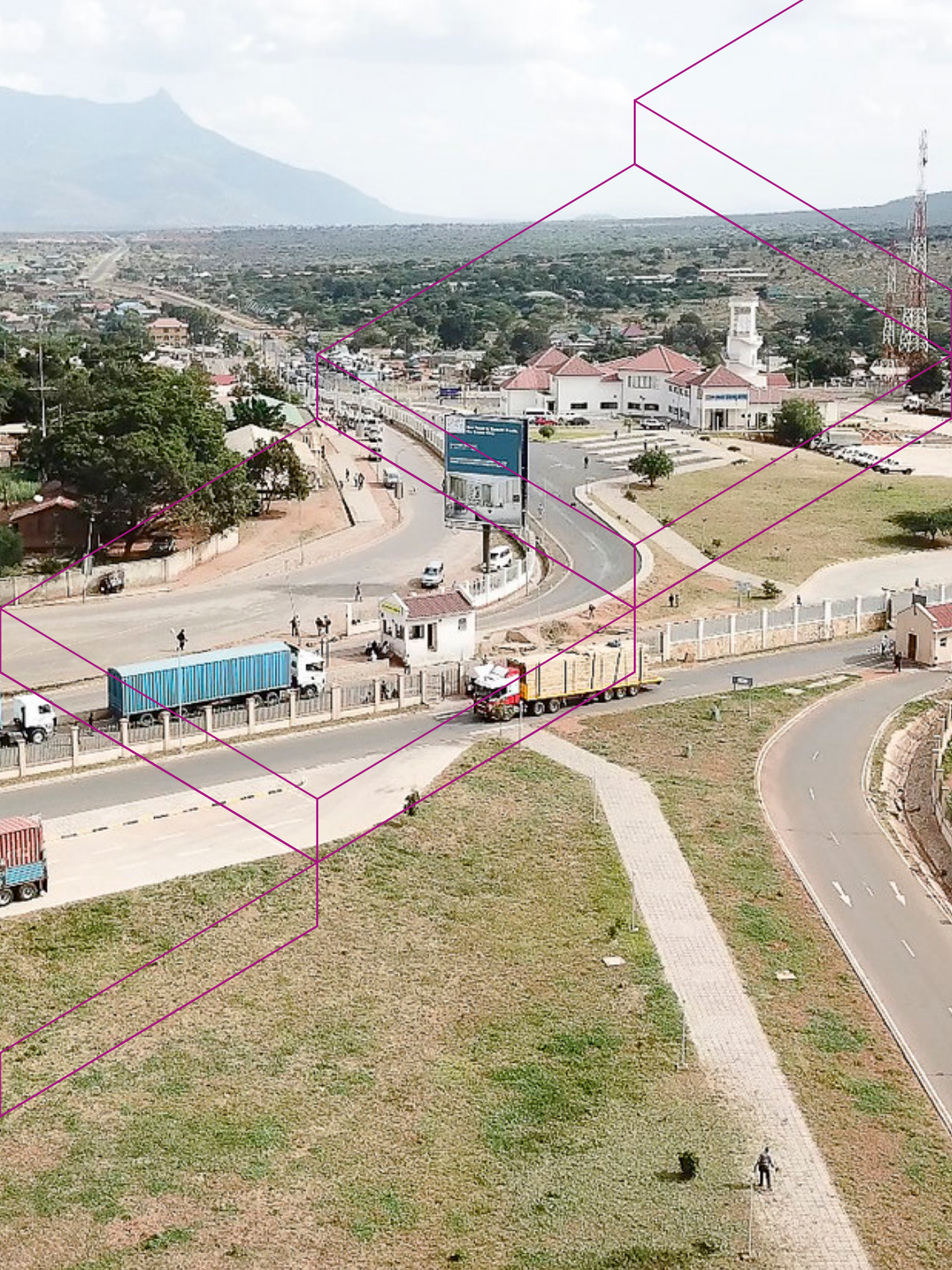
1. While all the necessary elements for supporting PPPs across their value chain are available within the Bank, in the absence of a framework that aligns these different elements it is difficult to coordinate different departments for a single transaction.
2. The Bank's key performance indicators framework does not recognize or reward cooperation with other departments. PPPs by their nature are complex and time-consuming transactions compared with other forms of financing operations. However, in the absence of recognition for the complexity or substantial investment of time, staff see other financing instruments (such as sovereign loans, for instance) as preferable to meet performance indicators.
3. The Bank's country offices require further strengthening to be able to offer the type of customized public sector support required in the PPP context directly to RMC governments. In addition, specialist PPP capacity and knowledge resources need to be built at the Bank's HQ level, to support country offices in identifying, developing, structuring and financing PPP projects.
4. Restrictive approval processes related to environmental and social safeguards compared with the co-lenders, especially where these processes impede timely availability of funds for the project company. This was indicated by the borrowers or government sponsors for at least 3 PPP projects reviewed.
5. The level of coordination across countries, especially in countries where there is no formal platform for development coordination, is completely dependent on the country office's initiative for coordination and collaboration. As a result, in some countries there is inadequate coordination or collaboration with other MDBs.
6. Other MDBs in some cases are unaware of the Bank's plans and operations. In such cases, the other MDBs are unaware of the opportunities in which they can approach the Bank for collaboration.
7. Coordination among MDBs is at present based on the allocation of sectors and themes per RMC. In most cases, there is no specific theme for PPPs. In addition, there is no formal framework for cooperation in terms of the allocation of responsibility for the development of different elements of the PPP framework and the value chain among different institutions.
8. RMCs are unclear about the specifics of the Bank's country mandate and areas of focus/interest regarding PPPs. RMC governments have no insight into who does what within the Bank, and therefore are not sure how to approach the Bank with respect to partnering.

Based on the expert's opinion, the analysis of the benchmarking review note and after several discussions with Bank Management, the following opportunities can be identified for the future, based on the challenges identified above:

1. Development of a PPP-specific framework that can align the different elements and resources within the Bank for developing and supporting PPPs in RMCs;



2. Development of an internal operating model for facilitating a higher level of activity in the PPP sector, incorporating a resourcing strategy, performance incentives and capacity building;
3. Development of a strengthened communication and outreach that creates better visibility for the Bank and its plans in specific RMCs to facilitate closer relationships with RMCs and other development partners;
4. Strengthening the due diligence process, specifically for PPP operations, incorporating PPP-specific features (assessment of value for money, risk assessment); and
5. Strengthening monitoring and supervision processes, focusing on long-term development outcomes of PPP interventions.







# Conclusion and Recommendations

A substantial gap in infrastructure investment exists in African countries. The dual challenge of the immense need for investment and the limited resources of African governments is encouraging them to explore PPPs as an alternate to public financing of infrastructure. Despite the fact that PPPs are high on the agenda of African policymakers, PPP data in Sub-Saharan Africa show that they remain a very small market. The limited use of PPPs for infrastructure development is a result of various factors, including limited capacity of the RMCs to identify, develop and procure PPPs in infrastructure.

Given this situation, the Bank's role as a development finance institution becomes critically important. The Bank has the opportunity to play the role of a catalyst to expedite the pace of PPPs on the continent, and also increase its own portfolio of interventions in the process.

The results of this evaluation indicate that the Bank's PPP interventions have been largely relevant to the Bank's priorities and strategic objectives, and the needs of RMCs. However, additionality, both financial and non-financial, of the Bank is limited, mainly because of the late stage of involvement of the Bank, typically post-structuring and procurement stages. According to PRAs, the Bank's interventions have been largely efficient and effective, and have yielded sustainable development results, social impact and contributed to inclusive growth. The Bank's PPP interventions had strong demonstration impact, and have contributed to private sector development and social development in the RMCs.

The evaluation also demonstrates that the Bank's policies and corporate strategies, while mentioning PPPs, do not have a consistent definition of PPPs. The Bank also does not have an explicit strategy or operational guidelines and directives specifically governing PPPs.

As discussed in the previous chapters and sections, the Bank's experience with PPP interventions yields lessons—both positive and negative—that can inform and strengthen the Bank's strategy in the future. The following section summarizes the key findings and conclusions of this evaluation. The conclusions are followed by a series of recommendations, drawing upon the lessons from the Bank's performance, lessons from successful examples of other development institutions and suggestions from stakeholders.

## Conclusions

The following sections list the key conclusions from the evaluation, covering various aspects at corporate level, country level and project level.

### *Corporate Level*

- Most of the elements that are needed to implement a strategic Bank-wide program for PPPs are present in the AfDB. However, in the absence of a strategic framework, the use of these elements is transactional and on an individual basis, without being coordinated or synchronized with other elements.
- The Bank's portfolio of PPP interventions includes some of the largest and most pioneering transactions on the continent, with strong demonstration impact. There is a need to leverage on this experience by replicating some of the successful models in other countries.
- While most of the corporate- and country-level strategy documents have increasingly included the need to promote PPPs, there is no organization-wide common understanding of the concept. As a result, interventions that would

not normally be identified as PPPs based on a globally accepted interpretation are categorized and evaluated as PPP interventions.

- There is inconsistent collaboration within the Bank on PPP interventions. Some PPP interventions provide evidence of collaboration between the private and public sector operations in the Bank. In other PPP interventions there was no explicit collaboration. The coordination between the sector and regional teams has also been inconsistent.

- There is no centralized repository of PPP knowledge or experience that can guide future projects. Thus, there is little to no cross-learning from the PPP operations already undertaken by the Bank. The experience and knowledge of the Bank's PPP interventions in one country do not flow well to other countries, due to limited opportunities and instruments for cross-country dissemination. Most external stakeholders remarked positively on the regional knowledge of the Bank, and its understanding of the unique issues faced by RMCs. However, both internal and external stakeholders remarked that the Bank needs to strengthen its knowledge management and dissemination activities.

- PPP transactions are complex and time-consuming to develop (in most cases). The existing incentive and performance assessment framework in the Bank may not reward the disproportionately greater time and effort that needs to be invested in developing and implementing PPP transactions compared with sovereign loans.

### **Country Level**

- If the Bank has ambitions to scale up its PPPs in energy, transport and other economic infrastructure sectors, then the existing sectoral allocation for donor coordination (rural development, agriculture, vocational training), in countries where formal multi-donor platforms

exist, may hamper the Bank's efforts to attract PPP opportunities. The current sectors allocated to the Bank do not clearly indicate the Bank's intentions for engagement in PPP operations in large economic infrastructure sectors.

- There is insufficient strategic communication by the Bank to external stakeholders regarding its intentions in the PPP space, and this limits its ability to attract potential opportunities.

### **Project Level**

- The Bank's due diligence process before the approval of the operation has been largely effective, with some instances of inadequacies. However, there is evidence that the due diligence process falls short of requirements when there are material changes (changes in project components, changes in private sponsors) in PPP transactions that could affect the Bank's interests in certain projects.

- There is evidence that the Bank's performance in post-approval stages has been inadequate, especially in monitoring and supervision, enforcing contractual requirements of the loan agreement and ensuring compliance by the client.

- The Bank's role in some of the interventions has been limited to that of a lender. This situation is contrary to typical non-financial additionality considered as part of the ADOA process conducted by the Bank. This also affects the strategic positioning of the Bank as a development bank. Nonetheless, the Bank has contributed to strengthening social and environmental safeguards in most of its PPP interventions.

- The Bank has a comprehensive risk assessment and management framework. However there are gaps between the prescribed process and documentation of the implementation of risk assessment process. In addition, there are individual gaps in risk assessment in the PPP interventions reviewed as part of this evaluation.

In multiple cases, one or more of the critical risks (tariff risk, counterparty risk, market risk, traffic/ demand risk) have not been assessed as part of the due diligence process.

- I There is limited information available on the profitability of individual operations. The profitability of individual operations is not tracked in relation to changes in project risk. The efficiency of operations, in terms of cost and time spent by the Bank staff in administering, developing and managing the transactions, is not tracked or measured. As a result, there is no mechanism for measuring the efficiency of Bank operations in undertaking PPP interventions.

## Recommendations

From the evaluation's findings and conclusions, it is recommended that the Bank:

- i. Establish a **strategic and operational framework** for PPPs irrespective of whether it intends to deploy a strategic, proactive and systemic framework for addressing PPPs, or if it continues in the more reactive/ demand-driven role. An operational framework would facilitate a more synchronized and coordinated use of the various PPP-specific solutions and services that the Bank has to offer to RMCs.
- ii. Develop **standard classification criteria** for the identification of PPPs. A standard category may facilitate more systematic monitoring and assessment of the PPP intervention portfolio.
- iii. Support the **identification of a deal pipeline** by RMCs. The Bank already hosts or supports multiple project development funding facilities. The Bank may consider reviving the PPP hubs, adding PPP pipeline development in upstream interventions and marketing project development facilities to RMCs as part of a deal pipeline-building strategy. Upstream, non-lending activities for the development of a PPP ecosystem/ enabling framework in RMCs could also be used strategically to develop a deal flow in the longer term, with big-ticket lending operations characteristic of PPP interventions.
- iv. Strengthen the **capacity of country staff** with expertise and skills necessary for identifying and developing PPP opportunities, proactive identification of the need for specific solutions offered by the Bank and guiding RMCs through the PPP development process. In parallel, the Bank may consider creating centralized or regional expertise that can provide more specialized and expert support to country staff in offering PPP specific solutions and guiding RMCs in the implementation of PPPs.
- v. Strengthen its **communication with external stakeholders**, especially in terms of indicating its intentions of supporting PPPs in specific sectors more strongly. This will encourage prospective clients to engage with the Bank as the first choice when considering development of PPP projects.
- vi. Undertake an in-depth review of **existing products and solutions**, and mapping them across the PPP value chain. Based on the results of the review, the Bank may consider packaging comprehensive solutions (including upstream and downstream support) and marketing them to RMCs for scaling up PPPs.
- vii. Establish a **centralized knowledge depository** and dissemination mechanism, either as a part of the proposed/ existing PPP hubs, or as a separate mechanism to ensure cross-border sharing of PPP experience and learning. Such a knowledge depository will facilitate institutional memory regarding best practices that can inform future projects. The Bank can also showcase and disseminate successful precedents of PPPs across RMCs, to encourage replication of such structures.



viii. Strengthen its **operational capacity, guidance and standard processes**, in particular:

- for evaluating risks at the appraisal stage, especially from the perspective of PPP projects;
- for assessing the direct and contingent liabilities for the public sponsor arising out of PPP contracts, and the ability of the public sponsor to meet these liabilities;
- for conducting the due diligence process based on the inadequacies identified as part of this evaluation;
- for reviewing and assessing the performance of the borrower, especially in terms of the project meeting the intended impact as defined by the Bank in the logical framework for the project at the time of appraisal and approval;
- for improving the post-approval management capacity and processes, especially in terms of performance monitoring and supervision of emerging risks; and
- for estimating the budget for PPP interventions in terms of identifying the costs that the Bank may incur in developing, administering and implementing the project to measure the financial efficiency of Bank staff in managing and implementing future PPP interventions.



# Annex 1: Evaluation Design and Methodology

## Evaluation Design

The PPP evaluation is expected to provide answers to the following three overarching sets of questions:

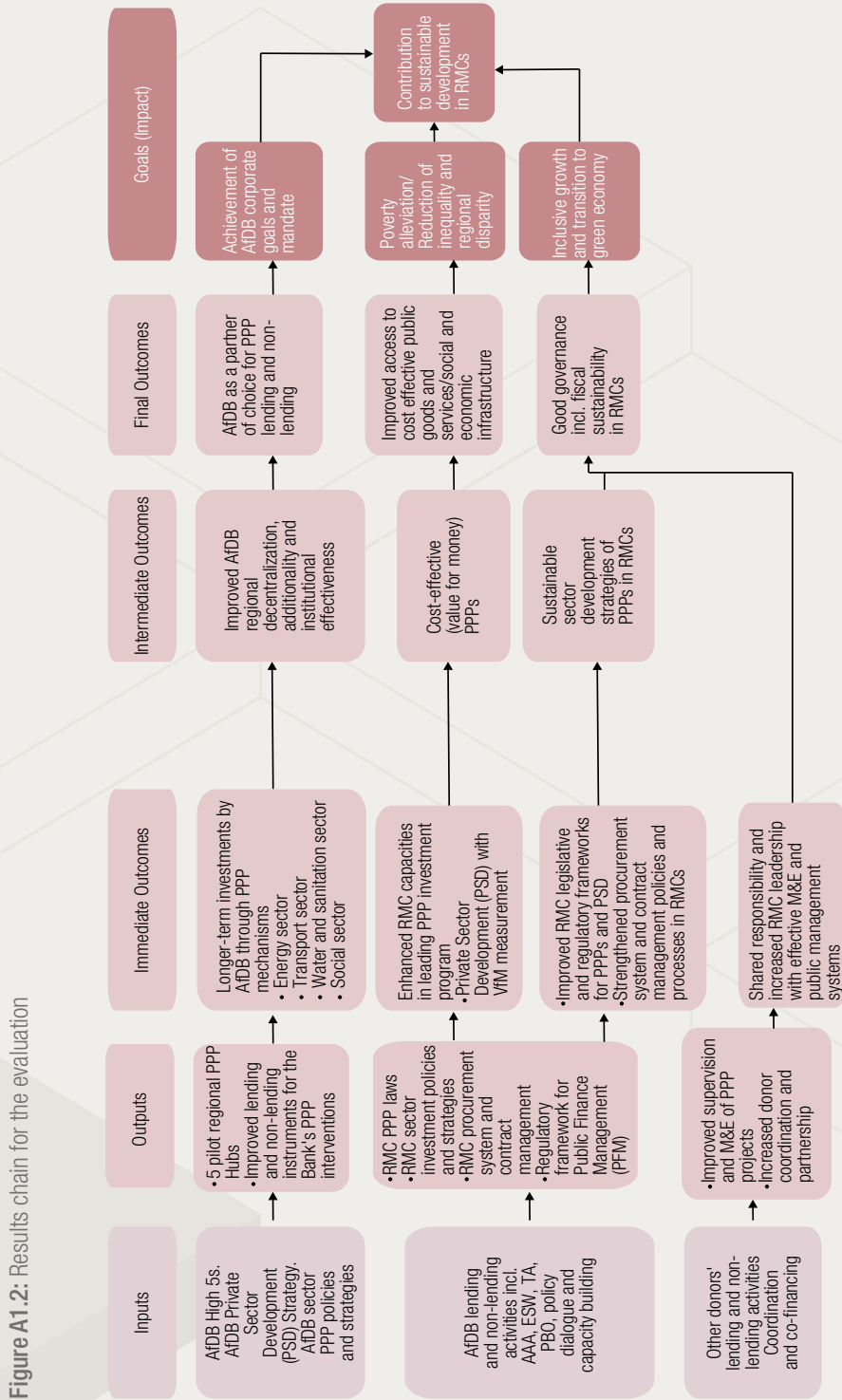
- a. To what extent are the Bank's PPP interventions relevant, additional, effective and efficient, do they yield sustainable development results and social impact, and contribute to inclusive growth, employment, reduction of local disparities and the transition to a green economy?
- b. To what extent are the Bank's policy, strategy and institutional settings, including operational guidelines and directives governing the generation, portfolio management, and monitoring and evaluation of PPPs relevant and do they contribute to RMCs' private sector development and social development impact?
- c. What has worked and what has not worked, and why? What are the factors of success and failure that enable and/or hinder successful implementation and achievement of objectives, and what are the lessons of experience, including policy implications and potential improvements, to inform the Bank's future use of PPPs as an intervention instrument?

The evaluation is based on a "Theory-of-Change Approach". This approach places the Bank's PPP operations within countries' development contexts in assessing the extent to which PPPs' expected outcomes are achieved and contributed to sustainable development, and the conditions and reasons for the achievement of, or failure to achieve, the outcomes and goals (impact).

Figure A1.1 presents the Theory of Change and Figure A1.2 represents the results chain.

Figure A1.1: PPP Evaluation - Theory of Change

Context				
<p>The continent suffers from a huge infrastructure gap and insufficient private sector involvement in public investments due to a weak enabling environment, including lack of transparency and good governance. Increased budget constraints, insufficient public spending (weak public finance management) and intransparent procurement policies and procedures limit the development of PPPs as a solution to promote private sector development, access to infrastructure, and reduction of regional disparities and inequality.</p>				
Inputs				
<ul style="list-style-type: none"> <li>■ AfDB High 5s, Private Sector Development Strategy, PPP sector policies and strategies, AfDB lending and non-lending activities incl. Economic and sector work, Technical assistance, Program based operation, policy dialogue and capacity building</li> <li>■ Other donors' lending and non-lending activities; coordination and co-financing</li> </ul>				
Outputs				
<ul style="list-style-type: none"> <li>■ 5 pilot regional PPP Hubs</li> <li>■ Improved lending and non-lending instruments for the Bank's PPP interventions</li> <li>■ RMC PPP laws</li> <li>■ RMC sector investment policies and strategies</li> <li>■ RMC procurement systems and contract management</li> <li>■ Regulatory framework for Public Finance Management</li> <li>■ Improved supervision and M&amp;E of PPP projects</li> <li>■ Increased donor coordination and partnership</li> </ul>				
Immediate Outcomes	Intermediate Outcomes	Final Outcomes	Goals	Impact
<ul style="list-style-type: none"> <li>■ Longer-term investments by AfDB through PPP mechanisms</li> <li>■ Enhanced RMC capacities in leading PPP investment programs</li> <li>■ Shared responsibilities and increased RMC leadership with effective M&amp;E and public management systems</li> </ul>	<ul style="list-style-type: none"> <li>■ Improved AfDB regional decentralization, additionality and institutional effectiveness</li> <li>■ Cost-effective (Value for Money) PPPs</li> <li>■ Sustainable sector development strategies of PPPs in RMCs</li> </ul>	<ul style="list-style-type: none"> <li>■ AfDB as a partner of choice for PPP lending and non-lending</li> <li>■ Improved access to cost effective public goods and services/social and economic infrastructure</li> <li>■ Good governance incl. fiscal sustainability in RMCs</li> </ul>	<ul style="list-style-type: none"> <li>■ Achievement of AfDB corporate goals and mandate</li> <li>■ Poverty alleviation / Reduction of inequality and regional disparities</li> <li>■ Inclusive growth and transition to green economy</li> </ul>	<p>Contribution to sustainable development in RMCs</p>
Hypothesis and Assumptions				
<ul style="list-style-type: none"> <li>■ Political will and credible needs assessments;</li> <li>■ High involvement of public sector, private sector, CSOs and end-beneficiaries;</li> <li>■ Credible risk assessment, pricing and sharing (value for money assessment, risk management systems in place);</li> <li>■ Public finance administration competencies (Public Finance Management &amp; M&amp;E systems, public policies evaluations) and enhanced capacity for maintenance and fiscal stability; and</li> <li>■ Anti-corruption, enhanced transparency and accountability programs and rule of law in place;</li> <li>■ Increased capital flows and foreign direct investment.</li> </ul>				



The DAC Principles for Evaluation of Development Assistance, the DAC Quality Standards for Development Evaluation and the Good Practice Standards of the Evaluation Cooperation Group were used as reference guides for this evaluation.

Due to the nature of this evaluation and the potential use of its findings, conclusions and recommendations, the evaluation team decided to present a complete picture of the Bank's utilization of PPP. Accordingly, the evaluation used the standard DAC evaluation criteria: relevance, efficiency, effectiveness, sustainability and impact. Those were

completed by complementary criteria presented in the evaluation matrix in table A1.1.

The evaluation matrix presents the main evaluation questions/sub-questions, the criteria related to the achievement of development outcomes and the management of the Bank's PPP interventions, as well as the data sources and data collection methodology. It served as an umbrella for the different levels of assessment: project lending or non-lending interventions, country level, and aggregation (sector and overall results).

**Table A 1.1:** Criteria, questions, sources and data collection methods

Evaluation criteria/issues	Evaluation questions/sub-questions	Sources of data/data collection methods
<b>1 – Achievement of Development Results</b>		
<b>Relevance</b>	To what extent are the Bank's assistance to PPPs and its PPP interventions relevant?	<ul style="list-style-type: none"> <li>■ Country case studies, field-based or desk-based PRAs. other field and desk work; interviews and focus groups with actors and stakeholders</li> </ul>
Strategic alignment to Bank's policies and strategies including Medium-Term Strategy and TYS	Are the Bank's assistance and PPP interventions aligned to its corporate, sector and thematic policies?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies</li> <li>■ Country case studies</li> <li>■ Interviews of actors and stakeholders</li> </ul>
Alignment to country policies, strategies	Are the Bank's assistance and PPP interventions aligned/appropriate to country development priorities and strategies, the policy environment and development needs (fulfilling the infrastructure gaps)?	<ul style="list-style-type: none"> <li>■ Country development plans, infrastructure investment plans, PPP policies and strategies</li> <li>■ Country case studies</li> <li>■ Country documentation</li> <li>■ Interviews of actors and stakeholders</li> </ul>
Relevance of Objectives and Quality of the design including risk analysis and mitigation	How relevant are the PPP interventions' objectives? How is the quality of the design of Bank assistance compared to alternatives or other options based on fiscal sustainability, risk pricing and sharing, etc.?	<ul style="list-style-type: none"> <li>■ Structuring and due diligence reports, projects documentation,</li> <li>■ Bank interventions' Theory of Change and risk analysis.</li> <li>■ Country value for money analysis</li> <li>■ Country case studies</li> <li>■ PPIAF &amp; Economist Intelligence Unit documentation</li> <li>■ Other donors' documents</li> </ul>
<b>Effectiveness</b> (See Figure A1.1 and Figure A1.2 for details)	To what extent is Bank assistance in PPP projects and interventions effective and yields development results?	<ul style="list-style-type: none"> <li>■ Country strategy evaluations; Cluster Evaluations; Extended completion report and review note; Country Case Studies; field-based or desk-based PRAs. Other field and desk work; Interviews with actors and stakeholders</li> </ul>



Evaluation criteria/issues	Evaluation questions/sub-questions	Sources of data/data collection methods
<b>Sustainability</b>	Are the Bank's PPP assistance and PPP interventions sustainable and will projects continue after the support of the Bank or other donors ends?	<ul style="list-style-type: none"> <li>■ Country case studies</li> <li>■ Field-based or desk-based PRAs.</li> <li>■ Other field and desk work; Interviews with actors and stakeholders</li> <li>■ Socioeconomic analysis</li> <li>■ Documentation from other stakeholders</li> <li>■ Interviews with actors, stakeholders and beneficiary</li> </ul>
<b>Cross-cutting issues</b>	To what extent have Bank PPP assistance and interventions contributed or are likely to contribute to inclusive growth?	<ul style="list-style-type: none"> <li>■ Country case studies</li> <li>■ Field-based or desk-based PRAs.</li> <li>■ Other field and desk work; Interviews with actors and stakeholders</li> <li>■ Country documentation</li> <li>■ Documentation from other stakeholders</li> </ul>
<b>2 – Management of the Bank's PPP interventions</b>		
<b>PPP strategic framework</b>	What is the strategic framework guiding the Bank's PPP engagement?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies</li> </ul>
Selectivity	Was Bank PPP engagement selective -based on comparative or competitive advantage- and strategic (consolidation of Bank positioning in the infrastructure sector and the country)?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies</li> <li>■ Country case studies</li> <li>■ Interviews of project assessment teams, actors and stakeholders</li> </ul>
Quality of front-end work and additionality	Are Bank interventions well-structured with quality due diligence, assessment of development outcomes and additionality?	<ul style="list-style-type: none"> <li>■ Structuring and due diligence reports, projects documentation</li> <li>■ Country case studies and PRAs</li> <li>■ Other donors 'guidelines and benchmarking studies</li> </ul>
<b>PPP operational directives and guidance</b>	How effective and efficient are operational directives and guidance for screening, structuring, due diligence, and approval, including ex ante additionality & development outcomes assessment, as compared to good practices and other MDBs' operational processes?	<ul style="list-style-type: none"> <li>■ Bank manuals and guidelines for screening and structuring infrastructure projects and PPPs</li> <li>■ Specific guidelines for PPP procurement and contract management</li> <li>■ ALSF guidance notes on PPP agreements</li> <li>■ ADOA guidelines and specific templates for PPP interventions</li> <li>■ Bank corporate, sector and thematic policies and strategies</li> <li>■ Other donors' guidelines and benchmarking studies</li> <li>■ Country case studies</li> <li>■ Interviews of project assessment teams, actors and stakeholders</li> </ul>
<b>Efficiency - Efficient Use of resources</b>	Are Bank PPP interventions efficient and did they contribute to ensure an efficient use of resources including financial, economic and institutional efficiency?	<ul style="list-style-type: none"> <li>■ Country case studies</li> <li>■ Field-based or desk-based PRAs.</li> <li>■ Other field and desk work; interviews with actors and stakeholders</li> <li>■ Socioeconomic analysis</li> <li>■ Interviews with actors, stakeholders and beneficiary surveys</li> </ul>
<b>Bank's role and contribution to leverage, partnership and coordination</b>	What is the role of the Bank and to what extent was it effective and efficient in ensuring leverage, partnership and coordination?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies</li> <li>■ Country case studies</li> <li>■ Interviews of project assessment teams, donors, actors and stakeholders</li> </ul>

Evaluation criteria/issues	Evaluation questions/sub-questions	Sources of data/data collection methods
<b>Policy dialogue, economic and sector work, advisory services, analytical capacities and institutional strengthening</b>	How effective and efficient are advisory services and analytical work, institutional capacity building and technical assistance provided within PPP interventions?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies</li> <li>■ Country case studies</li> <li>■ Interviews of Bank's staff, project assessment teams, donors, actors and stakeholders</li> </ul>
<b>Innovation and scaling up</b>	Has the Bank provided solutions adapted to country and project contexts including innovative approaches?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies</li> <li>■ Country case studies</li> <li>■ Interviews of Bank's staff, project assessment teams, donors, actors and stakeholders</li> </ul>
<b>Contribution to managing for development results</b>	To what extent have the Bank's PPP interventions contributed to managing for results within the Bank and in RMCs?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies,</li> <li>■ Country case studies</li> <li>■ Interviews of Bank's staff, project assessment teams, donors, actors and stakeholders</li> </ul>
<b>Factors of success or failure</b>	What are the critical factors of success or failure?	<ul style="list-style-type: none"> <li>■ Country strategy papers and their evaluations, Bank corporate, sector and thematic policies and strategies</li> <li>■ Country case studies</li> <li>■ Interviews of Bank's staff, project assessment teams, donors, actors and stakeholders</li> </ul>

Specific and detailed evaluation questions, criteria and data collection methods, derived from this main evaluation matrix were developed at project and country level (cf. inception report).

## Components of the Evaluation

### Project-Level Assessment (Lending Operations)

The evaluation focused on infrastructure projects in the power, renewable energy and transport sectors. Eleven PRAs were field-based, for totally disbursed or completed and close to completion projects, and desk-based for purposively selected active or completed projects, to complement the country case and sector studies.

### Assessment of Non-lending/Upstream Activities

The evaluation covered 18 non-lending/upstream activities, including institutional support projects, economic and sector work and other upstream operations.

**Table A 1.2:** Numbers and categories of key informants interviewed

	Governmental and national entities	Other MDBs and bilateral agencies	Non state actors (private sector, civil society, etc.)	AfDB staff	TOTAL
Number	73	81	51	54	259

## **Country-level Assessment**

Five country case studies were carried out to answer the questions in the evaluation matrix. The purpose was to assess the quality of Bank assistance in supporting RMCs' PPP agenda and implementing the PPP financed transactions, as well as contributing to achieving strong development results.

## **Sector Synthesis**

The sector reviews assess how well the Bank has managed PPP interventions in a particular sector in terms of the Bank's work quality, additionality, as well as policy dialogue, economic and sector work, advisory services, sector analytical capacity and institutional strengthening, work coordination, leverage and scaling up.

## **Portfolio Analysis**

A PPP portfolio review was conducted to generate standard portfolio key performance indicators, such as the disbursement ratio, average size, composition (green-field, brown-field projects), quality at entry and at exit, potentially problematic and project at risk, and evolution over time by sector, region, country income level, etc.

## **Policy Review**

This review focused on the strategic framework of the Bank, including its corporate and sectoral policies and strategies that have a bearing on PPPs. The review extracted the PPP-specific objectives that are articulated in the corporate and sectoral policies. The review was also an input to the benchmarking study, in which the Bank's policy and strategies were benchmarked with those of comparable MDBs.

## **Benchmarking Study**

As the majority of MDBs and bilateral development agencies have fully-fledged work programs on PPPs, an analysis of the strategic relevance of PPPs across these agencies, the nature of their support, their organizational and institutional arrangements, and solutions to deliver on their respective PPPs helped to draw useful lessons for the Bank. This analysis benchmarked their experience in implementing, as well as identifying, emerging issues in managing PPPs.

## **Overall Synthesis**

A synthesis/aggregation of the evidence-based findings and conclusions triangulated through the various sources of evaluative information, such as the PRAs, country case studies, sector reviews, benchmarking analysis and interview notes, was carried out. This helped in drawing conclusions on the quality of the Bank's assistance in supporting the RMCs' PPP agenda and the implementation of the PPP-financed transactions, as well as its contribution to achieving its corporate goals and mandate.

It includes the analysis of specific drivers of success and failure of PPP interventions at a PPP sector/ country and thematic level, and how the Bank has made, or will make, a difference in contributing to RMCs' sustainable development goals by closing the infrastructure and inclusiveness gaps, for example. The synthesis draws conclusions on the Bank strategic fit and institutional effectiveness in assisting RMCs in creating a PPP enabling environment and appropriate investment climate, the Bank's contribution to development results and the management of its PPP interventions.

## Sampling Methodology

The evaluation includes detailed assessment of the following countries and projects:

Country	Project(s)
Cameroon	<ul style="list-style-type: none"> <li>■ AES Sonel</li> <li>■ Dibamba Power Project</li> <li>■ Kribi Power Project</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>■ Thika Thermal Power Project</li> <li>■ Lake Turkana Wind Power Project</li> </ul>
Morocco	<ul style="list-style-type: none"> <li>■ Ouarzazate Solar Power Station, Phase I and II</li> <li>■ Tangier II Wind Farm</li> </ul>
Senegal	<ul style="list-style-type: none"> <li>■ Dakar Diamniado Toll Highway</li> <li>■ Dakar Container Terminal</li> <li>■ Sendou Power Project</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>■ Xina Solar Power Project</li> </ul>

The key elements of the sampling methodology to select the projects and countries listed above were as follows:

- The selected countries represent the geographic distribution of the continent (North- Morocco, South-South Africa, East- Kenya, West- Senegal and Central- Cameroon).
- The selected countries represent a range of levels of sophistication of the regulatory environment and institutional framework (based on Infrascop33 rankings) in developing sustainable and efficient PPP projects.
- Transport and energy projects represent 94 percent of the PPP portfolio of the Bank (refer to Chapter 4)

**Table A1.3:** Rating scale

No.	Rating
6	Highly satisfactory
5	Satisfactory
4	Moderately satisfactory
3	Moderately unsatisfactory
2	Unsatisfactory
1	Highly unsatisfactory

## Rating

Rating for PRAs followed the methodology set out in the technical annex of the inception report<sup>34</sup> (annex 9, PRA rating guidelines notes). The rating is based on a 6-point scale, as listed in Table A1.3.

For each evaluation criterion, there is a description associated to each rating. Details and definitions of each evaluation criterion are presented in the inception report.

## Cross-cutting Issues

Cross-cutting issues were part of the project results assessments and country case study reports as defined in the Inception Report prepared by IDEV for this evaluation<sup>35</sup>. The assessment determines to which extent the Bank interventions have contributed to or are likely to contribute to inclusive growth, employment, reduction of regional disparities, gender and youth equality and transition to green economy.

## Integrity and Ethics

The evaluation was conducted following international standards of integrity and respect for the beliefs, manners and customs of the social and cultural environment. The evaluation team informed and respected each interviewee's right to provide information in confidence. The evaluation team ensured that sensitive data were protected and that it cannot be traced to its source. Finally, the evaluation team was free of conflict of interest and preserved the independence and impartial nature of the evaluation as per IDEV's mandate.

## Limitations of the Evaluation Methodology

Despite its timeliness and potential value, this evaluation is subject to notable methodological and practical challenges, as confirmed by staff interviews during the scoping mission that took place during the inception phase. The most important limitations identified are as follows:

- i. Despite the definition that the Private Sector Department has been using so far, the Bank lacks a clear official definition for PPPs;
- ii. The Bank has a scattered strategy for PPP interventions<sup>36</sup> and lacks a comprehensive PPP policy and strategy;
- iii. The Bank lacks dedicated staff to guide its activities in this area; and
- iv. The scarcity of data available to evaluate the effectiveness of the completed interventions due to limited emphasis on managing for results and monitoring PPP projects for the achievement of development outcomes.

## Annex 2: Summary of Project Results Assessments

### Brief Description of the Selected Projects

#### Cameroon

##### *AES SONEL/ENEO*

ENEO (erstwhile AES SONEL) is the dominant power company in Cameroon, operating under three 20 year agreements, respectively for power generation up to 1,000 MW, management of the transmission network and distribution/sale of medium-low voltage electricity. AES SONEL was formed in 2001 as a result of the divestment of the public sector company SONEL Corporation to AES Cameroon Holding (a subsidiary of the American AES Corporation) to hold 56 percent of the company's registered capital. In 2006, AES SONEL developed an investment program in compliance with the terms of the Concession Agreements to: (i) improve general service quality, (ii) satisfy existing and potential demand in the concession area, (iii) reduce operating costs, (iv) prepare the company to separate its assets, and (v) increase production supply by diversifying facilities. The program covers the period 2005 to 2009 and was approved by ARSEL, the electricity sector regulator for the country. The total cost of the investment program is about EUR 380 million. The investment program funded by AES SONEL internal cash, at EUR 140 million (37 percent) and debt, at EUR 240 million (63 percent).

The Bank has provided a long term debt facility of EUR 60 million (out of the total debt requirement of EUR 240 million) for a tenor of 13 years, including a three-year grace period. The facility was approved on 10 May 2006. Other lenders included International Finance Corporation (IFC), Central African Development Bank, Deutsche Investition und Entwicklungsgesellschaft mbH, Emerging Africa Infrastructure Fund, EIB, Netherlands Development Finance Company and Proparco.

##### *Dibamba Power Project*

The project involved the engineering, financing, and construction of an 86 MW thermal power plant and switchyard at Dibamba on the outskirts of Douala in Cameroon. It includes a 2-km 90 kV transmission line to connect the plant to the national grid. The project is part of the two emergency power plants under the Kribi-Dibamba Project to address the urgent capacity shortage, reduce load shedding, and support the continuing electrification needs of a growing Cameroonian population and economy. The total cost of the project is Euro 103 million, financed by senior debt (75 percent) and equity (25 percent).

The Bank has extended a long-term debt facility to the project for EUR 25.7 million (25 percent of the total long-term debt requirement), for a tenor of 14 years, including a grace period of nine months. This facility replaces the bridge finance raised from the project sponsors and local commercial banks due to the emergency nature of the project. The interest rate for the Bank's facility is equal to the fixed rate of swap equivalent to six-month EURIBOR (Euro Interbank Offered Rate), as determined at the time of each disbursement for the amount of such disbursement plus a margin of 450 basis points with a step down to 425 basis points on gas conversion. The facility was approved on 28 April 2010.



### ***Kribi Power Project***

The project consists of the construction and operation of a 216 MW gas-fired power plant located in Mpolongwe, a village situated 9 km north of the coastal city of Kribi, in the southern province of Cameroon, with a 100 km 225 kV transmission line to be connected to the Southern Interconnected Grid of the country. The project has been developed on a Build, Own, Operate, Transfer basis. The total project cost is Euro 255.8 million. Equity investors contribute about 25 percent and the remaining 75 percent is provided by a combination of local commercial banks, the Bank and other MDBs.

The Bank has extended a long-term debt facility to the project amounting to EUR 30 million (17.70 percent of the total long term debt requirement of the project). The repayment has been agreed to be on a semiannual basis, over a total tenor of 14.5 years including a grace period of two years. The Bank has extended this facility as part of the consortium of lenders including IFC. The facility was approved on 15 July 2011.

## **Kenya**

### ***Thika Thermal Power Project***

The project involves construction and operation of a Thermal Power Plant located in the Athi River Region, 35 km from Nairobi. The project Thermal Power Plant consists of five heavy fuel oil generators that are convertible to natural gas if gas becomes available in the Nairobi area, and a 7 MW steam turbine. The steam turbine permits recovery of waste heat from the engine exhaust gases and therefore increases the plant efficiency and reduces carbon emissions. The project is expected to be implemented and operated by the project company. The project will supply electricity to KPLC under a 20-year Power Purchase Agreement. The project cost is estimated to be EUR 112.4 million, financed by debt of EUR 84.3 million (75 percent of project cost) and equity of EUR 28.1 million (25 percent of project cost).

The project has been completed on schedule and within budget- it started full commercial operations in March 2014. The plant has been operating at an average capacity factor of 18.17 percent, due to an existing regulatory mandate to rely more on lower cost power generation alternatives. However it is expected that the capacity utilization will be higher due to the demand being driven by the rural electrification program of the Government of Kenya. Out of the total AfDB facility of EUR 28.1 million, EUR 6.24 million has been repaid as of December 2016, leaving an outstanding amount of EUR 21.86 million.

### ***Lake Turkana Wind Power Project***

The project involves the development and construction of a 300 MW wind farm, located at a remote location near Lake Turkana in north-eastern Kenya. The Project comprises 360 wind turbines of a capacity of 850 KW each. In addition to the Wind Turbine Generators and their foundations, a 33kV electrical collector network will be constructed. Power will then be exported from this substation to the national grid by way of a transmission interconnection line. Due to the length of the Transmission Interconnection line that will export the project electricity, Lake Turkana Wind Power Project will commission a Dynamic Reactive Power Compensation system at the project substation. Additionally, due to the remote nature of the site, 201km of off-site road upgrades will be commissioned, in addition to an 11km onsite roads network and a village to house construction and operations staff. External to the project's scope, the 428km Transmission Interconnection line will be constructed by Kenya Electricity Transmission Co. Ltd (KETRACO) and is supported by an AfDB PRG.

The project construction has been completed, but due to the non-completion of the transmission line by KETRACO, “deemed ready for energization status” is being paid to the project company.

## **Morocco**

### ***Ouarzazate Solar Power Station Project***

The project is part of the Moroccan Solar Plan, launched in 2009 and estimated at USD 9 billion. The plan included a development of 2,000 MW of renewable energy capacity by 2020. Due to the size and complexity of the project, its development was phased. The Bank participated as a financier of both Phase I and II. Both phases have been financed by a senior loan facility, EUR 100 million per phase, and a loan from the CTF, EUR 100 million for Phase I and EUR 119 million for Phase II. The Phase I loan was approved in May 2012, and the consecutive Phase II loan in December 2014. Phase I has been successfully developed and commercial operations were launched in February 2016. Phase II is currently in the final phases of commissioning.

### ***Tangier II Wind Farm***

The project is part of the Integrated Wind Energy, Hydro Power and Rural Electrification Program. The project’s principal higher-level objective has been to increase Morocco’s wind energy generation capacity. The initial scope of the project included the development, construction, operation and maintenance of a 150 MW wind farm. Due to issues with land availability, the size of the project has been reduced to 70 MW. The Bank approved the loan facility to ONE, which is a state owned agency, on 13 June 2012. The total cost of the project is estimated at USD 393.43 million. The AfDB financing for the project consists of a senior loan of USD 76.46 million and a facility from the CTF of USD 30.73 million.

At this stage, ONE has only outlined the intended PPP structure of the project. Since the project has not been awarded to a PPP developer yet, the loan has not been drawn down either.

## **Senegal**

### ***Dakar Toll Highway***

The project consists of two consecutive phases, both co-financed by the Bank. Phase I of the project consists of the construction of the 20.4 km section of the Dakar- Diamniado Toll Highway from Pikine to Diamniado and the operation and tolling of the 24.6 km section of the Highway from Patte D’Oie to Diamniado. Phase II includes the construction, operation and tolling of the 17 km section extending the Dakar Toll Highway (Phase I) to Blaise Diagne International Airport.

The total senior loan facility provided by the Bank for both phases is EUR 21.1 million. In addition the Bank provided a standby loan facility of EUR 1.5 million for Phase I and EUR 1 million for Phase II. The total project cost was EUR 225 million. The contract for both phases was successfully awarded to Société Eiffage de la Nouvelle Autoroute Concédée, a Senegalese concession company set up by Eiffage, who has finalized the construction and is currently operating both phases of the road network.

### ***Sendou Power Plant***

The scope of the project includes the development, construction, operation and maintenance of a 125 MW coal-fired power plant on a 29 ha site located 35 km from Dakar in Sendou (Bargny). The total project cost is estimated at EUR 220.3 million, of which 37 percent has been financed by the Bank. The initial loan of EUR 50 million was approved in November 2010. Due to further cost overruns, the Bank provided a supplementary loan of EUR 5 million in September 2015. After a series of delays due to conflicts between shareholders and major environmental and social issues, the project is planned to be commissioned in 2018. The original date of completion was June 2012.

### ***Dakar Container Terminal***

The project comprises equipment upgrades, operation, management, and maintenance of the existing container terminal in the Northern Zone of the port: upgrading the stacking areas pavement and improving other infrastructure such as rail installations, electricity, road and buildings in the port. The total project cost was estimated at EUR 210 million, of which EUR 47.5 million was financed by the Bank as a senior loan facility. The loan agreement was signed between the Bank and the Dubai Port World Dakar in March 2010. The project was completed with significant delay. The main reasons included delays in handing over the project site by the public authority and the non-performance of contractors.

## **South Africa**

### ***Xina Solar One Project***

The XiNa Solar One Project entails the design, construction and operation of a 100 MW concentrated solar power plant using parabolic trough technology and a superheated steam cycle, designed to store energy and to dispatch it during the South African peak load demand periods. The concentrated solar power project will have a nominal capacity of 100 MW, and will be located in the Northern Cape Province. The project cost is estimated at USD 908 million (ZAR 9,538 billion equivalent) with a debt:equity ratio of 75:25. The equity was provided in the form of share capital and shareholder loans. Senior Lenders included: AfDB, DBSA, IDC, IFC as well as three South African commercial banks, Nedbank, ABSA and Rand Merchant Bank. The AfDB financing for the project consists of a senior loan of 100 million USD and a facility from the CTF of approximately 42 million USD.

The loan became effective on 13 February 2015. First disbursement occurred on 15 June 2015. The entire CTF facility was disbursed in one tranche in June 2015. As of 30 September 2016, ZAR 493.2 million of the senior loan facility has been disbursed. The project construction was completed in August 2017.

## Key Findings of the Project Results Assessments

### A. Relevance of the Bank's interventions at country level.

Country	PPP Intervention	Assigned rating	Summarized assessment of country level relevance
<b>Cameroon</b>	AES SONEL	Satisfactory	<ul style="list-style-type: none"> <li>The project level interventions of the Bank were in line with the country priorities, i.e. strengthening of the private sector as the engine of growth, development of infrastructure to support the productive and social sectors as defined in the Poverty Reduction Strategy Paper -2003.</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Highly Satisfactory	<ul style="list-style-type: none"> <li>The interventions of the Bank in the energy sector were in line with the Vision 2035 for Cameroon, especially the goal of reducing the gaps in supply of key economic infrastructure, including the use of private investment to support public investment in infrastructure.</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Highly Satisfactory	<ul style="list-style-type: none"> <li>The rating for AES SONEL is only satisfactory as the country priorities were different at the time of approval, and the direct impact of the intervention was restricted to one private sector investor (as compared to the intended priority of strengthening of the overall private sector).</li> </ul>
<b>Kenya</b>	Thika Thermal Power Plant	Satisfactory	<ul style="list-style-type: none"> <li>The project level interventions of the Bank were in line with country priorities and needs. The Government of Kenya's 2004 National Energy Policy (Sessional Paper No. 4 on Energy) highlights the importance of ensuring the adequate supply of quality and cost-effective energy in order to meet the country's development needs, while simultaneously protecting and conserving the environment.</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>The rating for Thika Thermal is limited to satisfactory because its fossil fuel dependence is not completely aligned to the Least Cost Power Development Plan. The plan indicated a shift in the country priorities. However at the time of project conceptualization, the project represented the most cost-effective option for expedited development to meet the critical supply gaps in the country.</li> </ul>
<b>Morocco</b>	Ourazazate Solar Power Station	Highly satisfactory	<ul style="list-style-type: none"> <li>The Lake Turkana project was developed in response to Kenya's Least Cost Power Development Plan. The fact that it is renewable energy and the low-cost nature of wind power means that the project is well aligned with Kenya's Least Cost Power Development Plan.</li> </ul>
<b>Morocco</b>	Tangier II Wind Farm	Highly satisfactory	<ul style="list-style-type: none"> <li>The project level interventions of the Bank were in line with the country priorities - development of renewable energies to: (i) secure energy supply, (ii) control future cost of energy services, and (iii) preserve the environment by mitigating greenhouse gas emissions.</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Highly satisfactory	<ul style="list-style-type: none"> <li>The Bank's interventions are in line with the Solar and Wind Energy Plans to reduce the dependency on fossil fuels and achieve that 42 percent of the total energy produced would be sourced from renewables. Moreover, interventions support the objective of the Industrial Acceleration Plan 2014 – 2020, to create industrial jobs and develop infrastructure, to achieve increased foreign direct investment.</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Highly satisfactory	<ul style="list-style-type: none"> <li>The project level interventions of the Bank were in line with the country priorities - development of clusters with spillover effect on the economy and investment promotion through the continuous improvement in the business environment.<sup>37</sup> From the perspective of economic needs, the project level interventions contributed to lowering of the infrastructure gap (estimated to grow to 20 percent of GDP by 2020 in a business-as-usual scenario). The Bank intervention in the electricity sector was in line with the demand-supply gap of energy generation and the government's intention to encourage state withdrawal. The Bank intervention in the transportation and logistics sector was in line with the need to develop economic clusters and improve access to economic infrastructure.<sup>38</sup></li> </ul>
<b>South Africa</b>	Xina Solar Power Station	Highly satisfactory	<ul style="list-style-type: none"> <li>The project level intervention of the Bank was in line with country priorities and needs. The intervention aligns with the National Development Plan, which outlines the South African government's long-term strategy. The Xina project, which was developed in response to South Africa's over-reliance on coal and need for affordable and environmentally friendly peak load energy, further aligns with South Africa's National Integrated Resource Plan.</li> </ul>

## B. Relevance of the Bank's interventions to beneficiary needs

Intervention	Assigned rating	Beneficiary needs
<b>AES SONEL</b>	Satisfactory	<ul style="list-style-type: none"> <li>The project was targeted to improve the generation, transmission and distribution infrastructure, to address the demand-supply gap in electricity generation and the almost 30 percent loss in transmission and distribution. The project was also targeted at improving the electricity access rate across rural and urban populations. However the relevance was diluted as the revised investment program had a lesser allocation to transmission and distribution.</li> </ul>
<b>Dibamba Power Project</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>The projects were targeted to address the demand-supply gap in electricity generation faced by the country. The demand-supply gap materialized in the form of frequent blackouts which cost the country around 5 percent of GDP (estimated by the Ministry of Economy, Planning and Regional Development). The gap in electricity generation also contributed to the low access rate of electricity in the country, especially in the rural areas.</li> </ul>
<b>Kribi Power Project</b>	Highly satisfactory	
<b>Thika Thermal Power Plant</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>Due to a shortage of power generation capacity, the electricity demand in the country was being addressed by small diesel generators, which were inefficient and polluting. There was therefore a real need for the generation of reliable thermal power that would (i) replace the expensive and inefficient emergency diesel generators; and (ii) provide a source of reliable power that could balance the variable power supplied by renewables. The project directly contributed toward the resolution of these needs.</li> </ul>
<b>Lake Turkana Wind Power Project</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>At the time of the project appraisal, Kenya was facing a need to increase its energy generation capacity (2,396 MW by 2020) and to diversify its energy sources (heavily dependent on hydro-electric sources, which were exposed to rainfall deficiency risk). It was expected that Kenyan households would benefit as a result of improved access and lower cost of electricity services.</li> </ul>
<b>Quarzazate Solar Power Station</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>At the time of the project approval, Morocco was dependent on imported fossil fuels for energy generation. The project was part of the program to diversify its energy mix and reduce the dependence on imported fuels. The Moroccan population is expected to benefit from the more reliable and less environmentally polluting source of energy.</li> </ul>
<b>Tangier II Wind Farm</b>	Highly satisfactory	
<b>Dakar Toll Highway</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>The project is an important element of the government's strategy to decongest the Dakar urban area and create an economic corridor in Diamniado in conjunction with the plans for the new Dakar International Airport, upgrading of the Port of Dakar and development of the Diamniado Economic Zone. These developments are necessary to achieve the government's objective (as detailed in the AGS) of achieving GDP growth of 7-8 percent. According to the World Bank, around 16,850 hours are lost in traffic congestion every day around Dakar and even a 10 percent improvement would increase the efficiency of the urban transport system by a magnitude of USD 5 billion.<sup>39</sup></li> </ul>
<b>Dakar Container Terminal</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>The Port of Dakar, at the time of appraisal, was one of the busiest ports of West Africa. The land side of the port was extensive but dilapidated and congested.</li> <li>In addition, the container terminal facilities were inadequate and leading to congestion. Vessels loading and unloading at the terminal had a long waiting time, which was increasing the cargo transit time and cost, and losing customers for the terminal.</li> <li>The project addressed these beneficiary needs directly.</li> </ul>

<b>Sendou Power Project</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>At the time of approval of the project, electricity demand in Senegal was exceeding supply and continuing to grow at an annual rate of 7 to 8 percent. Senegal was served primarily by expensive oil fired plants constraining the country's ability to be competitive or accelerate economic growth. Senegal had very limited alternative options for reliable, affordable base load in the short to medium term. The project addressed these needs directly.</li> </ul>
<b>Xina Solar Power Station</b>	Highly satisfactory	<ul style="list-style-type: none"> <li>At the time of project appraisal, South Africa faced an over-dependence on coal fired power plants. 85 percent of electricity in South Africa was coal generated, and accounted for over 40 percent of Africa's CO2 emissions. Furthermore, South Africa's electricity system was constrained by a small margin between peak demand and available electricity supply.</li> <li>South Africa covered its peak demand by means of pumped storage schemes and OCGT power plants, which burned expensive diesel fuel, resulting in a peak tariff of about ZAR8/kWh. Xina was envisioned to provide environmentally friendly peak load at a significantly lower price (estimated at ZAR4.46/kWh).</li> </ul>

### C. Achievement of outputs

Country	PPP intervention	Rating in project results assessment (PRA)	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>The investment program that was funded by the AfDB facility was expected to be completed by 2009. However, the investment program was restructured midway. The revised program was completed on schedule in 2012.</li> <li>A major output of the original program was the reduction in transmission and distribution losses in the electricity system. This was one of the key justifications for the Bank's involvement in the project. This output was not realized by the investment program, largely due to the fact that in the revised investment program the transmission and distribution aspect was diluted.</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the full achievement of targeted operational performance and outputs</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the full achievement of targeted operational performance and outputs</li> </ul>
<b>Kenya</b>	Thika Thermal Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the full achievement of targeted operational performance and outputs</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>All the components within the project that was funded by the AfDB are complete and are available to generate 100 percent of the electricity generation targeted. However in the absence of the transmission line, the generated energy is not being supplied to the national grid. Since the transmission line was not within the purview of the scope of the project, the rating of the project's achievement of operational performance and output does not consider the same.</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Highly satisfactory (for Phase I)	<ul style="list-style-type: none"> <li>Phase I of the project has met the target for operational performance and outputs within the planned timelines. Phase II is currently under construction/final phases of commissioning, thus the rating of the achievement of the operational performance and outputs for Phase II cannot be assigned yet. The rating reflects only the achievements of Phase I.</li> </ul>



Country	PPP Intervention	Rating in project results assessment (PRA)	Reasons for the rating*
<b>Morocco</b>	Tangier II Wind Farm	Not rated	<ul style="list-style-type: none"> <li>The project is in the preliminary stages of development. The achievement of operational performance and outputs cannot be measured at this stage. Therefore no rating can be assigned for this parameter.</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Satisfactory	<ul style="list-style-type: none"> <li>The targeted outputs of the project in terms of completion of the project and targeted employment generation were achieved. However the targeted outputs regarding rehabilitation and resettlement of project-affected persons was not completed during the review period.</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the achievement of five out of seven targeted outputs of the project. The project had not achieved the targeted container traffic by a small margin, and there was partial non-completion of the stacking yard due to execution issues.</li> </ul>
<b>Senegal</b>	Sendou Power Project	Not rated	<ul style="list-style-type: none"> <li>The project was not commissioned by the end of the review period and hence it cannot be rated for effectiveness. The review team did not come across any document that evidences the commissioning of the project to date.</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Highly Satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the full achievement of targeted operational performance and outputs.</li> </ul>

\*: Please refer to the respective PRA report for further details

#### D. Achievement of outcomes

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>The rating for intended outcomes and benefits takes into account the non-achievement of various targeted outcomes of the investment program. While the investment program itself was completed (with a substantial delay), there were significant revisions in the program - including a 40 percent reduction in the transmission investment.</li> <li>The under-investment in transmission and distribution kept the network losses at the same level (30 percent) as before the investment program. The access to electricity has increased substantially- however there is no reliable data on this. The number of new connections targeted in the investment program was achieved, with a delay.</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>The project has substantially achieved the economic impacts and objectives expected during the appraisal stage.</li> <li>The rating reflects a situation where the targeted economic impact in most cases was not defined, making it difficult to measure the economic impacts against a predefined baseline.</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Satisfactory	<ul style="list-style-type: none"> <li>The project has substantially achieved the economic impacts and objectives expected during the appraisal stage.</li> <li>The rating takes into account that the outcome of the targeted supply to Alucam was not measured. At the same time, the outcome of benefits to the private sector was reported, but the target was not defined.</li> </ul>

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Kenya</b>	Thika Thermal Power Project	Satisfactory	<ul style="list-style-type: none"> <li>The project generated positive economic benefits in terms of improved supply of power for economic activities, decreased frequency of blackouts, and increased direct and induced employment. However the economic benefits from the project decreased due to the low dispatches required by the off-taker utility.</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Moderately Satisfactory	<ul style="list-style-type: none"> <li>The project is expected to have high socio-economic impact, including a high contribution to government revenues (and less fiscal constraints). The project has already achieved certain outcomes including employment generation, female employment and contribution to the domestic economy.</li> <li>In practice, however, some expected outcomes of the project -including economic benefits to the government from reduction of carbon emissions, increase in rural electrification rate and benefits to customers- have not yet been realized due to the fact that the power plant is not yet connected to the national grid due to extraneous factors.</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Highly Satisfactory	<ul style="list-style-type: none"> <li>Phase I of the project has achieved the economic benefits and intended outcomes that were expected by the Bank.</li> </ul>
<b>Morocco</b>	Tangier II Wind Farm	Not rated	<ul style="list-style-type: none"> <li>The project is at the preliminary stage of development. The achievement of development outcomes cannot be measured at this stage. Therefore no rating can be assigned for this parameter.</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the achievement of economic benefits, but also that the economic impacts of the resettlement action plan components have not been achieved.</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the achievement of targeted development impact of the project, and the marginal shortfalls in government revenues from the project and in targeted direct employment in the project.</li> </ul>
<b>Senegal</b>	Sendou Power Project	Not rated	<ul style="list-style-type: none"> <li>The project was not commissioned by the end of the review period and hence it cannot be rated for effectiveness. The review team did not come across any document that evidences the commissioning of the project to date</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Satisfactory	<ul style="list-style-type: none"> <li>The positive development outcomes of the project are limited by the fact that the energy generated by the plant is not the cheapest of all alternative options.</li> </ul>

\*: Please refer to the respective PRA report for further details.

#### E. Contribution to Cross Cutting Initiatives

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Satisfactory	<p>The project had the following cross cutting impacts:</p> <ul style="list-style-type: none"> <li>Improved access to cheaper electricity;</li> <li>Reduction in blackouts;</li> <li>Improved access to self-employment/entrepreneurial opportunities.</li> </ul> <p>However the impacts were limited due to the under-investment in transmission and distribution and the delays in increasing the number of connections. The project also did not contribute to the reduction of inequity in rural and urban access to electricity.</p>

Country	PPP intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	Dibamba Power Project	Satisfactory	<p>The project had the following cross cutting impacts:</p> <ul style="list-style-type: none"> <li>■ reduction in demand supply gap in the country;</li> <li>■ reliable supply of electricity;</li> <li>■ access to electricity providing better opportunities for self-employment;</li> <li>■ vocational training of more than 1,000 unemployed youth in the region.</li> </ul> <p>The rating reflects the above benefits, moderated by the fact that the project is classified as Category 1 for environmental impact under the AfDB's framework.</p>
<b>Cameroon</b>	Kribi Power Project	Satisfactory	<p>The project had the following cross cutting impacts:</p> <ul style="list-style-type: none"> <li>■ reduction in the demand-supply gap in the country;</li> <li>■ reliable supply of electricity;</li> <li>■ access to electricity providing better opportunities for self-employment.</li> </ul> <p>The rating reflects the above benefits, moderated by the fact that the project is classified as Category 1 for environmental impact under the AfDB's framework.</p>
<b>Kenya</b>	Thika Thermal Power Project	Satisfactory	<p>The project had positive benefits on cross cutting themes, including the following:</p> <ul style="list-style-type: none"> <li>■ Eliminated the need for emergency diesel generators which were highly polluting;</li> <li>■ Improved regional access to reliable electricity supply;</li> <li>■ Potential conversion to natural gas;</li> <li>■ Direct employment to youth and women.</li> </ul> <p>The rating reflects the following negative factors:</p> <ul style="list-style-type: none"> <li>■ the fossil fuel nature of the project does not contribute to transition to green growth;</li> <li>■ the restricted use of the project has reduced the direct benefits.</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Moderately satisfactory	<p>The project has the following benefits on cross cutting issues:</p> <ul style="list-style-type: none"> <li>■ Road constructed for project construction has improved access to the region;</li> <li>■ Contributed to water and other basic amenities for surrounding communities.</li> </ul> <p>The improved access to cheaper and cleaner electricity has not materialized yet. This restricts the impact of the project on facilitation of self-employment to youth and women, and transition to green economy.</p>
<b>Morocco</b>	Ouarzazate Solar Power Station	Highly satisfactory	<p>The project has the following benefits on cross cutting initiatives:</p> <ul style="list-style-type: none"> <li>■ Catalyzed development of national renewable energy industry;</li> <li>■ Contributed to economic development of unaddressed region;</li> <li>■ Improved access to water in community;</li> <li>■ Improved access to reliable and cheap source of electricity;</li> <li>■ Reduced dependence on fossil fuels.</li> </ul>
<b>Morocco</b>	Tangier II Wind Farm	Not rated	<p>The project is at the preliminary stage of development. The contribution to cross cutting objectives cannot be measured at this stage. Therefore no rating can be assigned for this parameter.</p>

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Senegal</b>	Dakar Toll Highway	Satisfactory	<p>The project has the following direct positive impacts:</p> <ul style="list-style-type: none"> <li>■ Reduced the disparity of economic opportunities between Dakar and other areas of the country;</li> <li>■ Direct employment to youth and women.</li> </ul> <p>The project does not directly contribute to sustainable development and transition to green growth, other than the marginal reduction in carbon emissions due to decreased congestion and transit time.</p>
<b>Senegal</b>	Dakar Container Terminal	Satisfactory	<p>The project does not directly contribute to access to economic infrastructure of the poor and disadvantaged population. The project does not contribute to the transition to green economy. However the project may generate employment for youth and women. The project does not directly contribute to sustainable development nor transition to green growth, other than the marginal reduction in carbon emissions due to decreases in transit time.</p>
<b>Senegal</b>	Sendou Power Project	Not rated	<p>The project was not commissioned by the end of the review period and hence it cannot be rated for contribution to cross cutting objectives. The review team did not come across any document that provides evidence of the commissioning of the project to date.</p>
<b>South Africa</b>	Xina Solar One Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The project has the following positive impacts:</li> <li>■ Direct contribution to local economic development;</li> <li>■ Replacing the use of diesel fueled generation with clean source of electricity;</li> <li>■ However the project does not have gender and youth employment effects.</li> </ul>

\*: Please refer to the respective PRA report for further details

#### F. Sustainability of Services

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Unsatisfactory	<ul style="list-style-type: none"> <li>■ Poor operational performance of the company, especially in the areas of transmission and distribution;</li> <li>■ Uncertainty regarding the extension of the concession;</li> <li>■ Uncertainty regarding transfer of transmission assets to SONATREL.</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ Operationally and technically, the project is likely to sustain the required outcomes over the tenure of the PPA</li> <li>■ The liquidity issues faced by the company due to delayed payments by ENEO may lead to under-investment and low spending on operations and maintenance. This may affect the sustainability of the operations.</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Satisfactory	
<b>Kenya</b>	Thika Thermal Power Project	Moderately Satisfactory	<ul style="list-style-type: none"> <li>■ The rating reflects the low dispatches at present. But the dispatches are expected to increase in the future.</li> </ul>

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Kenya</b>	Lake Turkana Wind Power Project	Moderately Satisfactory	<ul style="list-style-type: none"> <li>The rating reflects the exposure of the project to political and public opposition risk due to the payment of the deemed power charge, even though no power is being evacuated from the project.</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Moderately satisfactory	<ul style="list-style-type: none"> <li>Lack of information regarding actions taken by the plant operator to prevent a reoccurrence of contractual issues causing a delay in commissioning of the plant</li> <li>Short duration of the operational period</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Moderately Satisfactory	<ul style="list-style-type: none"> <li>Due to the much greater than anticipated volume of traffic, usage exceeds the capacity as designed, leading to deterioration of the quality of the service</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Moderately Satisfactory	<ul style="list-style-type: none"> <li>Mainly because of the actual container throughput in TEUs being less than projected in the initial 3 years</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Moderately Satisfactory	<ul style="list-style-type: none"> <li>Eskom is the sole off-taker for the project, therefore the project is exposed to the precarious financial position of Eskom</li> <li>The project is exposed to the risk of industrial action, like the shut-down of the plant by NUMSA trade union members as part of their industrial action against Abengoa (12-27 March 2018)</li> </ul>

\*: Please refer to the respective PRA report for further details

#### G. Financial Sustainability

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Unsatisfactory	<ul style="list-style-type: none"> <li>The financial sustainability is exposed to multiple uncertainties at the moment- primary among them are the detailed modalities of the concession extension and transfer of assets to the national transmission utility</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>The business/commercial sustainability of the project is likely to be sustained over the tenure of the PPA primarily because of the take-or-pay structure of the PPA. The rating is limited because of the substantial payment arrears from the off-taker ENEO (earlier AES SONEL).</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Moderately unsatisfactory	
<b>Kenya</b>	Thika Thermal Power Project	Satisfactory	<ul style="list-style-type: none"> <li>The project is expected to be financially sustainable in the long term because of the take-or-pay nature of its contract.</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>The project is expected to be financially sustainable in the long term because of the take-or-pay nature of its contract.</li> <li>In the short term, the sustainability of the project is dependent on the continued ability and willingness of the government to keep on paying the deemed energy charge. The government is committed to paying the deemed energy charge while the transmission line is not complete. This payment is exposed to political risk, as the government is making this payment while there is no electricity supplied from the project.</li> </ul>

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Morocco</b>	Ouarzazate Solar Power Station	Moderately satisfactory	<ul style="list-style-type: none"> <li>From MASEN's perspective, there is a gap between the tariff payable to the project company and the tariff it receives from ONE. This tariff gap is estimated to be USD 1 billion over the 25-year tenure of the project. The government is bearing the tariff gap, with MASEN contributing partly from the dividend/surplus left after debt service. This situation is a potential risk for the financial sustainability of the project.</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Satisfactory	<ul style="list-style-type: none"> <li>Project financials reflect growing revenues and strong profitability driven by the higher than expected traffic</li> <li>Rating reflects the impact of delay in opening of the new international airport</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Satisfactory	<ul style="list-style-type: none"> <li>The project company has achieved increase in the net income levels by controlling the operating costs, even in downturn conditions</li> <li>The rating reflects the revenues consistently being less than projected</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Satisfactory	<ul style="list-style-type: none"> <li>The project is expected to be financially sustainable in the long term because of the take-or-pay nature of its contract</li> <li>The financial model suggests that the project's prospects for sustainability and growth are good. In practice, the project has been performing well and the 20 year take-or-pay agreement will continue to ensure the satisfactory flow of benefits. The rating reflects the commercial risks facing the project company, but takes into account that the financial challenges appear to have been resolved.</li> </ul>

\*: Please refer to the respective PRA report for further details.

#### H. Environmental and Social Sustainability

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Satisfactory	<ul style="list-style-type: none"> <li>According to the public counterpart (MINEE), the company is in compliance with social and environmental safeguards. At the same time, the Bank's project documentation, such as Back to office reports, do not provide any specific details for overall compliance, defaults or potential issues on this matter.</li> <li>The rating reflects incidents related to non-compliance of safeguards in the past</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>Largely compliant</li> <li>There were minor non-compliances in the past which were reported to be resolved as per Bank's documentation</li> <li>The current liquidity issues that the company is facing may impair its ability to comply with safeguards on a sustainable basis</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>Largely compliant</li> <li>There were minor non-compliances in the past which were reported to be resolved as per Bank's documentation</li> <li>The current liquidity issues that the company is facing may impair its ability to comply with safeguards on a sustainable basis</li> </ul>



Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Kenya</b>	Thika Thermal Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>■ Fully compliant with the safeguards</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ The Company is in material compliance with the Bank's at-approval requirements, including the implementation of an ESAP.</li> <li>■ However, concerns have been raised regarding the project's handling of certain social issues – particularly those relating to Indigenous People.</li> <li>■ The outcome of the lenders' Project Construction Completion Review exercise will provide further insight into the extent to which the project has met the expectation of the ESAP and key environmental and social requirements.</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Satisfactory	<ul style="list-style-type: none"> <li>■ The project is largely compliant with social and environmental safeguard requirements</li> <li>■ The rating reflects the continued exposure to environmental risks.</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The project has significant environmental and social impacts.</li> <li>■ Project documents identify multiple projects to mitigate the impact. However, two of the identified projects (resettlement site and development of landfill) have experienced implementation delays.</li> <li>■ The supervision reports do not provide specific details on compliance/noncompliance of the project with respect to ongoing environmental and social safeguard compliance</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Satisfactory	<ul style="list-style-type: none"> <li>■ The continued focus of the project company on complying with environmental and sustainability safeguards is expected to be sustainable over the remaining project tenure.</li> <li>■ The efforts of the Project Company are in addition to the efforts needed to meet the relevant environment regulations.</li> <li>■ However, the presence of the environmental risks identified in the environmental audit (risk of chain reaction explosions, risk of leakage of hydrocarbons) is reflected in the rating</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The project is largely in compliance with the environmental and social safeguard requirements</li> <li>■ There are concerns regarding the safe disposal of the waste generated in the project site</li> </ul>

\*: Please refer to the respective PRA report for further details.

## I. Institutional Sustainability

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The government has multiple roles in the transaction- investor, contracting party, regulator, consumer and debtor, which exposes the intervention to conflict of interest and political intervention.</li> <li>■ The Bank has had a limited contribution to directly strengthening the capacity of institutions. The experience of running the concession has strengthened the institutional capacity through demonstration and knowledge transfer.</li> <li>■ The experience of the company in developing and implementing greenfield independent power producers or IPPs (Dibamba and Kribi) has enhanced the institutional capacity for future project development.</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ Lessons learned from the project strengthened the contracting authority's capacity to develop and implement future projects, especially in terms of future IPP contracts.</li> <li>■ At the appraisal stage, Bank staff had noted that the public sector institutions did not have the necessary capacity to manage the complex procurement processes that the project will require. However there has been no direct contribution by the Bank to strengthen the procurement capacity of the sector institutions in Cameroon.</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ Lessons learned from the project strengthened the contracting authority's capacity to develop and implement future projects, especially in terms of future IPP contracts.</li> <li>■ At the appraisal stage, Bank staff had noted that the public sector institutions did not have the necessary capacity to manage the complex procurement processes that the project will require. However there has been no direct contribution by the Bank to strengthen the procurement capacity of the sector institutions in Cameroon.</li> </ul>
<b>Kenya</b>	Thika Thermal Power Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The project strengthened the capacity of the sector institutions to successfully procure IPPs on a competitive basis</li> <li>■ The Bank had a limited contribution to strengthening the institutional capacity in the sector, as part of this intervention</li> <li>■ More broadly, the Bank contributed to the development of the geothermal energy market in the country by supporting initial studies in the sector.</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ The project strengthened the capacity of the sector institutions to competitively procure IPPs in the renewable sector.</li> <li>■ The Bank had limited direct contributions to strengthening institutional capacity.</li> <li>■ The Bank contributed to the development of a knowledge product that will guide future project development in the renewables sector in Kenya.</li> <li>■ The project is exposed to political risk as the payment of deemed energy payments (in the case of delays in constructing the transmission line for evacuation of the power generated in the project) is exposed to political intervention.</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Satisfactory	<ul style="list-style-type: none"> <li>■ The project contracting authority is in the process of developing 5 more projects based on the lessons from the Ouarzazate project.</li> <li>■ The project is exposed to political risk because of its dependence on the 25-year commitment by the Government of Morocco to keep on paying the tariff differential between the price paid by the consumers and the price negotiated with the government.</li> </ul>

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Senegal</b>	Dakar Toll Highway	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The project has demonstrated the effective use of PPPs and strengthened the institutional structure through demonstration effect.</li> <li>■ The project did not involve the PPP agencies or the national department concerned with development of highways</li> <li>■ The project structure and model has not been replicated even within the highways sector in Senegal</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ There is evidence that the lessons from the project were used by the contracting authority for two further projects, thus indicating contribution to institutional capacity by demonstration.</li> <li>■ There has not been any direct contribution by the Bank in strengthening the institutional capacities of the agencies in the sector.</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Moderately satisfactory	There is no evidence to suggest that the Bank explicitly contributed toward strengthening the institutional capacity of the Government of South Africa in the context of the Xina Project. Nevertheless, this is mitigated by the fact that such institutional development was not really required given the relatively sophisticated institutional framework within which the project was implemented.

\*: Please refer to the respective PRA report for further details.

#### J. Ownership and sustainability of partnerships

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ Strong partnership between the contracting parties, marred by the tariff freeze in 2012</li> <li>■ The PPP institutional structure was not involved in the project as (i) the concessions for AES SONEL were signed before the PPP institutional structure was put in place and (ii) the institutional PPPs (the contract is classified as such) is not within the jurisdiction of the PPP institution- CARPA.</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>■ The continuing relationship between the contracting parties, including the government, indicates the strength of the partnerships.</li> <li>■ The PPP institutions were not involved in the case of AES SONEL above.</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>■ The continuing relationship between the contracting parties, including the government indicates the strength of the partnerships.</li> <li>■ The PPP institutions were not involved as indicated in the case of AES SONEL above.</li> </ul>
<b>Kenya</b>	Thika Thermal Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>■ The project has satisfactorily involved relevant stakeholders, promoted ownership among the government (Ministry of Energy, Kenya Power and Light Company and the National Treasury) and attempted to put in place effective partnership with relevant stakeholders.</li> <li>■ The Bank has played an important role in the facilitation of the aforementioned partnerships.</li> <li>■ The PPP unit came into existence after the project had been developed and procured.</li> </ul>

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Kenya</b>	Lake Turkana Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ Interviews with government representatives suggest that it is committed to the project and is devoting significant resources towards ensuring its successful completion.</li> <li>■ There is evidence that the project has been undertaking efforts to develop cooperative partnerships with the communities surrounding the project.</li> <li>■ The PPP Unit was not involved in the procurement and contracting of the project. It was, however, involved in supporting the government and KPLC in some of the contract negotiations.</li> <li>■ The strength of relationship with other relevant stakeholders- primarily KETRACO can be questioned because of the failure of KETRACO to synchronize its construction of the transmission line with the project.</li> <li>■ The strength of the relationship between the parties to the contract is evident from the fact that the same private sponsor has now been competitively selected for subsequent phases of the project</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Highly satisfactory	
<b>Senegal</b>	Dakar Toll Highway	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The public sector contracting party did not establish effective partnerships with the highways agency (AGERROUTE) and relevant local governments. As a result AGERROUTE developed its own transaction structure and key contractual terms for its own projects.</li> <li>■ Local municipalities were not consulted at planning stages, as evidenced by their opposition to location of specific components of the project.</li> <li>■ The PPP entity was established after the project had been developed and procured (and has still not been operationalized)</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The project opportunity was realized by the Bank due to its strong relationship with the private sponsor and the co-lender</li> <li>■ The PPP agency was not involved in the project as it was established after the project was developed and procured</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Satisfactory	<ul style="list-style-type: none"> <li>■ The project demonstrates effective partnership between the contracting parties and external stakeholders.</li> </ul>

\*: Please refer to the respective PRA report for further details.

## K. Time and Implementation Efficiency

Country	PPP Intervention	Rating in Project Result Assessment	Reasons for the rating*
<b>Cameroon</b>	AES SONEL	Moderately Unsatisfactory	<ul style="list-style-type: none"> <li>AES SONEL had experienced substantial delays in the implementation of the original investment program, funded by the Bank. The reasons were: (i) the investment need was higher than envisaged and (ii) the timelines were very optimistic.</li> <li>While the government and the regulator allowed AES SONEL to revise the program and its timelines, the expected outcomes from AES SONEL were certainly delayed (due to shortfalls in their own investment program).</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Satisfactory	<ul style="list-style-type: none"> <li>The project rating reflects the timely completion, impaired due to the persistent technical issues leading to availability at a level lower than the contracted minimum</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Moderately Satisfactory	<ul style="list-style-type: none"> <li>The project rating reflects the timely completion, impaired due to the delay in supply of gas to the project as well as due to the persistent technical issues leading to availability at a level lower than the contracted minimum.</li> </ul>
<b>Kenya</b>	Thika Thermal Power Project	Highly satisfactory	<ul style="list-style-type: none"> <li>Project was completed ahead of schedule</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>The ratio of planned implementation time and actual implementation time from the date of effectiveness was 1</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>The rating reflects the ratio of 0.875 : 1 between the planned completion and actual completion of Phase I of the project.</li> <li>Phase II of the project was not operational by the end of the review period</li> </ul>
<b>Morocco</b>	Tangier II Wind Power Project	Not rated	<ul style="list-style-type: none"> <li>The project is at the preliminary stages of development. Therefore this parameter cannot be measured. Having said that, the project development started in 2012 and it was expected that the project would be commissioned in the 1st quarter of 2016. The actual delay is already more than 48 months and is likely to be substantially higher.</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Moderately satisfactory	<ul style="list-style-type: none"> <li>The highway was completed on schedule but there were delays in implementing the social and environmental safeguard components of the project</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>The ratio of planned implementation time to actual implementation time is within the range of 0.7 and 0.9</li> <li>The reasons for delay include delay by a subcontractor and the site development taking more time than expected because the soil condition was different than anticipated.</li> </ul>
<b>Senegal</b>	Sendou Power Project	Highly unsatisfactory	<ul style="list-style-type: none"> <li>While the project construction was not completed by the end of the review period (December 2017), the ratio of planned implementation time to the actual time to completion is likely to be lower than 0.4</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Satisfactory	<ul style="list-style-type: none"> <li>The project was commissioned as per targeted timelines. The ratio of the planned implementation time to actual implementation time from the date of effectiveness of the loan is almost 1.</li> </ul>

\*: Please refer to the respective PRA report for further details.

## L. Quality at Entry and Additionality

Country	PPP Intervention	Rating	Key reasons for the rating*
<b>Cameroon</b>	AES SONEL	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>■ No assessment of additionality</li> <li>■ Results based logical framework was not updated to reflect the revised investment program</li> <li>■ Comprehensive due diligence of the original investment program, but not of the revised program</li> <li>■ Tariff risk was not assessed as part of due diligence</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>■ Short term focus of the results based logical framework, it does not even cover the tenor of the Bank's loan.</li> <li>■ The results framework does not address the social and environmental impacts. The project is classed as Category 1 and therefore is likely to cause significant environmental and social impact.</li> <li>■ There is no evidence that the Bank conducted a due diligence of the replacement private sponsor once the original sponsors exited the project.</li> <li>■ The project appraisal report does not assess the counterpart payment risk, contract management risk and fuel risk.</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ Short term focus of the results based logical framework, it does not even cover the tenor of the Bank's loan.</li> <li>■ There is no evidence that the Bank conducted a due diligence of the replacement private sponsor once the original sponsors exited the project.</li> </ul>
<b>Kenya</b>	Thika Thermal Power Project	Moderately Satisfactory	<ul style="list-style-type: none"> <li>■ Results based logical framework had gaps in terms of definition of the immediate and medium term outcomes and impacts</li> <li>■ No evidence that a review of procurement method for the selection of the private sponsor was conducted by the Bank</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ Comprehensive logical framework but missing baseline information</li> <li>■ No evidence that a review of procurement method for the selection of the private sponsor was conducted by the Bank</li> <li>■ Value for money assessment was conducted by the Bank</li> </ul>
<b>Morocco</b>	Ouarzazate Solar Power Station	Satisfactory	<ul style="list-style-type: none"> <li>■ Results based logical framework is not consistent between Phase I and II of the project</li> <li>■ Due diligence was comprehensive and covered most of the aspects</li> </ul>
<b>Morocco</b>	Tangier II Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ The results based logical framework has been developed at the level of the program and not at the level of the specific project</li> <li>■ The Bank may need to reassess the project as substantial time has elapsed from the approval of the project by the Bank's board</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Satisfactory	<ul style="list-style-type: none"> <li>■ Results based logical framework is not consistent between Phase I and II of the project</li> <li>■ Inadequacies identified in the due diligence of the project.</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ Gaps in the results based logical framework, especially in terms of definition of objectively verifiable indicators</li> <li>■ Some of the key risks (construction delay) were not assessed</li> </ul>



Country	PPP Intervention	Rating	Key reasons for the rating*
<b>Senegal</b>	Sendou Power Project	Moderately unsatisfactory	<ul style="list-style-type: none"> <li>■ Baseline values have not been captured in the results based logical framework</li> <li>■ No documented review of procurement process</li> <li>■ Several inadequacies in the due diligence of environmental and social impact and mitigation proposed by the project company</li> <li>■ Inadequacy in due diligence of the project sponsor and subsequent investors in the project</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Satisfactory	<ul style="list-style-type: none"> <li>■ Comprehensive due diligence</li> <li>■ Financial and non-financial additionality is well established</li> </ul>

\*: Please refer to the respective PRA report for further details.

#### M. Monitoring and Supervision

Country	PPP Intervention	Rating	Key reasons for the rating*
<b>Cameroon</b>	AES SONEL	Moderately Unsatisfactory	<ul style="list-style-type: none"> <li>■ There was inadequate focus on the contents of the revised investment program - the original investment program based on which the Bank approved the loan was substantially revised. The supervision process did not document a review of the revised program, its implications on the Bank and on the development outcomes of the project.</li> <li>■ There was inadequate focus on environmental and social compliance by AES SONEL/ENEO in the supervision reports;</li> <li>■ The supervision reports described various risk events as they were occurring but did not provide information on possible impact on the Bank's exposure, and on any ongoing action by the company or any equity investor or lender to resolve the situation.</li> </ul>
<b>Cameroon</b>	Dibamba Power Project	Moderately Unsatisfactory	<ul style="list-style-type: none"> <li>■ Irregular periodicity of the monitoring and supervision reports.</li> <li>■ Inadequate focus on potential risk events.</li> </ul>
<b>Cameroon</b>	Kribi Power Project	Moderately Satisfactory	<ul style="list-style-type: none"> <li>■ No supervision reports after March 2016;</li> <li>■ While some of the risks have been addressed by the supervision reports, the potential impact of the risk events on the financials of the project company and therefore on the debt service capacity has not been assessed.</li> </ul>
<b>Kenya</b>	Thika Thermal Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ While the Bank staff carried out regular supervision activities for this project, there was inadequate coverage of environmental and social risks and their implications. The rating reflects this assessment.</li> </ul>
<b>Kenya</b>	Lake Turkana Wind Power Project	Satisfactory	<ul style="list-style-type: none"> <li>■ While the Bank staff carried out regular supervision activities for this project, there was inadequate coverage of environmental and social risks and their implications. The rating reflects this assessment.</li> </ul>

Country	PPP Intervention	Rating	Key reasons for the rating*
<b>Morocco</b>	Ouarzazate Solar Power Station	Unsatisfactory	<ul style="list-style-type: none"> <li>■ For Phase I, only one BTOR (related to the construction period) was made available for review.</li> <li>■ No BTOR has been made available for operation of Phase I and construction of Phase II</li> <li>■ The rating reflects the absence of sufficient information related to the Bank's supervision either during the construction or operation period of the project (phase I and II).</li> </ul>
<b>Morocco</b>	Tangier II Wind Power Project	Not rated	<ul style="list-style-type: none"> <li>■ Since the project is in initial stages of planning, the Bank has not conducted any periodic monitoring and supervision activities</li> </ul>
<b>Senegal</b>	Dakar Toll Highway	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The supervision reports cover the performance of the project in detail, but have inadequate coverage of the risk events and their impact</li> <li>■ Some of the supervision reports present the same information as the preceding report with limited updating of status.</li> </ul>
<b>Senegal</b>	Dakar Container Terminal	Moderately satisfactory	<ul style="list-style-type: none"> <li>■ The periodicity of the supervision reports is irregular with substantial gaps in certain periods (based on the supervision reports made available for this evaluation)</li> <li>■ Inadequate coverage of the emerging risk events and the possible impact of the risk events</li> </ul>
<b>Senegal</b>	Sendou Power Project	Unsatisfactory	<ul style="list-style-type: none"> <li>■ Inadequate number and timely coverage of supervision reports</li> <li>■ Limited information on project performance and key risks emerging</li> <li>■ There were no supervision reports made available to the evaluation for the period November 2012 to January 2015. This was the period when the project was delayed due to the dispute between the shareholders and other issues.</li> </ul>
<b>South Africa</b>	Xina Solar One Project	Satisfactory	<p>The supervision has been largely regular with adequate coverage of most issues. The rating reflects the feedback from the borrower about the process of disbursements on the date and using the channel agreed among all the lenders. According to the borrower, the Bank did not meet the agreed date and did not use the agreed channel, raising questions on the monitoring of such processes within the Bank.</p>

\*: Please refer to the respective PRA report for further details.

## Annex 3: List of Main Documents Consulted

- AfDB** Medium Term Strategy 2008-2012
- AfDB** Strategic Plan 2003-2007
- AfDB** Strategy for 2013-2022
- AfDB** Agriculture Sector Strategy 2010-2014
- AfDB** Capacity Development Strategy 2010
- AfDB** Climate Change Action Plan 2011-2015
- AfDB** Corporate Governance Strategy 2007
- AfDB** Energy Sector Policy 2012
- AfDB** Policy on Non-Sovereign Operations
- AfDB** Financial Sector Development Policy and Strategy
- AfDB** Governance Strategic Framework and Action Plan
- AfDB** Human Capital Development Strategy
- AfDB** Industrialization Strategy for Africa
- AfDB** New Deal on Energy for Africa
- AfDB** Policy Integrated Water Resources Management
- AfDB** Private Sector Development Strategy and Policy
- AfDB** Regional Integration Policy and Strategy
- AfDB** Strategy for Agricultural Transformation in Africa
- AfDB** Urban Development Strategy
- AfDB** Strategy for Jobs for Youth
- AfDB** IDEV PPP stocktaking report

<b>AfDB</b>	IDEV PPP Inception Report
<b>AfDB</b>	Country Strategy Papers
<b>AfDB</b>	Country Strategy Paper Evaluations
<b>AfDB</b>	Projects documentation
<b>AsDB</b>	Office of Public–Private Partnership Flyer
<b>AsDB</b>	Public-Private Partnership Monitor
<b>AsDB</b>	Public-Private Partnership Operational Plan 2012-2020
<b>AsDB</b>	Office of PPP website
<b>AsDB</b>	Learning curves: ADB Assistance for PPPs in Infrastructure Development
<b>AsDB</b>	Evaluation on PPP from 2009
<b>AsDB</b>	Introduction to Asia Pacific Project Preparation Facility
<b>AsDB</b>	ADB Results Framework
<b>AsDB</b>	Results Framework Indicator Definitions
<b>AsDB</b>	Classification of ADB Assistance for PPP in Infrastructure Development (1998–2010)
<b>EBRD</b>	Core principles for a modern concession law
<b>EBRD</b>	Infrastructure Project Preparation Facility (Approach Paper)
<b>EBRD</b>	Implementing Facilities Management services through PPPs
<b>EBRD</b>	Procurement Policies and Rules
<b>EBRD</b>	LTP Factsheet
<b>EBRD</b>	Legal Transition Program Review
<b>EBRD</b>	2011 concession/PPP assessment
<b>EBRD</b>	Private Sector Participation in Municipal and Environmental Infrastructure Projects - Review and Evaluation



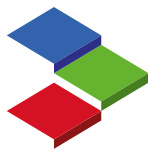
<b>EBRD</b>	Transition Report 2017-2018
<b>EBRD</b>	Additionality in the EBRD – Review of Concept and Application
<b>EBRD</b>	Website
<b>EIB</b>	The European PPP Expertise Centre presentation on role and activities
<b>EIB</b>	The European PPP Expertise Centre at a glance
<b>EIB</b>	Guide to the Statistical Treatment of PPPs
<b>EIB</b>	PPPs financed by the European Investment Bank from 1990 to 2016
<b>EIB</b>	Review of Lessons from Completed PPP Projects Financed by the EIB
<b>EIB</b>	Evaluation of PPP projects financed by the EIB
<b>EIB</b>	EIB and EPEC websites
<b>IDB</b>	Public Private Partnerships Program presentation
<b>IDB</b>	Evaluation of Public-Private Partnerships in Infrastructure
<b>IADB</b>	Evaluation of PPP in infrastructure
<b>IP3</b>	Services to Support the Preparation of the African Development Bank's PPP Strategy
<b>WBG</b>	Maximizing finance for development: leveraging the private sector for growth and sustainable development
<b>WBG</b>	World Bank Group Support to Public-Private Partnerships
<b>Other</b>	Country policy/strategic documents
<b>Other</b>	Infrascopes

## Endnotes

1. OECD (1991). Principles for Evaluation of Development Assistance. Development Assistance Committee; Paris.
2. OECD (2010). Quality Standards for Development Evaluation. Development Assistance Committee, Paris.
3. Of particular relevance to this evaluation are the Good Practice Standards for Country Strategy and Program Evaluations (2008); the Good Practice Standards for the Evaluation of Public Sector Operations (February 2012), the Good Practice Standards for the Evaluation of Private Sector Investment Operations, Fourth Edition. November 2001 and the ECG Harmonized Evaluation Criteria and Rating, 2013.
4. Source: Moritz (2017), the spread of PPP in Europe.
5. Source: Roehrich (2014), a systematic Literature Review.
6. Source: Launched in 2015 by the Asian Development Bank (AsDB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IaDB), the Islamic Development Bank, and the World Bank Group, with the support from PPPIAF, the PPP Knowledge Lab serves the needs of governments and practitioners alike, filling the gap in reliable, trustworthy knowledge about public-private partnerships. The AfDB is a partner of this initiative.
7. Source: PPIAF (2012), PPP Basics and Principles of a PPP Framework.
8. Source: Africa SDG Index and Dashboard Report 2018, The Sustainable Development Goals Center for Africa and Sustainable Development Solutions Network (a global initiative of the United Nations).
9. Open Budget Data Initiative of the World Bank Group
10. Source: African Economic Outlook 2018.
11. Source: Infrastructure Financing Trends in Africa-2016. The Infrastructure Consortium for Africa and African Economic Outlook 2018.
12. Presentation GAMA 2013 – Khartoum' by AfDB, Africa Infrastructure Country Diagnostic report.
13. Countries like India and the Philippines have had successes (and failed examples as well) in PPPs in infrastructure that demonstrate the value of PPPs to RMCs.
14. Private Participation in Infrastructure Database, World Bank Group (<http://ppi.worldbank.org/>)
15. Source: Private Participation in Infrastructure Database, World Bank Group (<http://ppi.worldbank.org/>)
16. Source: Private Participation in Infrastructure Database, World Bank Group (<http://ppi.worldbank.org/>)
17. Source: Private Participation in Infrastructure Database, World Bank Group (<http://ppi.worldbank.org/>)
18. Source: Economist Intelligence Unit. 2015. Evaluating the environment for public-private partnerships in Africa: The 2015 Infrascopes. London.
19. Source: Procuring Infrastructure Public Private Partnerships Report 2018- Assessing Government Capability to Prepare, Procure and Manage PPPs, World Bank Group (2018), co-funded and supported by African Legal Support Facility, Australian Government Department of Foreign Affairs and Trade, the Global Infrastructure Hub and PPIAF.
20. Source: At the Center of Africa's Transformation; Strategy for 2013-2022, AfDB.
21. Source: The High 5 for Transforming Africa (<https://www.afdb.org/en/the-high-5/>), including 1) Light Up and Power Africa (2) Feed Africa (3) Industrialize Africa (4) Integrate Africa and (5) Improve the Quality of Life for the People of Africa.
22. Source: Private Sector Development Strategy of the African Development Bank Group 2012-2017, May 2012.
23. 23 CSPs covering 12 countries were reviewed for the period covered by this Evaluation.
24. The evaluation of the strategic framework of the Bank was undertaken as part of the Policy Review Report prepared by IDEV as part of this evaluation.
25. The RDGS Office in Pretoria covers 12 countries and the SADC Secretariat. The Office was established to strengthen dialogue between the Bank and the Bank's RMCs in Southern Africa, development partners, the private sector, and the civil society.
26. Source: <https://www.afsf.org/>
27. These guarantees insulate private sector lenders against well-defined political risks related to the failure of a government or a government-related entity to honor certain specific commitments



28. The product partially guarantees debt service obligations of Low Income Countries (LICs) and well-performing State-Owned Enterprises in LICs.
29. Source: A New Route To Development: Senegal's Toll Highway Public Private Partnership, 2003-2013, Innovations for Successful Societies, Princeton University, USA, 18 May 2016, Author- Maya Gainer Safeguard Research Specialist, Case Study Funded by French Development Agency
30. AfDB (2017) Lake Turkana Wind Project – ES Back to Office Report January 2017.
31. AfDB, Back to office report dated November 2013
32. See Figure A1.1 and Figure A1.2 for details.
33. Source: Economist Intelligence Unit. 2015. Evaluating the environment for public–private partnerships in Africa: The 2015 Infrascopie. EIU, London.
34. Evaluation of the Bank's Utilization of the PPP Mechanism (2006 - 2017) Inception report- Volume 2 Technical Annexes, IDEV, March 2017. Available on: <http://idev.afdb.org/en/document/ongoing-evaluation-bank%E2%80%99s-utilization-public-private-partnership-mechanism-2006-2016>
35. Evaluation of the Bank's Utilization of the PPP (2006 - 2017) Inception report- Volume 2 Technical Annexes, IDEV, March 2017
36. Recent Bank sector policy documents in particular the Industrialization Strategy for Africa and the New Deal on Energy for Africa mentioned the PPP mechanism as to support the sector strategy framework.
37. Accelerated Growth Strategy of Government of Senegal. 2004
38. Identified in Poverty Reduction Strategy Paper of Government of Senegal II 2008
39. World Bank Report No. ICR0000955 (March 27, 2009)



IDEV

Independent Development Evaluation  
African Development Bank



## About this Evaluation

This report presents a summary of the findings of the independent evaluation of the AfDB's utilization of its Public-Private Partnership (PPP) mechanism over the period 2006-2017. Given the emphasis placed on PPPs as a means of closing Africa's infrastructure gap and promoting social and economic development, the objectives of the evaluation were: (i) to assess the extent to which the AfDB's PPP interventions achieved development results; (ii) to assess the extent to which the AfDB's PPP interventions have been well-managed; (iii) to identify factors that enable and/or hinder the successful implementation and achievement of development results; and (iv) to harvest lessons from experience to inform the AfDB's future use of its PPP mechanism.

The evaluation followed a Theory-of-Change approach and relied on mixed methods for collecting and analyzing data at project, sector, corporate and country levels, which included the use of multiple lines of evidence synthesized from seven background reports, 11 project results assessments, non-lending reviews, five country case studies, sector syntheses, a portfolio review, and a benchmarking study.

The evaluation found that the AfDB's PPP interventions are largely relevant and effective, and the Bank was found to be innovative and demand-driven in the management of PPPs. A number of challenges were identified including implementation delays; inadequacies in quality at entry, supervision, and monitoring activities; lack of a formal strategy, operational guidelines and directives for PPPs; as well as absence of a central repository of knowledge and experience on PPPs.

The evaluation made recommendations for the AfDB's Management to consider at the strategic and operational levels, in order to improve internal efficiency and the effectiveness and impact of PPPs on the African continent.



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