

Operations Evaluation Department African Development Bank

Gabon: Country Assistance Evaluation, 1996 - 2008

EXECUTIVE SUMMARY

Context

1. Gabon is a sparsely populated country with an estimated population of 1.5 million inhabitants (2008), and the 4th oil producer in sub-Saharan Africa. Its cooperation with the Bank dates back to 1974. The aim of this study is to assess the Bank's assistance in Gabon over the 1996-2008 period and its impact on the country's development, so as to draw conclusions and make useful recommendations for the future. The evaluation criteria are based on those of the Development Aid Committee (DAC). Three country strategy papers (CSPs) were prepared during the period to guide the Bank's action.

Socioeconomic Trend

2. The economy of Gabon is based mainly on oil. In view of the exhaustible nature of the commodity and volatility of world market price, the authorities have focused their attention on economic diversification, with greater involvement of the private sector. However, despite the efforts, the change to a more diversified economy has been slow. In 2008, the oil sector accounted for 64% of the State budget revenue, 82% of export earnings, and 48% of GDP. Contributions to GDP by agriculture (3.8%), forestry (1.4%) and the manufacturing sector (4.9%) are marginal. Over the past ten years, the share of food imports has nearly doubled at present value to 20%.

3. During the period under review, Gabon undertook reforms supported by the international community, including the Bank. Between 2003 and 2008, growth was relatively modest, peaking at 5.6% in 2007. Gabon drastically reduced its external debt, and met most of the convergence criteria of CEMAC economic policies. Gabon is an upper-end middle income country, but with social indicators comparable to those of low income countries. The high rates of unemployment (25%)¹, poverty (33%) and social inequalities are also causes for concern.

Bank Assistance

4. The Bank is one of the major donors of Gabon. Throughout the period under review (1996-2008), its strategies supported the following development goals of the country: (i) consolidation of the macroeconomic framework and strengthening of good governance, (ii) economic diversification (iii) reinforcement of infrastructure, and (iv) human capital

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African Development Bank

development. The CSPs were relevant because they were aligned with the country's needs, as well as the Government's strategies and programmes for the periods concerned, particularly the National Solidarity and Development Pact, the Land Use Planning and Regional Development Law (LDAT), the Poverty Reduction Strategy Paper (interim PRSP), and the Poverty Reduction and Growth Strategy Paper (PRGSP).

5. The 2006-2010 RBCSP opts for greater selectivity, compared to previous CSPs, by concentrating on two pillars: (i) Strengthening of Governance, and (ii) Improvement of Infrastructure. However, it should be noted that the word "pillar" appears for the first time in this RBCSP. Hence the need to maintain strategic selectivity in the two pillars so as not to disperse efforts in too many sectors. In the RBCSP, the "governance" pillar aims at improvement and efficiency of the administration, strengthening of the budgetary process, and improvement of the business climate. The "infrastructure" pillar is particularly broad because according to the RBCSP mid-term review report, it includes development of the road network, sanitation and electrification.

6. The Bank mobilized funds from the MIC Trust Fund for capacity building and analytical studies, and supported some operations such as the Road Programme Phase 1 (PR-1) and Education Project III on technical and vocational education. Support to SIAT Group, through its subsidiaries in Ghana and Gabon, is a good example of collaboration between a private group and the Bank. ADB resources allocated to Gabon over the period under review amounts to UA 338.18 million. As regards financing instruments, project lending was used most: 77.5% compared to 22.5% for a structural adjustment loan. The sector breakdown of financing has changed, with the transport sector increasing its predominance (65.1% compared to 29.4% the previous period), followed far behind by the multi-sector (23.2%), agriculture and rural development (7%), and the social sector (4.4%). With only a single intervention, which was a success story, the Private Sector Window assistance needs to be strengthened to enable the country to develop a dynamic private sector and prepare for the post-oil era.

Conclusions

7. Despite the relevance of the strategies, the Bank's assistance to Gabon throughout the 1996-2008 period was generally unsatisfactory. The performance of the active portfolio has improved however it remained overall unsatisfactory because of persistent generic problems identified by the two parties in the portfolio reviews. The overall performance of completed projects is also unsatisfactory. The long delays in fulfilling loan conditions, inadequate quality at entry, problems of implementation capacity, as well as the consequences of the protracted period of sanctions (from 1998 to 2001) were the root causes of cancellation of activities and delays in achieving results. This lack of efficiency and responsiveness reduced the Bank's capacity to contribute more effectively to the country's development. Like the Road Programme (PR-1), which is supposed to draw lessons from past experience, the Bank's programmes still take time to materialize. Moreover, owing to lack of post-operation

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policies, project impacts sustainability has been limited.

8. However, mention should be made of the satisfactory performance of non-financial activities as a result of recent capacity building efforts, studies, policy dialogue and contribution to aid coordination. The economic and sector works (ESW) contributed to the definition of policies. The presence and enhancement of the Regional Office (GAFO) strengthened dialogue, partnership, as well as continuous assistance to the country. Greater empowerment of GAFO under decentralization should improve effectiveness and responsiveness.

9. This progress indicates gradual improvement. However the challenge of translating the objectives and actions into tangible results remains. While Bank support, with other partners, to the consolidation of macroeconomic framework and good governance was judged satisfactory, the Bank's contributions remain limited, particularly in comparison to the strategic objectives, such as improvement of governance, economic diversification, reinforcement of infrastructure, and human capital development. The sustainability of the macroeconomic outcomes seems unlikely in view of the volatility of the country's economic situation, a risk that is increasing due to the current global financial crisis.

10. The Government's performance has been generally unsatisfactory; however, mention should be made of its commitment to sometimes difficult reforms, such as compliance with EITI criteria, declaration of wealth, and the fight against illicit enrichment. Ownership of aid in the form of projects was inadequate. The Bank made efforts to improve the portfolio quality by enhancing the supervisory role and intervention capacity of the Regional Office (GAFO). However, like PR-1 still undergoing implementation, the Bank's programmes are taking time to materialize and produce the expected impacts. Hence, the need for more effective dialogue between all the stakeholders so as to achieve greater impact by Bank assistance on the country's development.

Recommendations

The recommendations of OPEV evaluations on quality at entry and supervision are also relevant for Gabon. In addition the following recommendations are proposed:

1. Increase strategic selectivity within CSP pillars – infrastructure and governance – on the basis of high quality economic and sector analytic work and more targeted policy dialogue.
2. Strengthen Bank's support to development of the private sector through active involvement and stronger synergies in improvement of business climate and direct support to the sector.
3. Strengthen support to good governance by improving realization, effectiveness and synergy of actions through the effective implementation of updated legal texts and instruments.

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4. Show greater interest in country capacity building to take over and implement Bank financed operations. Prepare project implementation schedules and rigorously select project managers, training programmes, putting in place accounting and financial management systems and procedure manuals.

5. Strengthen monitoring and evaluation and the Bank's presence on the Field by further empowering GAFO, as well as through joint supervision missions associating GAFO's available expertise and at the central level, in order to avoid unduly wide deviation from initial objectives and slippages in projects implementation.

6. Improve coordination and synergy of action among the various departments of the Bank, including the Private Sector Department and GAFO, by focusing on shared vision for Bank's assistance in Gabon, division of labour and accountability.

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