

AFRICAN DEVELOPMENT BANK GROUP



Fostering Regional Integration in Africa: An Evaluation of the Bank's Multinational Operations, 2000-2010

An Approach Paper

**OPERATIONS EVALUATION DEPARTMENT
(OPEV)**

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This approach paper was prepared by Albert-Enéas Gakusi and Ottavia Pesce under the overall guidance of Colin Kirk and Odile Keller. Manel Gaaloul and Samson Houetohossou provided statistical assistance. M.P. Madhusoodhanan and Detlev Puetz were the OPEV's peer reviewers. The paper has benefitted from comments of colleagues in OPEV and operations complex as well as from external peer reviewers. Any questions on this paper should be addressed to A-E. Gakusi, task Manager and team leader (ext. 3449).

I. Introduction

1.1 The Bank's interest in financing multinational operations is rooted in its mandate to foster regional integration. Article 2 of the *Agreement Establishing the African Development Bank* states that in order to contribute to the sustainable economic development and social progress of its regional members, the Bank should finance investment projects and programmes, giving special priority to: a) projects or programmes which by their nature or scope concern several members; and b) projects or programmes designed to make the economies of its members increasingly complementary and to bring about an orderly expansion of their foreign trade. The agreement recommends paying special attention to the selection of suitable multinational projects. These objectives were endorsed by the African Development Fund and the Nigeria Trust Fund when they were created in 1973 and 1976, respectively. They are also among the main priorities of recent Bank policies and strategies (section V).

1.2 This paper presents an approach for evaluating multinational operations approved between 2000 and end-2010. The evaluation is part of the Operations Evaluation Department (OPEV)'s work programme for 2011-2012. A preliminary analysis of the Bank's portfolio shows that the level of Bank assistance to multinational operations remained low until 2002, but has been rising steadily ever since (Figure 1). Further to the increased assistance, the Bank's stakeholders have expressed interest in an independent evaluation to determine whether these operations are performing as expected and whether they have attained or are likely to attain their objectives.

1.3 Multinational operations – understood as projects, programmes, studies involving two or more countries - aim to address challenges and opportunities that are common to a group of countries and whose resolution is essentially beyond national responsibilities and capabilities. The terminology “Multinational Operations” covers a wide range of realities. Multinational operations can be continent wide, involve a large group of countries or be limited to two countries. Sometimes they may entail a high degree of collaboration among participating countries to solve a common problem. In other cases, they may be designed to address a common problem, where the solution requires limited or no collaboration among participating countries as the solution remains essentially national responsibilities.

1.4 Existing evidence suggests that financing arrangements and coordination of multinational operations represent a challenge and require strong political commitment as well as proactive and effective governance to overcome collective disincentives to cooperate. Consequently, understanding the conditions under which multinational operations are the optimal solution and how to sustain their results is fundamental to formulating policies and designing operations to promote economic and social development on country and regional levels.

II. Bank Policies and Strategies on Regional Integration

2.1 The revived interest in African regional integration has further accelerated during the last decade, with the more active role played by the African Union and the launching of the New Partnership for Africa's Development (NEPAD). Both in response to this trend and due to the evolution of its own development vision, the Bank has enhanced the prioritization of regional integration both in terms of policy and actual operations. Financing of multinational operations is the key means for fulfilling the Bank's mandate to foster regional integration. Since 1973, ADF policy directives have been considering multinational operations as a priority for the Bank's assistance, although the proportion of the amount allocated to them has varied over time. The targeted financing effort ranged between 2 percent for ADF II and 17.5 for ADF IX, whereas ADF V and ADF VI only mentioned the importance to be given to multinational operations without determining any percentage (Table 1 and Annex 3). The Bank vision statement of 1999 as well as the Strategic Plan 2003-2007 and the Mid-Term Strategy 2008-2012 all underscored the high priority attached to regional integration as a means of promoting economic growth and poverty reduction.

ADF Directive (Year)	% of total planned amount
ADF II (1979-81)	2.0
ADF III (1982-84)	9.2
ADF IV (1985-87)	10
ADF V (1988-90)	Effort to make, no % mentioned
ADF VI (1991-93)	Effort to make, no % mentioned
ADF VII (1996-98)	4.0
ADF VIII (1999-01)	5-10
ADF IX (2002-04)	10.0
ADF X (2005-07)	15.0
ADF XI (2008-10)	17.5
ADF XII (2011-13)	Up to 20.0

2.2 The Bank first issued its *Economic and Regional Integration Policy Paper* to guide regional integration efforts in February 2000. The policy is comprehensive and consistent with advanced thinking on regional cooperation and integration. Although it did not specify the human and financial resources required for implementing the policy or the indicators to monitor results, the Policy Paper did recognize the need to create institutional capacity in the Bank for analyzing, monitoring, evaluating and addressing regional integration issues and implementing regional operations. This required the setting up of an internal delivery structure. In 2001, in response to the Directives of the ADF Deputies and a request from the Board of Directors, Bank Management carried out a study which recommended that the Bank establish a focal point for regional integration activities in close collaboration with NEPAD.

Table 2. Comparison Between the Two Policy Papers

RI Policy Paper 2000	RI Strategy 2009
<ul style="list-style-type: none"> • Policy-based operations • Regional infrastructure • Private sector • Capacity building • Sustainable development 	<ul style="list-style-type: none"> • Regional infrastructure • Capacity building • Strategic partnerships • Cross-cutting issues

2.2 In 2006, the Bank created the 'NEPAD, Regional Integration and Trade' (ONRI) department. In February 2008, it produced a *Strategic and Operational Framework for Regional Integration Operations*, in response to stakeholders' request that the Bank play a leadership role and support key continental initiatives, particularly the New Partnership for Africa's Development (NEPAD) initiative. The Strategic and Operational Framework states that the Bank will focus on infrastructure and regional public goods while putting greater emphasis on partnership with regional organizations that have the capacity to develop and

implement regional operations. The identification of multinational operations is guided by basic eligibility criteria, prioritization criteria, and a financing formula. On March 4, 2009, ONRI presented to the Board the *Bank Group Regional Integration Strategy 2009-2012* whose areas of focus are almost similar to those of the previous policy. The strategy includes an implementation plan which defines the sequencing, Bank instruments, implementation arrangements, resource implications, risks, and results framework.

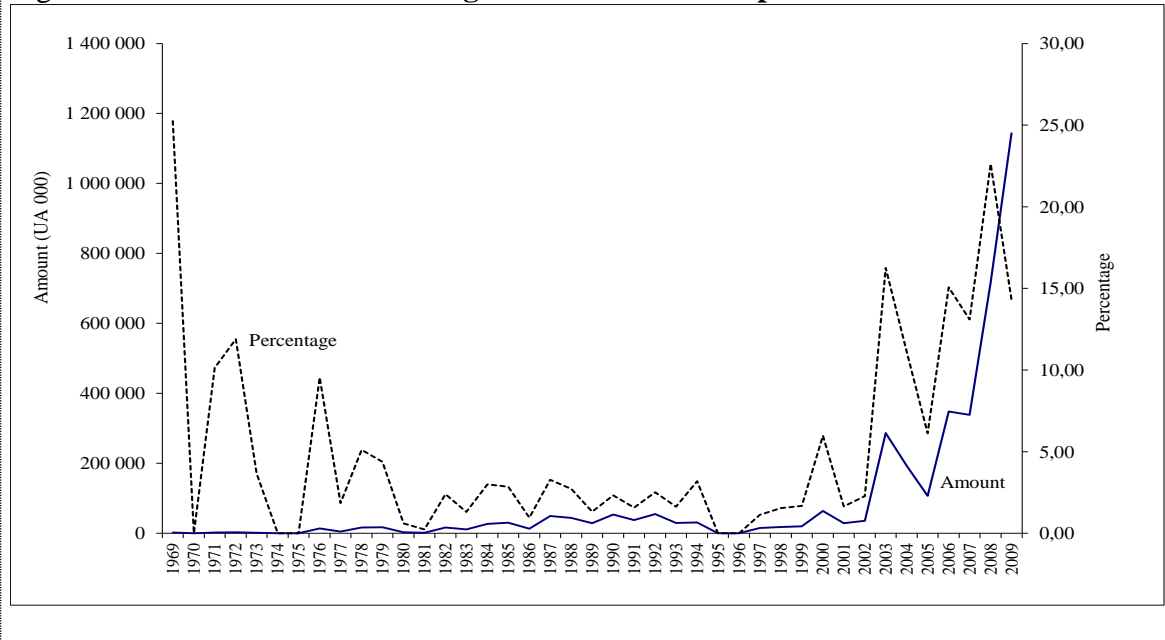
4.2 So far, it is not clear how far the Bank's policies, programmatic documents, operations manual, country strategy papers, etc. have been useful to task managers in designing and implementing multinational operations. To bring further clarity to its policies, strategies and operations in this area, the Bank is currently in the process of formulating and adopting Regional Integration Strategy Papers (RISPS) for the five regions: North Africa, West Africa, Central Africa, and Eastern and Southern Africa. This evaluation will critically assess the clarity of the definitions and concepts of the policy and strategies as well as the assumptions sustaining the policy and strategy papers. In addition, the evaluation will also take into account the recent evolutions of the strategic and operational framework for regional integration.

III Financing and Status of Multinational Operations

3.1 The Bank began its lending activities in 1967 and it started financing multinational operations two years later. Up to December 2010, the Bank had approved 257 multinational operations amounting to UA 4.11 billion. The operations approved during 2000-2009 constitute 86.11 percent of the total portfolio of multinational operations, meaning that very little resources were earmarked for multinational operations prior to 2000 and, that since 2002 the assistance to multinational operations has increased steadily (Figure 1). The proportion of resources allocated to those operations has been more than 10 percent of the total amount approved by the Bank since 2000. This proportion is higher than those for multinational operations in Africa supported by the International Development Association (7.2 percent) and the overall official development assistance for Africa (4.2 percent)¹.

¹ International Development Association (IDA) (2007), *IDA's Performance Based Allocation System: Simplification of the Formula and Other Outstanding Issues*, September; Birdsall Nancy (2006), "Overcoming Coordination and Attribution Problems: Meeting the Challenge of Underfunded Regionalism." In *The New Public Finance: Responding to Global Challenges*, ed. Inge Kaul and Pedro Conceicao. New York: Oxford University Press; Patrick Guillaumont et al. (2009). *L'allocation par pays de l'aide au développement du Fonds Africain de Développement: pourrait-elle être améliorée ?*, CERDI-Banque Africaine de Développement.

Figure 1. Trend in Bank Financing for Multinational Operations



3.2 From 2000 to 2010, the African Development Fund was the main source of financing.. The main focus was on the infrastructure sector, and the assistance has been dominated by project loans. Out of 174 approved operations, 37 have been completed, of which 19 have a project completion report (Annex 2). However, several completed operations are small or are studies not requiring a project completion report. Studies represent 1.62 percent of the amount approved. Out of 174 operations approved during the concerned period, 142 were co-financed (81.6 percent). The Bank’s contribution amounted to 22 percent of the total cost of the operations, the highest proportion compared with other co-financiers. Multi-regional operations, those cutting across different sub-regions, represent 47.4 percent of the total portfolio of multinational operations.

3.3 Until recently, the Bank did not have a formula for dealing with competing resource demands from national and multinational operations. ADF-11 introduced the principle that one-third of the cost of multinational operations will be deducted from allocations to the countries concerned, except for regional public goods, and that two third would be financed from a general resource envelop. The deduction from the country allocation is capped at 10 percent, when that allocation is below UA 20 million². Financing of two third of multinational operations through a general envelop is intended as an incentive to regional integration. The present evaluation will assess the effectiveness of the formula in influencing the selection of multinational operations.

IV. Rationale for an Independent Evaluation

4.1 No comprehensive independent evaluation of multinational operations has been undertaken. The only notable effort was a compilation by the Operations Evaluation Department (2007) of the main findings and lessons from 17 project completion reports of multinational projects implemented during 1969-2003. The compilation highlighted that many of the reports paid little attention to the collaboration process associated with project

² African Development Fund, 2008. *Strategic and Operational Framework for Regional Operations*. Tunis: African Development Bank.

identification, design, implementation and post-completion management. It noted that the reports did not adequately discuss the nature and scale of problems experienced their contributing factors, or how some of them were avoided or successfully dealt with. It recommended that future project evaluation reports of multinational projects pay more attention to these aspects. A learning review focused on multinational operations carried out by the Vice-President for Country and Regional Programs and Policy (ORVP, May 2010) has found that existing findings and lessons had not fed into the quality assurance processes.

4.2 Those reviews have shown that multinational operations have had limited impacts in the past because of issues with design quality, coordination of participating countries, and sustainability of results. The Bank's internal factors that contributed to this situation include: a) stand-alone project approach; b) lack of regional strategies; and c) lack of effective human resources capacity and of an appropriate regional operations coordinating mechanism. External factors include member countries' weak support for the regional organizations they have created and lack of political will to implement the reforms needed to create a policy environment that is conducive to effective integration.

V. Objectives and Scope

5.1 The purpose of the evaluation is to critically assess the following:

- a) The relevance of the Bank's regional integration policies and strategies for multinational operations;
- b) The effectiveness, efficiency and sustainability of multinational operations; and
- c) The Bank's performance as well as beneficiary countries' and institutions' performance in designing and implementing operations and in sustaining the results.

5.2 The evaluation will help identify factors of success and failure of operations in order to enhance understanding of what works, what does not work, and why. This will also help identify recommendations of actions to be taken to enhance the development impact of ongoing and future operations. Finally, the evaluation findings will constitute a basis for accountability for the increased financial effort to support multinational operations.

5.3 The evaluation will cover Bank policies, strategies and public and private sector operations involving at least two countries and aiming to: (a) Finance multi-country projects and studies on regional issues; and (b) Support regional capacity building operations.

5.4 The evaluation will focus on completed and ongoing multinational operations approved between 2000 and 2010. While the desk review for this evaluation will encompass all types of operations, the selection of case studies will be limited to completed infrastructure investment projects that require a high degree of collaboration.

VI. Conceptual Framework of the Evaluation

6.1 Multinational operations are designed to help two or more countries jointly pursue development objectives aimed at addressing social, financial, economic, political, and environmental problems that cannot be solved by individual countries (Figure 2). They address cross border externalities that no single country has the scale, resources, authority or

interest to act regionally³. These operations are designed to produce positive effects, including economies of scale, greater efficiency, and stronger bargaining power.

6.2 Despite their advantages, multinational operations have many downsides, some of which are exacerbated by the African context, which poses high implementation and sustainability challenges. These operations require a high level of commitment and costly coordination among countries for successful implementation⁴. Once in place, it is often hard for stakeholders to maintain the level of involvement and the sense of ownership needed to foster their sustainability. It is hard to share their benefits and divide their costs in an equitable manner among countries with often different levels of resources and skills. Among stakeholders, especially those with dissimilar levels of development, the risk of free riding may be high; more prevalent is the issue of unequal sharing of benefits.

6.3 It is often assumed that participating countries in a multinational operation will have the capacity, the disposition, and the willingness to meet their obligation to work together. However, without adequate institutions, perverse incentives develop and prevent the achievement of a common good. The factors of poor performance include disagreements on how the costs and benefits are to be distributed among participating countries, reluctance and inability of countries to prioritize regional objectives compared to national objectives, similarity (or non-complementarity) of production structures, and different initial conditions. These problems are exacerbated by the nature of the relationships between different actors⁵ in countries that are highly dependent on aid and where accountability is low.

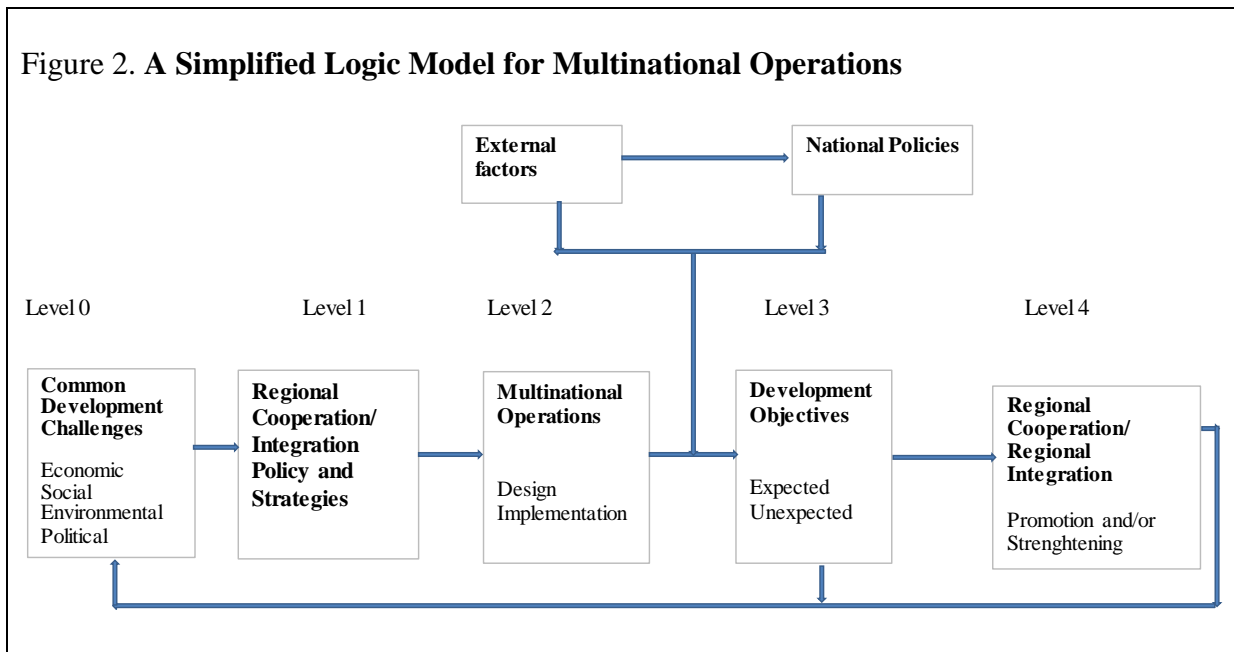
6.4 The Bank's goal in financing multinational operations is to foster economic cooperation and integration in order to enhance economic growth and social development in two or more countries. The figure 2 below is a simplified logic model of multinational operations. Level 0 might be addressed through research and analytical work undertaken by the Bank, other development institutions and countries, as well as policy dialogue undertaken by the Bank. Levels 1 and 2 correspond to what is within the direct control of the Bank's management, i.e., formulation of policy and strategies and design and implementation of appropriate operations.

³ Feiock R.C. et al. (2008). "Is the World 'Flat' or 'Spiky'? Implications of Globalization for Economic Development", *Public Administration Review*, January-February, Vol. 68, No. 1, 38-40.

⁴ African Development Bank Group .2007. *Draft, Main Findings and Lessons learned from Multinational Projects*, Working Document No. 2007 – 02, Tunis: AfDB.

⁵ International community, regional organizations, states, private sectors, nonprofits and communities.

Figure 2. A Simplified Logic Model for Multinational Operations



6.5 Level 3 corresponds to what the operations are expected to achieve and be accountable for at the national level while interacting with national policies and external factors. External factors include armed conflicts, natural disasters, international market fluctuations, changes in international funding priorities and constraints with respect to resources as well as expertise. National policies include those with regional implications. Level 4 indicates what the operations are expected to contribute (to: the impacts) at the regional level, including the strengthening and promotion of regional integration. The higher the level (toward the right side of the figure 2), the more difficult it is to attribute outcomes and impacts to the Bank’s operations. In spite of this difficulty, enhanced regional integration should contribute to the solution of development challenges.

VII. Evaluation Criteria and Questions

7.1 The evaluation will address questions under the standard evaluation criteria. It is expected to yield a clear response to the following questions: was the Bank’s assistance relevant to address priority regional development issues? Did it produce or is it likely to produce desired results? How cost-effective and sustainable were the results? The evaluation should assess the Bank’s capacity as well as that of participating countries and organizations to deliver on their commitments. It will look into policy coherence in the context of the political economy of the countries covered by the operations; governance arrangements, including the principle of subsidiarity; the coordination mechanism; and the quality of implementation, analysis, monitoring and reporting. It will strive to understand structural, institutional and political factors underpinning the success or the failure of the operations.

7.2 The following are the main evaluation questions:

1. Relevance and Quality-at-Entry

- a) To what extent are the Bank’s policies and strategies clearly conceptualized? Are they helpful in designing and implementing appropriate operations? In particular, how does the Bank define and conceptualize multinational operations?

- b) To what extent are the sub-regional strategies consistent with the priorities of the regional economic communities (RECs) and to what extent are multinational operations aligned with national priorities of the borrowers? What is the role of the Country Strategy Papers (CSPs) in identifying multinational operations in this respect?
- c) Are multinational operations the most appropriate approach to address the development challenges and to what extent do they reflect a consensus among participating countries to address common issues?
- d) To what extent has the Bank identified and assessed the distribution of benefits and costs of multinational operations between participating countries and did it take those into account in the design and implementation of the operations?
- e) Are the mechanisms aimed at collecting and analyzing information on implementation performance and providing feedback on the success or failure of the operations effective in ensuring accountability and informing the design of future operations?

2. Effectiveness

- a) What results have the operations achieved or are likely to achieve vis-à-vis the development challenges they were designed to address at the regional and country levels; have the operations had unanticipated environmental, social or other side effects, beneficial or otherwise?
- b) What actions have been taken to create incentives and strengthen capacities of participating countries and regional economic communities in terms of organization, management, and human resources to produce expected results and sustain them?
- c) How effective are the partnerships of the Bank with regional economic communities and to what extent do they contribute to sustainable results?
- d) What factors have contributed to the success or failure and what lessons can be learned from such operations?
- e) Are the resources allocation mechanisms to multinational operations creating the appropriate incentives for designing, implementing and sustaining the results of those operations?

3. Efficiency

- a) Have the resources spent been commensurate with the intended development results and did the operations produce the expected economic and social benefits compared to their cost? How do these results compare on average with those of the entire portfolio?
- b) To what extent have the institutional settings in terms of harmonized policy, legal and financial regulatory environment, personnel, management, and financial arrangements, facilitate or impede the implementation of the operations?
- c) Are the division of tasks and responsibilities among participating countries themselves, and with their multinational institution sufficiently clear and how

well were the activities articulated and coordinated to ensure timely delivery and to decrease transaction costs?

- d) To what extent were the Bank's organizational resources and internal processes efficiently deployed to support design and implementation of regional operations?

4. Sustainability

- a) How sustainable are the results achieved by the Bank? Is there a clear exit strategy integrated in the design of the operations?
- b) Is a risk analysis conducted? If so how adequate is it? Does it include a sound mitigation strategy?
- c) Are adequate institutional arrangements made to avoid discontinuity of the operations' implementation and achievement due to external factors?
- d) How are countries/RECs organized to ensure continuity of the operation and its benefits when donors withdraw their technical and financial support?
- e) To what extent is the beneficiary population involved in the design and implementation of the operations and how effective is their present support?

5. Bank's Performance

- a) To what extent were the Bank's policies, procedures, financial and staffing capacity adequate to design and supervise the operations?
- b) To what extent has the Bank's role in supporting multinational operations corresponded to its comparative advantages vis-à-vis other development partners?
- c) What and how effective is the role of the Bank in resource mobilization, coordination, economic and sector work, and policy advice?
- d) Are the incentives within the Bank adequate for management and staff to dedicate the time, skill, knowledge and effort required to ensure quality at entry and effective implementation of the operations? Are the field offices properly organized to discharge their duties and responsibilities?
- e) How significant is the financial contribution of the Bank compared to other donors and other funders?

6. The Role of Participating Countries and Regional Economic Organizations

- a) Are there long-term political commitments to the operations and what incentives were in place to own the operations and sustain their results after completion?
- b) Have participating countries/regional organizations have the organization, administration, staff, financial resources, and procedures to efficiently implement the operations?

VIII. Evaluation Approach, Sources of Data and Limitations

8.1 The evaluation shall be conducted in two phases: a) desk reviews and headquarter interviews; and b) case studies.

A. *Desk review and interviews*

8.2 The desk review will critically evaluate Bank policies and strategies in relation to multinational operations and will assess completed and on-going projects through a portfolio review and a quality at entry assessment. Interviews will be conducted to complete this overview of strategic and operational issues regarding multinational operations.

8.3 *Policy and strategy review:* The purpose of the policy and strategy review is to assess the clarity of the concepts of the Bank's policies and strategies, the extent to which these are appropriate for the Bank's multinational operations to achieve the objective of regional integration and whether the resource allocation mechanisms for regional operation create the appropriate incentives. This policy review should be based, on the specificities of the African context and compare with other MDBs' experience.

8.4 *Quality-at-entry assessment:* The purpose of the quality at entry assessment is to analyze the appropriateness of the design of completed and on-going projects and whether lessons learned from past experience have been incorporated into operations design. The review will provide an assessment of the project concept and approach in relation to a number of criteria, including realism and appropriateness of project objectives, understanding of the country and regional context, alignment with the development objectives of participating countries, identification of existing risks and opportunities, integration of a sound exit strategy to ensure the sustainability of the operation and capacities and incentives of stakeholders. It will assess the Bank's performance as well as the borrower's role.

8.5 *Portfolio review:* The portfolio review aims to assess the trend, the structure, the implementation performance and the results of operations in order to make recommendations on desired improvements with respect to implementation and attainment of development objectives. It will analyse how the earmarking of resources earmarked for multinational operations has evolved and the characteristics of the operations in terms of sectors, use of instruments, status of operations, co-financing, etc. The portfolio analysis will use the implementation performance criteria to identify the sources of weakness in order to suggest corrective actions. It also will assess the extent to which operations were able to respect the disbursement and implementation schedule.

8.6 *Interviews:* This activity will include interviews with staff and managers in charge of policy and strategies formulation as well as operational staff (both in HQ and field offices), and selected Board members. In addition, semi-structured questionnaires will be designed to carry out in-depth interviews to collect perceptions of issues and solutions related to multinational operations in countries and organizations implementing multinational operations. The questionnaires will be administered to selected officials and beneficiaries in countries receiving the Bank's assistance on multinational operations. Interviews will also be conducted with selected development partners to collect their views.

B. *Case studies*

8.7 The purpose of the case studies is to assess the results of Bank's operations, taking into account stakeholders and beneficiaries feed-back's and to gain a thorough understanding of the factors for success or failure of multinational operations. The case studies should assess in particular the extent to which expected benefits of multinational operations have materialized and whether those are being sustained, whether some unexpected results have

taken place and whether the necessary conditions exist for the regional operations to achieve their full benefits. Because of time and cost constraints, only 3 projects will be selected for a comprehensive assessment of Bank assistance during field visit. Given the importance of the infrastructure sector, the selection will be concentrated on this sector. Further criteria for the selection of case studies will be agreed with the task manager.

C. Sources of data

8.8 The evaluation will rely on existing Bank documents and data, including policy documents, country strategy papers, project appraisal reports, portfolio analysis reports, project completion reports, and project performance evaluation reports. As for the desk reviews, country case studies will assess project effectiveness⁶ together with assessments of the Bank and the Borrower performance. Table 3 presents a summary of essential analysis and expected results.

Table 3. Summary of Essential Analysis and Expected Results

Research Components	Sources of Data / Information	Methods of Analysis	Expected Results
A. Policy Analysis and Strategy Review	<ul style="list-style-type: none"> ○ Literature and data on regional operations situation in Africa ○ Bank policies related to regional operations ○ Appraisal Reports ○ Bank Staff, Management and Board members ○ Policies of other multilateral and bilateral Institutions 	<ul style="list-style-type: none"> ○ Document Review ○ Statistical analysis ○ Interviews with Bank Staff, Managers and Board members ○ Interviews with the staff of other multilateral and bilateral Institutions 	<ul style="list-style-type: none"> ○ A report including findings, lessons and recommendations
B. Analysis of Quality at Entry	<ul style="list-style-type: none"> ○ Appraisal Reports ○ Project Completion Reports ○ Project Completion Report Reviews ○ Project Performance Evaluation Reports ○ Country Strategy Papers ○ Bank Staff 	<ul style="list-style-type: none"> ○ A representative (or purposive) sample of all projects (completed and on-going) ○ Policy documents Review ○ Rating of Appraisal Reports to analyse design quality ○ Statistical analysis ○ Interviews with Bank staff 	<ul style="list-style-type: none"> ○ A report including findings, lessons and recommendations
C. Portfolio Review	<ul style="list-style-type: none"> ○ Bank's data bases: SAP, DARMS, Statistical Department Database ○ PCRs, PPERs, CPRs, APPRs ○ Supervision reports and ratings on implementation progress 	<ul style="list-style-type: none"> ○ Statistical analysis ○ Review of documents ○ Rating of PCR to analyse effectiveness ○ Interviews with Bank staff 	<ul style="list-style-type: none"> ○ A report including findings, lessons and recommendations

⁶ Using the evaluation criteria of relevance, effectiveness, efficiency, institutional development impact, and sustainability (Development Assistance Committee 2002).

Research Components	Sources of Data / Information	Methods of Analysis	Expected Results
	<ul style="list-style-type: none"> ○ Bank Staff 		
D. Project Case Studies	<ul style="list-style-type: none"> ○ Bank documents and data ○ Selected project documents ○ Bank staff, implementing agencies, RECs and beneficiaries 	<ul style="list-style-type: none"> ○ Project documents and data, interviews, surveys (eventually) 	<ul style="list-style-type: none"> ○ Three case study reports comprising findings, lessons and recommendations
E. Final Report	<ul style="list-style-type: none"> ○ Reports on policy, QAE, implementation, and portfolio reviews ○ Reports from case studies 	<ul style="list-style-type: none"> ○ Integration of the above analysis into one single report around key evaluation questions 	<ul style="list-style-type: none"> ○ Synthesis and summary reports including findings, lessons and recommendations.

D. Limitations

The evaluation is subject to some limitations in assessing effectiveness of multinational operations as only 19 of the 37 projects completed during 2000-2010 have a project completion report. Furthermore, the information in these documents may be inadequate to measure the effectiveness of the operations. The evaluation will strive to make a distinction between recurrent issues common to all Bank's policies and operations - as reported in existing evaluations and other Bank's documents - and those which are specific to multinational operations.

IX Management of the Evaluation

9.1 Under the overall guidance of OPEV.2 management, the task manager Albert-Eneas Gakusi will coordinate the evaluation's activities and provide guidance to consultants for smooth execution of their assignments. The execution of the mandate will be outsourced to a firm of international stature, with relevant experience to critically examine policy and process issues in the Bank and draw evidence-based lessons and recommendations from data and document analysis. The firm will be responsible for recruiting local consultants for the field case studies.

9.2 In addition, three external peer reviewers will be hired to help guide the evaluation, review all written reports, assess the quality of fieldwork and attest to the technical merit of the evaluation at completion. The peer reviewers should have extensive experience with multinational operation issues, design and implementation in the African context. The OPEV evaluation task manager will be assisted by statisticians for timely provision of required data and documents and by an OPEV secretary and an administrative assistant for day-to-day tasks. OPEV task manager will closely work with ONRI, who will designate a reference person for frequent interactions during the evaluation process. Finally, a stakeholder reference group (SRG) comprising Bank experts from different departments who are

conversant with regional development issues, Bank's policies and operations will be set up to provide analytical and practical advice for the evaluation. The panel members will review this approach paper and feedbacks on the findings of the evaluation.

X. Evaluation Deliverables

10.1 Every component of the review will produce a draft report to be submitted to OPEV. If the task manager finds the draft reports of sufficient quality, he will circulate them for comments to operational staff and managers, the reference panel, to OPEV internal reviewers and the external reviewers. Once all comments have been integrated and the reports are accepted, a synthesis report and a summary report will be written comprising findings, conclusions, lessons learned, recommendations and the way forward.

10.2 The deliverables comprise background documents on the following: policy and strategy review; portfolio performance analysis; quality-at-entry assessment; 3 project case studies; a synthesis report of all background papers; 2-page OPEV *Sharing* on portfolio analysis, policy and strategy study, quality-at-entry assessment and case studies; and possibly journal articles. The draft reports for background papers and the summary report should not exceed 20 pages, excluding annexes. The synthesis report should not exceed 50 pages including the executive summary but excluding annexes.

10.3 The task manager will be responsible for preparing an intermediate synthesis note capturing the findings and recommendations of the policy, portfolio and quality at entry reviews and to present it to the Board. The final summary report will be presented to the Boards of Directors for consideration and will fulfill the Bank's commitment towards ADF-deputies.

XI. Dissemination and Use of the Evaluation's Findings

11.1 The findings of the evaluation are meant to be used for evidence-based decision making by the Bank's stakeholders, including the Bank's Board members, operations departments, Borrowers, and development partners. The evaluation team will engage with the main stakeholders during the evaluation process. In particular, it will present the preliminary findings of the draft synthesis report during a workshop.

11.2 The evaluation reports will be published and distributed as OPEV evaluation working papers evaluation series. Different background papers will be posted on the Bank's website and made available for people with professional or personal interest through the Bank's Public Information Centre and Field Offices. Finally, dissemination products such as reader-friendly 2-page papers, slightly more elaborate 'Précis,' or peer-reviewed academic journals may be produced as appropriate, and/or presented to evaluation seminars.

XII. Time Line

Table 4. Planned Time Line of Activities

Evaluation Task	Starting Date	First Draft	Final Draft	Status of Deliverables
Portfolio Analysis	18.04.2011	07.2011	09.2011	Background doc.
Design Quality	18.04.2011	07.2011	09.2011	Background doc.
Policy Assessment	18.04.2011	07.2011	09.2011	Background doc.
Interim Synthesis by OPEV	07.2011	09.2011	10.2011	For Board's Consideration
3 Project Case Studies/field missions	07.2011	11.2011	12.2012	Background doc.
Synthesis Report	12.2011	02.2012	04.2012	For Board's Consideration
Summary Report	02.2012	03.2012	04.2012	For Board's Consideration

Annex 1.	Provisional Outline of the Synthesis Report	
Title	Fostering Regional Integration in Africa- An Evaluation of the Bank's Multinational Operations, 2000-2010 (Synthesis of the Background documents)	
		No.Pages
Acknowledgement		01
Foreword		01
Executive Summary		04
Chapter 1	Introduction	03
	1.1 Objectives, Scope and Methodology	
	1.2 Limits of the Evaluation	
	1.3 Organisation of the Report	
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Annex 2. Main Characteristics of Multinational Operations Portfolio, 1969-2010

Source of the Finance	Amount Approved (%)		Status of Operations (Number)		
	1969-99	2000-10	1969-99	2000-10	
African Development Bank	61.4	33.1	Ongoing	3	94
African Development Fund	37.8	62.3	Approved		40
Nigerian Trust Fund	0.9		Completed	55	18
Fund for African Private Sector Assistance	0.15	3.5	Closed	25	19
Africa Water Facility Fund	0.13	0.5	Terminated	4	2
Special Relief Funds	0.01	0.2	Abandoned	2	1
Total	100.0	100.00	Total	89	174

Approvals by Sector			Instruments	%	
Transport	18.1	39.0	Project Loan	44.55	55.12
Finance	34.3	22.4	Project Cycle Grant	33.22	20.61
Power	16.3	10.1	Line of Credit	13.09	18.91
Agriculture	17.7	9.0	Institutional Support & Rehabilitation Grant	5.86	5.29
Multi-Sector	2.8	5.6	Structural Adjustment	2.93	0.06
Social	3.7	4.2	Emergency Assistance	0.36	0.01
Communications	5.7	4.5	Institutional Support & Rehab. Tech. Asst. Loan		
Environment	0.0	2.2	Project Cycle Technical Assistance Loan		
Ind/Mini/Quar	1.5	2.2			
Water Sup/Sanit	0.0	0.7			
Total	100.0	100.0	Total	100.00	100.00

Annex 3. Multinational Operations in ADF Policy Documents	
ADF I (1976-78)	
ADF II (1979-81)	There is no official provision for earmarking a specific amount for financing multinational projects but 2% of available resources have been devoted to multinational programs.
ADF III (1982-84)	No official provision but 9.2% of available resources is demanded for multinational programs.
ADF IV (1985-87)	No official provision but due consideration shall continue to be given to setting a target of the order of 10 percent of the total amount for multinational projects. This amount is based on identified and potential demand from member countries for this kind of projects. Most of past resources for multinational projects have been deployed in Western Africa but the Bank is looking to spread these interventions in the rest of the continent (for example with the creation of sub-regional organizations in Central and Southern Africa).
ADF V (1988-90)	Although no particular share of ADF funds is set aside for multinational projects, the Fund will make additional efforts to promote regional cooperation projects and programs. In the past, support for these projects has failed to rise above support for national ones. But it has become clearer that aspects of economic reforms, like trade liberalization, cannot be reasonably implemented without taking into account broader aspects of economic integration.
ADF VI (1991-93)	While no particular share of ADF funds was set aside for regional projects, State participants urged the Fund to make an increasingly effective contribution, in accordance with the Article 2 of the Fund agreement, to promote greater regional and sub-regional cooperation. Progress in this important area could not only improve the prospects for increased intra-African trade but also reflect the world-wide movements towards enlarging markets and reducing trade barriers.
ADF VII (1996-98)	State participants agreed with the proposal to allocate, for this purpose, 4 percent of the ADF-VII replenishment which is to come out of country allocations. There are strong opportunities and prospects for economic integration of Southern Africa and to strengthen regional trade and cooperation in West, East and Southern Africa. Under ADF-VII lending policy, there was no direct and separate allocations of funds to multinational projects and was stipulated that, funding would have to come from each country's allocations. However, the small size of country allocations and urgent priority attached to some national projects, particularly those which target poverty alleviation and social sectors, made it difficult to find sufficient resources to cover multinational operations as well. This led to the problem that many viable multinational projects could not be funded. Under ADF-VIII Lending Policy, the funding of multi-national projects and programs will be effected from a pool of resources specifically earmarked for that purpose and will represent up to 10 per cent of the total level of replenishment. Cf. ADF VIII Annex III.
ADF VIII (1999-01)	The Fund will earmark 5-10 per cent of the total ADF-VIII replenishment for the purpose of funding multi-national projects and programs. Some of these resources will be earmarked for multi-national technical assistance activities related to project preparation, institution capacity building, and studies on key issues in regional cooperation or economic integration. The remainder will be available to finance multi-national investment projects and programs.
ADF IX (2002-04)	The following areas will be the key priorities for the Fund regional strategy: regional institutional capacity building; the development of regional infrastructure; policy-based operations aimed at the harmonization of macroeconomic policy, trade liberalization and creating the appropriate conditions for regional private sector investment; and the promotion of sustainable development at the regional level. 10 percent of the total ADF-X resources will be earmarked for such objectives.
ADF X (2005-07)	Participants agreed that the Fund should continue to play a leading role to promote regional cooperation and integration arrangements, particularly in the context of the NEPAD initiative. Fund's regional operations should continue on the same priorities as in ADF IX. While the special allocation of Fund resources for multinational projects serves as a catalyst to mobilize investment resources from other partners, countries will, however, be required to contribute to the costs of these projects to assure full country ownership. Up to 15 percent of the total ADF-X resources will be earmarked for such programs and projects.
ADF XI (2008-10)	Regional integration is an operational priority for ADF XI. Bilateral donors have traditionally given low priority to this area, making the Bank's intervention all the more relevant. Deeper regional integration within Africa and between it and the rest of the world is essential to leverage Africa's existing assets and build new opportunities for growth and development. Deputies agreed on an operational focus on infrastructure, clear eligibility and prioritization criteria for financing, and specific cost-sharing out of beneficiary countries' PBA allocations to ensure country ownership and a link to performance. There will be an emphasis on optimising synergies between regional infrastructure programmes and development in the agriculture, health and education sectors. A specifically designated envelope of 17.5% (UA980 million) of the ADF-11 replenishment to support regional operations was agreed.
ADF XII (2011-13)	Regional Operations would account for up to 20% of available resources, and would be allocated according to a strengthened prioritization and selection framework, incorporating regional integration strategies and project scorecards to track performance.