

Joint Management Response to the External Evaluation of the AfDB-DFID Technical Cooperation Arrangement (TCA)

OVERARCHING RESPONSE TO EVALUATION REPORT

The African Development Bank (AfDB) and the UK Department for International Development (DFID) welcome the findings and recommendations of the independent evaluation of the AfDB-DFID Technical Cooperation Arrangement (TCA). The objectives of the evaluation were to (a) test critical assumptions underpinning the TCA approach, (b) evaluate the performance of the TCA in delivering anticipated results, and (c) draw lessons for future management of AfDB Trust Funds.

This document reflects a joint management response by the AfDB and DFID to the evaluation. In the response to recommendations table below, the response is from the organisation(s) specified (including from both organisations, if the evaluation recommendation was directed jointly to the AfDB and DFID).

Through the TCA, DFID has provided £10.4m to support the AfDB to improve its organisational effectiveness through training, technical assistance, capacity building and institutional support. The TCA focused support on sectors and themes prioritised as strategically important by the AfDB and its African member countries. The priority areas identified through the TCA were infrastructure and regional integration, private sector development, governance, institutional capacity, and climate change adaptation and clean energy.

The evaluation focused on a set of 11 questions which were designed to test assumptions, assess efficiency and effectiveness and draw lessons. These questions were used to develop a set of hypotheses. Data to assess the hypotheses was drawn from (i) an extensive document review, (ii) interviews and group discussions with AfDB and DFID staff, (iii) online perceptions and outcomes surveys targeted at AfDB, DFID and member country stakeholders, and (iv) a project expenditure review.

The evaluation was largely conducted as intended, but the final evaluation report identified four limitations which arose when undertaking the evaluation: (i) difficulties in accessing the views of those AfDB and DFID stakeholders involved in the earlier stages of programme implementation from 2007, (ii) the broad range of non-TCA activities aimed at strengthening performance making it hard to assess the precise contribution of TCA activities to observed outcomes, (iii) the breadth of TCA activities meaning it was not possible, within the scope of the evaluation, to undertake a detailed review of each, and (iv) sufficient robust evidence not always being available to support answers to all evaluation questions – where this is the case the evaluator has exercised professional judgment and acknowledged weaknesses in the evidence base.

Overall, the evaluation found that the TCA was relevant to achievement of AfDB strategic goals and that this relevance was increased by the flexible nature of the TCA and its ability to respond to emerging priorities. Activities were largely delivered as expected, with disbursement rates being relatively high when compared to those of other AfDB trust funds. Evidence gathered during the evaluation also indicated that TCA activities had supported the AfDB to achieve results in its strategic priority areas.

The evaluation also observed that the management arrangements for the TCA had evolved over time, to one of functional management, and that these arrangements had had implications for the overall effectiveness (and measurement of effectiveness) of the TCA as a whole. In this regard a series of recommendations were made around Trust Fund management at the AfDB as well as specific recommendations in respect of the future Framework Agreement for capacity building support between DFID and the AfDB. The management response to each of these recommendations is set out below.

MANAGEMENT ACTION RECORD	
Recommendation	Management's response
<i>Recommendations for AfDB trust fund strategy and management.</i>	
<i>Recommendation 1:</i> <i>Ensure that trust funds that support Bank capacity development are part of the Bank's trust fund portfolio. TCA-type trust funds are greatly valued by Bank staff and play an important 'downstream' role in support of 'upstream' Bank reform processes.</i>	<p>(AfDB) AGREED. The Trust Fund matrix, which the Resource Mobilization and External Finance Department (FRMB) regularly updates, captures all the Bank's Trust Funds (bilateral and thematic) with the information of their priority sectors, eligible activities (including Bank's capacity development) and funding availability.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ The FRMB will continue to update the Trust Fund matrix to be available on the Bank's intranet for all staff who is interested.
<i>Recommendation 2:</i> <i>Consider making sector-specific capacity-needs assessments of relevant sectors an integral part of priority-setting for trust funds that support Bank capacity-development. Such capacity-needs assessments (see Box 3), carried out by relevant Bank departments, would identify key capacity-gaps, opportunities, and potential new initiatives that would support the Bank's strategic priorities. They should</i>	<p>(AfDB) AGREED IN PART. Box 3 of the evaluation report illustrates how the "structured capacity-needs assessments" can be carried out. While AfDB Management agrees on the importance of identifying capacity gaps and opportunities in each sector, it should not be limited to utilisation of Trust Fund resources. Bank Departments do the same exercise along with preparation of the Departmental</p>

<p><i>be updated every 24 months.</i></p>	<p>administrative budget, establishment of annual work programmes/key performance indicators and development of relevant policies and strategies. Management refrains from undertaking any stand-alone assessments beyond the existing practices.</p>
<p>Recommendation 3: <i>Integrate the Bank’s results agenda into how trust funds operate. Options to be considered are to make results frameworks or logical frameworks part of templates for submitting proposals and to allocate 5% of trust funds to generating relevant baseline data.</i></p>	<p>(AfDB) AGREED IN PART. A results-based logical framework (RBLF) has become a standard part of the proposal template for funding from Bank’s Trust Funds. Sponsoring Departments are required to include it when they submit new proposals. As an RBLF needs to be prepared before approval, Trust Fund resources generally cannot be used to collect baseline data. However, if need be, some of the baseline data, which are unavailable at the onset, can be collected during the implementation.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ FRMB and the Departments responsible for managing Trust Funds will ensure the consistent use of the RBLF for individual activities to set clear targets and monitor results.
<p>Recommendation 4: <i>Consider developing procurement processes that enable trust funds to play their role well and in a timely manner. Flexibility and speed are critical for the effectiveness of trust fund activities – and at the heart of their value added for the Bank. Adapted procurement processes that enable such speed and flexibility should be considered; or at a minimum a procurement officer should be appointed to focus on supporting procurement for trust funds.</i></p>	<p>(AfDB) AGREED IN PART. Management is aware that some of the activities under Trust Funds experience delays due to their procurement processes. However, it is considered to be unrealistic to establish different procurement rules to be applied only for Trust Funds, given that the Bank is responsible for fiduciary control over the activities under Trust Funds same as Bank’s regular operations. The issue of procurement, among others, will be taken into consideration when the Bank reviews the Trust Fund Reform Policy, which would take place in 2015.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ FRMB will analyze the impediments to timely implementation of Trust Fund activities and propose a solution when it

	<p>reviews the Trust Fund Reform Policy in 2015.</p>
<p>Recommendation 5: <i>Enable greater trust fund awareness across the Bank. Trust funds at present remain underutilised in the Bank. Part of the reason for this is limited awareness of trust funds among Bank spending departments. Creating trust fund fact sheets and disseminating these will be beneficial.</i></p>	<p>(AfDB) AGREED IN PART. The notion of “underutilisation” of Trust Fund resources is not necessarily true. It should be noted that as of 31 December 2013, the approval rates of bilateral and thematic Trust Funds are 80% and 75%, respectively. FRMB is in the process of redesigning its own intranet site to facilitate access to Trust Fund information.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ FRMB will include the comprehensive information regarding Bank’s Trust Funds in its redesigned site on the Bank’s intranet.
<p>Recommendations for a new Framework Arrangement (FA) set-up and running.</p>	
<p>Recommendation 6: <i>Conduct a capacity-needs assessment on FA priority areas (AfDB responsibility). Ensure that a more granular understanding of FA relevant Bank capacity-gaps, opportunities, and potential new initiatives is generated by conducting a capacity-needs assessment (see Box 3). Update the capacity-needs assessment every 24 months. Conduct additional capacity-needs assessments with relevant departments when additional funding envelopes are provided by DFID under the FA for Bank capacity-development.</i></p>	<p>(AfDB) AGREED IN PART. As mentioned in the response to Recommendation 2, Management disagrees on the necessity of undertaking any stand-alone assessments beyond existing practice. However, it is desirable to deepen the strategic aspects of the new facility (under its Main Contribution for Bank’s capacity development) by ensuring clear linkages between the objectives of individual activities and the AfDB’s corporate priorities and capacity-needs.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ FRMB will closely work with the relevant Departments to formulate activities based on thorough identification of capacity-needs in each target area. A Technical Review Committee will verify the relevance of proposals to Bank’s corporate priorities.
<p>Recommendation 7: <i>Prepare and disseminate an FA fact sheet for relevant Bank spending departments (AfDB responsibility). Ensure that the FA fact sheet</i></p>	<p>(AfDB) AGREED.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ FRMB will produce a fact sheet on the

<p><i>includes information on eligibility criteria, templates required for proposals, and the proposal submission/approval process. This would need to be done for each programme agreed under the FA, starting with the MAR-related capacity development resources.</i></p>	<p>new facility in consultation with DFID, once it is established, to be disseminated within the Bank.</p>
<p>Recommendation 8: <i>At the outset of the FA, hold an AfDB-DFID meeting to clarify FA strategy (AfDB and DFID responsibility). Discuss at this meeting: (a) the most appropriate policy-institutional strengthening mix; (b) the most appropriate mix of project and programmes; and (c) alignment between Bank ‘upstream’ initiatives and FA ‘downstream’ activities.</i></p>	<p>(AfDB and DFID) AGREED.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ FRMB and DFID’s International Financial Institutions Department will have a meeting at the outset of the new facility to agree on the strategic orientation of the facility, and in particular its initial Main Contribution (GBP 2 million) to support the Bank’s internal capacity development.
<p>Recommendation 9: <i>Develop FA eligibility criteria and ensure that at least 80% of funded projects are directly eligible (AfDB and DFID responsibility). Ensure that eligibility criteria reflect agreement reached on FA strategy and findings of capacity-needs assessments. Adhere to these eligibility criteria in the main contribution and set a target of at least 80% of funded projects being directly eligible.</i></p>	<p>(AfDB and DFID) AGREED.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ In principle, all the activities funded by the FA should be in line with the agreed scope of the FA. FRMB and DFID’s International Financial Institutions Department will agree clear eligibility criteria for the new facility and in particular its initial Main Contribution (GBP 2 million) for the Bank’s internal capacity development.
<p>Recommendation 10: <i>Be patient with institutional strengthening projects as these take time (DFID responsibility). Build in expected project implementation delays in the planning of disbursements.</i></p>	<p>(DFID) AGREED.</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ When developing individual institutional strengthening components under the FA, DFID and the AfDB will agree realistic timeframes for implementation, and establish corresponding RBLF’s to monitor progress accurately, adjusting these as necessary over time to achieve expected results.
<p>Recommendation 11: <i>Use the capacity-needs assessment and outcomes of AfDB-DFID meeting on FA strategy to develop a</i></p>	<p>(AfDB and DFID) AGREED IN PART. AfDB Management agrees on the need for a common results-based logical framework</p>



shared FA results framework (AfDB and DFID responsibility). In support of the results framework, allocate also 5% of FA funds for the collection of relevant baseline data for results measurement. Take this approach also for other contributions made under the FA.

(RBLF) for the Main Contribution as well as for additional programs/initiatives under the new facility. However, due to the constraint of the resources, the RBLF(s) should be prepared without using the fund resources.

- FRMB and DFID's International Financial Institutions Department will agree on an RBLF with available baseline data for the Main Contribution as well as for additional programs/initiatives under the new facility.