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EXTERNAL INTERIM EVALUATION OF THE URBAN AND MUNICIPAL DEVELOPMENT FUND (UMDF) OF THE AFRICAN DEVELOPMENT BANK (AFDB) GROUP

Final Evaluation Report

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
1. INTRODUCTION	1
2. PROJECT OVERVIEW	1
3. EVALUATION OBJECTIVES AND METHODS	5
3.1. Objectives and scope of the evaluation.....	5
3.2. General approach	7
3.3. Evaluation process	8
4. FINDINGS.....	11
4.1. Relevance.....	11
4.2. Effectiveness	35
4.3. Efficiency	45
4.4. Sustainability.....	59
5. CONCLUSIONS, LESSONS AND RECOMMENDATIONS.....	64
5.1. Conclusions	64
5.2. Lessons.....	70
5.3. Recommendations.....	73
6. ANNEXES	77

6.1.	Evaluation Matrix.....	77
6.2.	List of documents reviewed.....	84
6.3.	List of interviewees.....	86
6.4.	Reconstructed Theory of Change	90
6.5.	Changes between the evaluation questions in the ToRs and the proposed evaluation questions 93	
6.6.	Interview protocols.....	96

LIST OF TABLES & FIGURES

Table 1. Summary of recommendations.....	v
Table 2. Evaluation criteria and specific questions	6
Table 3: UMDF’s alignment with SDG goals	13
Table 4. Evaluation matrix.....	77
Table 5. List of interviewees.....	86
Table 6. Changes to the evaluation questions.....	93
Table 7. Interview protocols	96
Figure 1: UMDF’s projects (as of 2022).....	4
Figure 2. Integration of programs	24
Figure 3: Reconstructed Theory of Change.....	92
Box 1. The Cote d’Ivoire Secondary Cities Planning Project: a lever for the financing of secondary cities’ urban planning?	32
Box 2. Bizerte: the challenge of planning and moving to investment in a middle-income city	37
Box 3. The Integrated Urban Data Platform for Secondary Centres in Kenya”, a tool for improved governance in secondary cities	42

ACRONYMS

Acronym	Description
AFD	French Development Agency (by its initials in French)
AfDB	African Development Bank
AUA	African Urban Agenda Program
AWEX	Wallonia Export and Investment Agency
BRT	Bus Rapid Transit System
BTI	Basque Trade and Investment Agency
CAP	Climate Action Plans
CDIA	Cities Development Initiative for Asia
CFO	Chief Financial Officer
CFW	Climate Finance Window
CP	Cities Program
DANIDA	Danish International Development Agency
DFC	Danish International Development Agency Fellowship Centre
DI	Danish Association of Industries
EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group
ESA	European Space Agency

ESC	Emerging and Sustainable Cities Program
FC	UMDF Coordinator
GCA	Global Center on Adaptation
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
ICLEI	Local Governments for Sustainability
IDB	Inter-American Development Bank
IPR	Implementation Progress and Results report
ISUD	Integrated Strategic Urban Development Plan
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
MERL	Monitoring, Evaluation, Reporting and Learning
NDA	Nationally Designated Authority
NDC	Nationally Determined Contributions
NDF	Nordic Development Fund
NGO	Non-Governmental Organizations
NUA	New Urban Agenda
OC	Oversight Committee
ODA	Official Development Assistance
PCR	Project Completion Report

PICU	Infrastructure and Urban Development Department
PICU 2.0	Office of the Department Director
PIM	Project Information Memoranda
PPF	Project Preparation Facility
RF	Results Framework
RFP	Request for Proposals
RMC	Regional Member Countries
RoK	Republic of Korea
SECO	State Secretariat for Economic Affairs
SIGI	Small Grant Initiative
SUDAP	Sustainable Urban Development Action Plan
TAC	Technical Advisory Committee
TF	Trust Fund
ToC	Theory of Change
ToR	Terms of Reference
TRC	Technical Review Committee
UCLG	United Cities and Local Governments
UMDF	Urban and Municipal Development Fund
UNCDF	United Nations Capital Development Fund
UNECA	United Nations Economic Commission for Africa
UNFCCC	United Nations Framework Convention on Climate Change

WB	World Bank
WUF	World Urban Forum

EXECUTIVE SUMMARY

Overview of the Fund

The Urban and Municipal Development Fund (UMDF) is a multi-donor trust fund launched by the African Development Bank (AfDB) in April 2019. It is anchored at the Urban Development Division (PICU 2) within the Infrastructure and Urban Development Department (PICU 0) and is managed by a Secretariat within PICU 0. UMDF was established with the support of the Nordic Development Fund (NDF), the Wallonia Export and Investment Agency (AWEX) and the State Secretariat for Economic Affairs (SECO) of Switzerland as initial donors, which have contributed to the budget by 5.3 million USD in total. The governance structure of UMDF includes an Oversight Committee, a Technical Review Committee and a Secretariat.

The overall objective of the UMDF is to support African cities and municipalities improve livability and resilience and better manage urban growth and development in support of the objectives of the AfDB Group in cities of the continent. The UMDF is meant to (i) strengthen the capacity of municipalities in the upstream areas of urban planning and urban management; (ii) support the preparation of urban projects by municipalities; and (iii) contribute to the production of knowledge on urban and municipal development in Africa. Established for an initial 5-year period, the Fund has financed operations across 18 cities in 15 countries through its three instruments: i) the African Cities Program (CP), ii) the Project preparation Facility (PPF) and The Small Grant Initiative (SGI).

Evaluation objectives, methodology and scope

The evaluation is intended to examine the extent to which UMDF has been operationalized and has achieved – or is on its way to achieve - its original goals and delivered results, and provide lessons learnt. It provides a snapshot of the performance of and results achieved by UMDF during its first three years of operation (2019 – 2021), give guidance on the further operationalization of the Fund, and support partners evaluating potential contributions to it. The evaluation assesses the Fund along four criteria i.e. relevance, effectiveness, efficiency, and sustainability (the evaluation matrix is provided in Annex 6.1). Findings are based on desk review, interviews with 28 stakeholders, direct observation/field visits, portfolio review, case studies and benchmarking (Annexes 6.2 and 6.3 provide the details). A variety of sources have been triangulated to provide evidence-based findings.

Main findings

Relevance

The problem addressed by the Fund (i.e. rapid urbanization in Africa) and the objective it seeks to achieve (i.e. sustainable urbanization) are highly relevant. The Fund is well aligned with global development, urban and climate change strategies and priorities, as well as with African development and urban strategies and priorities, although planning documents do not adequately present the problem and link it with the Fund's intervention.

The Fund is implicitly aligned with AfDB's overarching strategies and the Bank's past and ongoing strategies promoting urban development. UMDF allows the Bank to comply with "operational discipline", where downstream mobilization is based on upstream work, and brings an integrated approach to infrastructure investments. However, urban development remains a notion that is mentioned in the Bank's overarching planning documents to a very limited extent.

UMDF interventions are well aligned and rooted in the partner countries' development and urban development priorities, contributing to the implementation of national urban policies and strategies and to the socio-economic development of intermediary cities. Moreover, the Fund contributes to address city-level needs and is aligned with cities' urban development plans.

Outputs and outcomes are coherent with the purpose and objective of the Fund, and UMDF's instruments complement each other well. However, the Fund's planning documents do not provide a consistent design. Key cross-cutting topics, such as climate change adaptation and mitigation and social inclusivity, and upstreaming work at the national level, were not adequately integrated, and implementation has not been as comprehensive as proposed. Overall, risk management was good at design but has been weak during implementation.

UMDF has made progress on linking and coordinating with other development partners at the global level and with global cities networks. There is room for further engaging some players, including those that work upstream at the national and local levels, as well as institutions and programs that focus on infrastructure investments. At the country level, UMDF's coordination results are mixed, with more engagement where several cities are involved. At the city level, UMDF instruments contribute to coordination and synergies, especially the CP, but there has been limited progress in developing linkages among UMDF cities.

Effectiveness

This evaluation cannot assess the effectiveness of the Fund in terms of progress against previously defined targets as the partial original RF has not been monitored. Overall, taking into account that the Fund was in the process of being established and getting operational, UMDF has done a good job in delivering outputs to pilot the work it can do, and has set the base for the delivery of more outputs. Available information is not adequate to assess timeliness of output delivery. Progress on delivering outcomes and objectives seems limited given the life cycle of the Fund and its impact chain.

UMDF grants greatly contribute to the identification and preparation of investment opportunities, but it is not clear who will finance them. As of August 2022, the Fund has identified 17 new business opportunities and prepared 5 new ones. Overall, interventions funded by UMDF have been technically sound, through the recruiting of experts with relevant skills and experience in

urban development and partnerships with relevant institutions to support the Fund's development and delivery. The Fund is encouraging peer-learning between cities and countries, and slowly creating a network of reform-minded cities, although the systematization of lessons learned to improve its implementation could be strengthened.

Cities' increased competencies due to decentralization and increased donor attention to urbanization have contributed to the achievement of objectives. A number of factors have slowed down their achievement to a varying extent: i) COVID-19 pandemic; ii) the economic context; iii) travel restrictions; iv) political cycles; v) complex and sometimes conflicting institutional structures and relationships; vi) limited capacity in Fund beneficiaries; and vii) local opposition to infrastructure projects.

Efficiency

The institutional anchoring at AfDB has created links and economies of scale between UMDf and PICU 2, regarding both administration and management, but has created misunderstandings about the roles and responsibilities between the Fund and the urban division teams and has not resulted in adequate integration into PICU 2 operations. UMDf's anchoring in PICU 0 and the TRC have not been enough to ensure a comprehensive integration of urban development and UMDf beyond PICU 2, and to inform corporate planning, monitoring and reporting processes. UMDf's relationship with AfDB's country offices and with national and municipal governments could be strengthened.

The setting up of the Fund was slow, incomplete and not very robust. The Secretariat is actively trying to address this. There has been progress but further work is needed on processes, staffing, operational guidelines and strategic documents.

Benchmarking of the Fund, which has to be conducted with caution, as the young fund is still in the process of setting up and becoming fully operational, shows mixed results. At AfDB, UMDf is one of the few cross-sectoral TFs, and the only TF with an urban, territorial focus. As a regular TF, UMDf is more efficient than other types of Bank funds that are very slow. Compared to other urban initiatives working in Africa, UMDf is well-connected with investments and bankable projects and has long-term relationships at the country level. At the global level, UMDf addresses different problems than the IDB and ADB cities programs and its scope is different to other urban-focused TFs.

There have been recent efforts to improve M&E. During implementation, the Secretariat has recently proposed Operational Procedures and Guidelines including a M&E plan and a RF, which require further strengthening. The Fund is creating knowledge exchange opportunities and conducting outreach, but there is no structured dissemination and exchange of lessons learned.

The Bank's staff and donors are generally positive concerning the governance and coordination mechanisms of the Fund. The OC met as planned, with 100% attendance, and is effectively fulfilling its function. However, the representativeness of the governance bodies could be strengthened. Local governments, and to a more general extent their associations and national

governments, do not have a voice, neither as specialized NGOs, academia and applied research institutions and women.

Sustainability

As urbanization will intensify, the scalability potential is massive. The question is if the Fund has the operational, institutional and financial capacity to address this need in the short, medium and long term. The operational capacity is likely. The financial and institutional sustainability of the Fund is likely in the short to medium term. If ongoing conversations materialize, funding of UMDf will grow from USD 5 million to USD 45 million, a 10-fold increase, which is (or has a great potential to be) a game changer. In addition, in the short to medium term, the Climate Finance Window on which the Fund is working could help mobilize funding from a wider mix of sources. Medium to long term financial and institutional sustainability of the Fund, which refers to reducing the dependence on donor funding, seems, in contrast, unlikely. Although the SUDAP has been developed, integrated urban development and the services provided by the Fund have not been fully mainstreamed in the Bank, reimbursable grants do not seem generally feasible and the involvement of the private sector has been weak.

At the city level, sustainability of results is moderately likely. In all cities under CP and PPF, support from the Fund will result at least in bankable infrastructure projects being prepared. For more robust and likely long-term impact, at the city level it would be important to strengthen the work on municipal finance and link further with institutions building capacity at the municipal level and strengthening the national level policy, institutional and fiscal frameworks.

Lessons¹

To be effective, TF or programs supporting urban development need to factor in the complexity of urbanization. This implies considering different dimensions, approaches and scales. While TF or programs may not cover all of them, it is important that they consider them, and coordinate and build synergies with other initiatives that cover key areas that they do not directly address. A maturity model can help TF or programs strategically select beneficiaries, cover dimensions, approaches and scales and cooperate with partners over time.

Setting up TFs takes time. While it is important that this process is not lengthy, hosting institutions and donors should not rush. It is key to develop all relevant foundational documents soundly at the initial stages.

It is critical that from the beginning a TF has a minimum of staff for day-to-day management, and that this increases in a structured manner as operations grow.

TFs need to be fully integrated into hosting institutions. This includes the provision of oversight, management and implementation staff, but it should also comprise integration into corporate strategies and corresponding RF and MERL systems.

¹ This section includes a summary of some of the lessons presented in section 5.2, some of which have been merged here.

Ambitious TFs and programs not only take time to set up, but they are likely to fail on certain aspects and need to be given time to learn and adjust. For internal learning to happen, however, certain conditions need to be in place, including a ToC, a RF, monitoring and reporting templates that identify and systematize learning, and dedicated staff that can push oversight, management and implementation related staff to reflect on their practices, systematize lessons and integrate them. It is also important that lessons learned are communicated, both internally and externally. Flexible design is also important to allow evidence-based adjustments and be able to catch up opportunities that may show up.

Recommendations

Based on the discussion in the different sections, the evaluation team has the following recommendations:

Table 1. Summary of recommendations²

No.	Recommendation	Responsible party
1	Linked to findings on relevance and sustainability, pay adequate attention to urbanization globally and particularly in Africa and provide technical and financial support, further provide support or continue to provide support to programs helping cities in Africa better manage it.	Development partners
2	Linked to findings on relevance, efficiency and sustainability, pay more attention to urban development by including it in its 2023-2032 corporate strategy and corresponding Results Framework and allocating cash financing to UMDf.	AfDB
3	Linked to findings on relevance, effectiveness and sustainability, strengthen the efforts for the Fund to further work on municipal governance and finance, other infrastructure types, social inclusivity and climate change. Continue to work on and explore new partnership opportunities.	UMDF Secretariat
4	Linked to findings on efficiency, finalize foundational documents as quickly as possible, ensuring they are adequate.	UMDF Secretariat, OC
5	Linked to findings on relevance and efficiency, continue to learn from other initiatives, by strengthening the links with the urban teams of IDB and ADB and exploring peer-to-peer learning and exchanging between African and with Asian cities. Promote internal learning by continuing to standardize methodologies,	UMDF Secretariat, and OC, with support from donors, partners and consultants

² For details kindly see section 5.3.

	expanding the work conducted for CP to the PPF (as well as implement recommendations 2, 4, 6 and 7).	
6	Linked to findings on efficiency, increase staffing, with a focus on the climate change and MERL experts in the short term, followed by governance and municipal finance experts, and better structure existing staffing. Train Bank staff on integrated urban development	UMDF Secretariat AfDB
7	Linked to findings on relevance, efficiency and sustainability, strengthen their involvement in the management of the Fund and their leadership in the integration of urban development upstream in the Bank. Focus more on the CP (upstream) and oversight of downstream work.	Senior bank management, PICU 0 UMDF Secretariat
8	Linked to findings on relevance, effectiveness and sustainability, further promote leveraging of resources within and outside the Bank and strengthen linkages with relevant financial institutions	UMDF Secretariat
9	Linked to findings on relevance and sustainability, further explore the Climate Finance Window at the same time it continues to work to ensure that all UMDF activities within and outside that window are climate informed.	UMDF Secretariat, TRC Technical Advisory Committee (to be created)
10	Linked to findings on efficiency, create a Technical Advisory Committee involving beneficiaries, other development partners and stakeholders to improve the governance of the Fund	UMDF Secretariat, OC
11	Linked to findings on efficiency and sustainability, continue to assess how efficiency could be increased, particularly regarding the approval processes, while making sure delivery is robust and expenditure wise	UMDF Secretariat

1. INTRODUCTION

This document constitutes the draft evaluation report of the external interim evaluation (EIE) of the African Development Bank's (AfDB) Urban Municipal Development Fund (UMDF). Section 2 presents the Fund: its objectives, areas of work, instruments, governance structure, funding and geographic coverage. Section 3 describes the evaluation: its objectives and scope, including the evaluation questions, the general approach and the process. Section 4 presents the findings, and sections 5 de conclusions, lessons learned and recommendations. Annexes include the evaluation matrix, the lists of reviewed documents and interviewees, the reconstructed Theory of Change (ToC), a table presenting changes between the evaluation questions in the Terms of Reference (ToR) and the proposed evaluation questions, and the interview protocols.

2. PROJECT OVERVIEW

Fund objectives and areas of work. In February 2019 the AfDB approved the creation of a new Urban Development Division (PICU 2) within the Infrastructure and Urban Development Department (PICU 0). In April 2019 the Bank launched a multi-donor trust fund, the UMDF. The overall objective of the UMDF is to support African cities and municipalities improve livability and resilience and better manage urban growth and development in support of the objectives of the AfDB Group in cities of the continent. The UMDF is meant to (i) strengthen the capacity of municipalities in the upstream areas of urban planning and urban management; (ii) support the preparation of urban projects by municipalities; and (iii) contribute to the production of knowledge on urban and municipal development in Africa.

The UMDF contributes to the overall objectives through **four areas of work or outcomes**:

- (a) improved urban planning, including city diagnostics, actions plans, master plans and a manual to guide these exercises. City diagnostics are carried out to identify the main urban challenges faced by individual cities, resulting in Actions Plans addressing those challenges. Once completed, those plans feed the pipeline of projects of the selected cities and are submitted to UMDF for additional financing, through the project preparation workstream.
- (b) improved urban infrastructure investment project preparation. Under this area of work, the UMDF provides support to prepare pilot projects and help finance the preparation studies for their implementation at the city-level.
- (c) improved municipal governance, finance and fiscal management. This includes support to implement innovative finance mechanisms (green infrastructure bonds) and strengthened municipal finance (improved access to climate finance...), as well as activities related to multi-stakeholder governance.
- (d) increased capacity to support integrated urban development. This outcome supports training programs of municipal executives, the production of analytical studies and

knowledge work on urban development and emerging issues relevant to Africa and strengthening the capacity of the Bank on urban development.

UMDF's instruments. The Fund was designed with the aim of being a flexible instrument to permit applications from various cities and countries with varying levels of development and capacities.

- **The African Cities Program.** Launched in 2020, as the main instrument of the UMDF to foster partnerships between the Bank and selected African municipalities, its pilot phase was completed in December 2021. The Cities program is structured in five distinct phases³: i) Preparation phase (phase 0), ii) Analysis/ diagnostic, iii) Prioritization, iv) Action plan, v) Preinvestment, vi) Monitoring.

Project preparation. The UMDF is partnering with municipalities, governments and execution agencies to accelerate the identification, structuring and maturation of investment projects for bank and partner financing. After the preparation phase, the government involved can officially request the proposal approval.

The Small Grant Initiative (SGI). Leveraged by the UMDF, this instrument aims to support city originating projects and small requests up to USD 30,000.

Governance structure and responsibilities. The UMDF is anchored at PICU under the direct supervision of the Office of the Department Director (PICU.0). It is managed by a Secretariat within the PICU. The governance structure of the UMDF includes:

- an Oversight Committee (OC), which provides general policy and strategic guidance. As of June 2022, the OC consists of two representatives from the Bank and three representatives appointed by donors (one per donor - see below) and meets quarterly.
- a Technical Review Committee (TRC), which provides recommendations to the OC on all policies and guidelines. The TRC is chaired by the Director of PICU. The TRC meets as often as needed.
- A Secretariat. The UMDF Coordinator (FC) ensures the day-to-day management of the fund (organization of calls for proposals, communication with donors and beneficiaries).

Funding. UMDF was established with the support of the Nordic Development Fund (NDF) (EUR 4,549,000 cumulative contribution as of March 2022⁴), the Wallonia Export and Investment Agency (AWEX) (EUR 559,832 contribution) and the State Secretariat for Economic Affairs (SECO) (CHF 200,900 contribution) of Switzerland as initial donors, which have contributed to the budget by 5.3 million USD in total. The Fund is also working in partnership with various institutions. Since 2019, UMDF has financed operations across 15 countries. As of 5 March 2022, UMDF had utilized (i.e. disbursements and commitments pending disbursement) a total of USD

³ Strategy and Business Plan 2022-2026, June 2022.

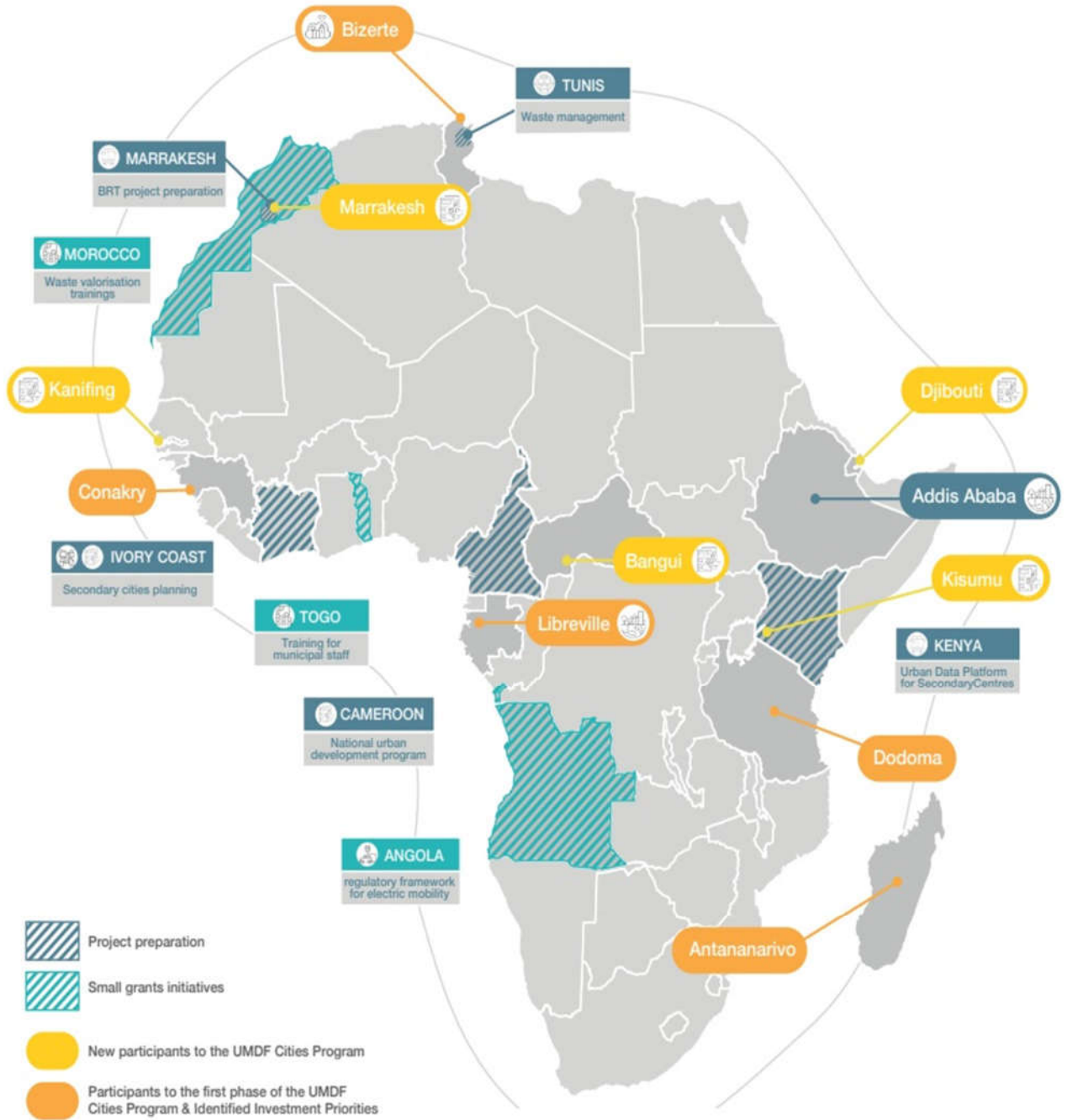
⁴ UMDF Interim Report 2022.

3.4 million⁵. AfDB hosts the Fund and provides in-kind support in terms of staff positions and contributions by user departments that dedicate time to execute the projects funded by the UMDf.

Geographic coverage. At the city level, specific works has been conducted in Conakry (Guinea), Libreville (Gabon), Antananarivo (Madagascar), Bizerte (Tunisia) and Dodoma (Tanzania), with work planned in Kisumu (Kenya), Djibouti (Djibouti), Marrakesh (Morocco), Bangui (CAR), and Kanifing (Gambia). At the national level, the Fund is working with Tunisia, Cameroon, Ivory Coast and Kenya, covering several cities in each country. The Fund is conducting knowledge management related activities at the continental level.

⁵ Strategy and Business Plan 2022-2026, June 2022.

Figure 1: UMDf's projects (as of 2022)⁶



⁶ UMDf Interim Report 2022.

3. EVALUATION OBJECTIVES AND METHODS

3.1. Objectives and scope of the evaluation

The evaluation was initiated following the request of the AfDB's UMDf OC on 3rd February 2022. As the UMDf is completing its first three years of operations over the five years of planned implementation and considering that fresh funding from current and new donor partners might materialize during 2022 and 2023, the evaluation comes at a useful time. However, while some time has already run, the evaluation is actually conducted at a quite early stage of the fund, given that its implementation has been negatively affected by the COVID-19 pandemic and the Secretariat has been onboard for a short time. The evaluation covers the implementation of the Fund since its launch in 2019 until July 2022.

The evaluation target audience are the UMDf management team, and external partners and donors.

The evaluation is intended to examine the extent to which the UMDf has been operationalized and has achieved – or is on its way to achieve - its original goals and delivered results, and provide lessons for learning. More specifically, the objectives of the evaluation are the following:

- (i) Provide a snapshot of the performance of and results achieved by UMDf during its first three years of operation (2019 – 2021),
- (ii) Provide guidance on the further operationalization of the UMDf, and
- (iii) Support partners evaluating potential contributions to the UMDf.

The evaluation also investigates issues around UMDf's general management, as well as the factors that hinder (or promote) the utilization of funds from both supply and demand sides. The evaluation seeks to provide recommendations on the following aspects:

- i) Key lessons learnt from the implementation of UMDf operations and actions to be taken.
- ii) How to translate the latter into better operational performance and engagement with cities and RMCs

The evaluation assesses Fund performance to date based on the following OECD-DAC evaluation criteria⁷ and the corresponding key questions:

1. **Relevance:** To what extent does the Fund respond to the needs and priorities of its key stakeholders?
2. **Effectiveness:** To what extent is the Fund achieving its objectives?

⁷ For the definitions of these evaluation criteria, see the GEF Evaluation Policy (2019, p. 13) and the OECD-DAC Criteria for Evaluating Development Assistance: <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

3. **Efficiency:** To what extent is the Fund implementation timely and cost-effective and its governance adequate?
4. **Sustainability:** To what extent are Fund's results likely to continue after its end?

Table 2. Evaluation criteria and specific questions

Criteria	Dimension	Specific questions
Relevance	Relevance of the development problem the fund addresses	Is the UMDF overall objective still relevant since its development and launch 2019, especially in-light of the ongoing urbanization trend and covid recovery?
	Relevance to key stakeholders' priorities and demands	To what extent are UMDF interventions aligned with the policies and strategies at the: (i) AfDB level (strategic, national, regional and sector priorities), (ii) the national level (development and sector focused priorities), (iii) the city level, and (iv) the private sector (MICs)? To what extent do UMDF interventions align with the beneficiaries' demand?
	Relevance of the Fund design	To what extent did the design of UMDF interventions align with the purpose and objectives of the Fund? How robust are the design of UMDF interventions with regard to assumptions, risks, and mitigation measures?
	Linkages with ongoing operations (external stakeholders)	How complementary are UMDF interventions with ongoing operations at the regional, country and city levels by other development partners?
Effectiveness	Objectives, outputs and outcomes	To what extent were UMDF strategic objectives as a Fund achieved, through effective implementation of its interventions? To what extent has UMDF grants contributed to the identification of new business opportunities for the AfDB in RMCs? To what extent have the interventions funded by the UMDF been technically sound?
	Barriers and opportunities	What factors have influenced positively or negatively the achievement of the UMDF objectives?
Efficiency	Project implementation and execution	Were AfDB processes and procedures, as well as the internal coordination adequate?

		<p>To what extent has the UMDF continued improving its performance – at the level of timeliness, process, implementation progress and cost effectiveness?</p> <p>If any, how does the UMDF perform compared to similar funds in other multilateral institutions?</p>
	Governance	<p>To what extent has the UMDF developed a coherent Results-based Monitoring and Evaluation (M&E) System?</p> <p>What is the effectiveness of the Governance and management structure of the UMDF?</p>
Sustainability	Long-term impacts	<p>To what extent have these interventions contributed to long-lasting, urban governance, planning and institutional capacity strengthening, improved quality of life and resilience in the targeted cities? How sustainable are the funding mechanisms of the fund?</p>

An evaluation matrix (Annex 1) was developed as a guiding tool for this evaluation, which identifies the specific dimensions and questions to be addressed under each evaluation criterion. This matrix integrates the Governance criteria defined in the ToR under the Efficiency criteria. Other adjustments have been made to the structure of the evaluation questions provided in the ToR to avoid duplications (see Annex 5).

3.2. General approach

This evaluation has been carried out following a **structured process** of data collection and analysis to assess the relevance, effectiveness, efficiency, and sustainability of the Fund. It provides conclusions, recommendations and lessons learned. The evaluation is in line with those OECD-DAC evaluation criteria and principles and follows the good practices from the Evaluation Cooperation Group (ECG).

The main analytical tool for this MTR is the **evaluation matrix** (Annex 1), which includes the specific evaluation questions to be considered for each evaluation criterion, details the most relevant qualitative and quantitative indicators that will inform the review questions, and specifies the key sources of information and data collection methods. This matrix was developed following the ToR, as well as based on an initial review of available project documentation.

The evaluation has adopted a **participatory approach** to ensure that a variety of stakeholders were consulted, and sought to identify, hear and gain insight from the perspective of people and environments relevant to the project. Different tools have been used:

- **Portfolio review/ analysis** through the review of all types of documents produced during the project implementation, including relevant AfDB strategies and policies and UMDf portfolio between 2019 and 2022.
- **Case studies** of UMDf funded operations (Boxes 1, 2 and 3), from which lessons learned and recommendations have been drawn. The case studies are linked to the operations in the selected countries and cities (see section 4.3.2.2). The selection of the case studies was based on the relevance and geographic distribution of the operations and the efficiency of the data collection process.
- **In-depth interviews** with a range of stakeholders engaged in the implementation of the UMDf
- **Benchmarking** as a tool to measure and evaluate the UMDf vis-à-vis other multi-donor trust funds and other thematic urban trust funds.
- **Field missions.** As an external means of verification, missions in Ivory Coast, Tunisia, Kenya and Belgium have been conducted and have allowed to gather secondary and non-Bank data.

3.3. Evaluation process

3.3.1. Inception phase

A kick-off meeting was conducted on 24th June with the UMDf Coordinator and Consultant for UMDf, and an officer of the Bank's Evaluation Unit for summary of the fund's implementation, to organize the sharing of relevant documents and plan the evaluation. Based on the documents received, a preliminary desk review was conducted, focusing on the following documents: i) the Proposal for the establishment of the UMDf (January 2019); ii) the UMDf Interim Report 2022, iii) the Theory of Change and Results Framework 2022-2026, as well as the ToR. This preliminary review allowed to prepare the inception report. Comments to the draft were considered in the preparation of the final inception report.

3.3.2. Data collection phase

3.3.2.1. In-depth desk review

Once the inception report was approved, the evaluation team proceeded with data collection. An in-depth desk review of all relevant documents was conducted. This included a wide range of UMDf related documents produced between 2019 and 2022 and provided by the UMDf, including:

- AfDB strategies and policies;

- Project design documents: the proposal for the establishment of the Fund, budget and revisions to the budget;
- Project documents: draft concept notes, project briefs, operational procedures and guidelines, quality at entry / review sheets, service contracts;
- Financial data including disbursements and payment requests;
- OC and TC Meetings minutes;
- Project monitoring and reporting reports: Project Information Memoranda (PIM) at cities project level and program levels, Project interim report (2022), Annual and Mid-year Reports;
- Technical project reports, including knowledge reports.

This also included documentation on and from other multi-donor urban trust funds. This has allowed answering evaluation questions related to relevance, efficiency and governance.

The following urban development funds have been considered for the benchmark⁸:

- At the Latin America and the Caribbean region level, the Emerging and Sustainable Cities Program (ESC) of the Housing and Urban Development Division of the Inter-American Development Bank (IDB) that seeks to address the region's urban development challenges by an action-oriented methodology, providing technical assistance to national and subnational governments in the development of city action plans and planning tools. By working currently with 55 cities across the region, the initiative reaches a total of over 50 million people, more than 10 million of which are poor.
- At the regional level for Asia and the Pacific, the Asian Development Bank (ADB) initiated several urban development funds. Under the Urban Financing Partnership Facility (established in 2009) for investment co-financing and technical assistance for urban environment infrastructure that benefits the poor, four several single-partner and multi-partner Trust Funds have been established⁹, including the Cities Development Initiative for Asia (CDIA)¹⁰ : it is a multi-partner Trust Fund managed by ADB and co-implemented with the French Development Agency (AFD by its initials in French), receiving support from more than 9 countries and trust funds¹¹. As of December 2021, the Fund's total contributions amounted USD 112.02 million. The Fund aims at assisting secondary cities in Asia and the Pacific to prepare sustainable and bankable infrastructure projects. Since 2007, CDIA has worked in over a hundred of cities across Asia and the Pacific.
- Other development initiatives aiming at improving urban development and other TFs in the AfDB.

⁸ These funds have been selected based on their alignment with UMDf in terms of sectoral focus (urban development related funds) and main implementer (regional multilateral development bank).

⁹ <https://www.adb.org/what-we-do/funds/urban-financing-partnership-facility>

¹⁰ <https://cdia.asia/#>

¹¹ Namely: Austria, European Union, France, Germany, Republic of Korea, Rockefeller Foundation, Switzerland, United Kingdom, and Urban Climate Change Resilience Trust Fund

3.3.2.2. Interviews with main stakeholders

Interviews were conducted with a wide range of stakeholders who have been engaged in the implementation of the UMDf to date, including:

- **AfDB:** UMDf Secretariat, PICU 2, UMDf/PICU Communication, Technical Review Committee,
- **Three OC members/ donors:** NDF, AWEX, SECO
- **Two potential new donors:** Spanish government, Danish Government
- **Three Service providers:** Cities Alliance and the former managers of the IDB and ADB Cities programmes
- **UMDF Cities:**
 - o Two of the five pilot CP cities: Antananarivo and Bizerte
 - o Two of the five new CP cities: Djibouti and Kisumu
 - o One PPF city: Tunis
- **UMDF Countries:** National level stakeholders in Ivory Coast, Tunisia, Kenya.

In total, 28 people were interviewed in 24 interviews. All interviews were remote, except for the meetings in Tunisia. It is worth noting that the evaluation team reached out to more stakeholders¹², with support of the Secretariat, but it was not possible to arrange more interviews despite the effort made.

3.3.2.3. Interviews with donors in the OC July 2022 meeting in Brussels

The evaluation team leader attended the OC July 2022 meeting in Brussels, where he observed the discussions and conducted interviews.

3.3.2.4. Missions to Ivory Coast, Tunisia and Kenya

Data on the UMDf has been collected as an external means of verification during field missions in the following locations:

- in Ivory Coast, in July 26-29, 2022, to the Headquarters of AfDB in Abidjan. Here the team leader conducted interviews with Bank staff and the UMDf Secretariat.
- Beneficiary countries/cities: Tunisia and Kenya. In these countries, consultations with the national government in charge of UMDf's specific activities, Bank's staff, and beneficiaries were organized. In Tunisia, the country mission involved meetings in Tunis with the national level regarding the waste management activities as well as meetings in Bizerte with city stakeholders. Sites were also visited. In Kenya, data collection involved meeting in Nairobi with national level officials regarding the Urban Data Platform for Secondary

¹² Including AfDB staff, partners and beneficiary cities (Dodoma and Libreville),

Cities, as well as a virtual interview with representative from Kisumu. These consultations were conducted in the first half of August 2022.

3.3.3. Analysis and reporting phase

Based on the documentation review, virtual interviews and data collected in Brussels, Ivory Coast, Tunisia and Kenya, the consultants triangulated data and draw conclusions on UMDF's performance and provided recommendations on actions to be implemented to address any gaps that were identified. All comments and suggestions received on the draft have been addressed in the preparation of the final version.

4. FINDINGS

4.1. Relevance

4.1.1. Relevance of the development problem the fund addresses

- 4.1.1.1. Is the UMDF overall objective still relevant since it's development and launch in 2019, especially in-light of the ongoing urbanization trend and Covid-19 recovery?

Evidence of the relevance of the problem the Fund addresses and the objective it seeks to achieve

The problem addressed by the Fund (i.e. rapid urbanization in Africa) and the objective it seeks to achieve (i.e. sustainable urbanization) are extremely relevant. Urban growth provides economic opportunities and contributes to poverty reduction in Africa. African cities already contribute half the continent's Gross Domestic Product (GDP)¹³. However, there are several barriers threatening urban development in Africa that could jeopardize the sustainability, prosperity and liveability of the continent if they are not properly addressed:

Demographic challenges. Africa is rapidly urbanizing. Urban population will grow from an estimated 44%¹⁴ to 60% by 2050, reaching 2.6 billion people by 2050 – adding over 1.3 million people to the continent's cities, mostly in secondary cities, in that period¹⁵.

¹³ UMDF Strategy and Business Plan 2022-2026, p.2.

¹⁴ AfDB, Cities Alliance, The Dynamics of Systems of Secondary Cities in Africa, 2022. However, this figure is likely to be much higher, given the definitional problems with the term 'urban'. An OECD report, "Africa's Urbanization Dynamics 2020", estimated that in 2015, 50% of the Africa's population lived in urban areas.

¹⁵ UMDF Operational Procedures and Guidelines, July 2022, p.1.

Within the next 50 years, Africa's population is expected to triple. Only in the next decade, more than 250 million people will arrive to the continent's cities, roughly doubling the total urban population and representing half of Africa's total population (AfDB, 2021). Africa is already home to more than a quarter of the world's 100 fastest-growing cities, 74 urban agglomerations with more than 1 million inhabitants, and an estimated 550+ cities that have a population of more than 100,000 people¹⁶. This increasing urban population is associated with a greater pressure on natural resources and the environment, as well as on the provision of essential services that ensure citizens' health and well-being, such as water and sanitation, public transportation, housing, waste management and energy. This demographic dynamic is not only a continental concern, but also a global concern. While the world is urbanizing¹⁷, Africa is one of the fastest urbanizing regions in the world. Getting urbanization right globally means to a great extent getting urbanization right in Africa.

- **Climate Change.** Climate related risks are intensified under the accelerating urbanization, as vulnerable informal settlements and activities dominate the urban space with growth encroaching unplanned and risk-prone areas. More than 2,000 climate-related disasters were recorded in Africa between the 1970s and 2018, with close to half of such disasters happening in the past 10 years¹⁸. At the same time that cities are vulnerable to climate change, they are also responsible of 75% of energy-related emissions. They therefore play a pivot role for climate adaptation and mitigation in Africa. The UMDf is strongly seeking to make urban infrastructure more climate resilient and low carbon.
- **Economic challenges.** In African cities, COVID-19 pandemic has often been experienced less as a health crisis and more as a socioeconomic, political crisis arising from the lockdown measures¹⁹. While Africa was recovering strongly in 2021 with a GDP growth estimated at 6.9%²⁰, the pandemic and the additional inflationary pressures caused by the Russia-Ukraine war is pushing the continent into a long-lasting inflation impacting prices for food, oil prices, and a decreasing growth amid an environment with high volatility and uncertainty²¹. Impacts of the crisis are particularly affecting urban informal settlements.
- **Social development challenges.** Urbanization in Africa has led to rising informal settlements, poverty and inequality, with variations across regions. As a result of the pandemic, around 30 million people in Africa were pushed into extreme poverty in 2021. Most cities are characterized by insufficient basic infrastructure and limited access to basic services: in 2020, 70% of city dwellers lacked reliable access to at least one core service

¹⁶ UMDf Strategy and Business Plan 2022-2026, p.1.

¹⁷ The world's urban population has grown significantly from 751 million in 1950 (30% of the total population) to 4.2 billion in 2018 (55% of the total population). Over the last 30 years, the world population has increased by 2.5 billion people. In the last decade, urbanization has been particularly strong in Asia and Oceania. Urban population is expected to increase to 6.7 billion by 2050 (68% of the total population). Creating Liveable Cities, AfDB, ADB, EBRD, IDB, 2019, and UNCTAD Statistics 2021.

¹⁸ GFDRR/ World Bank 2018.

¹⁹ IIED, What lessons can we learn from COVID-19 responses in African cities?

²⁰ AfDB 2022.

²¹ World Bank in Africa, Regional overview (Apr 13, 2022)

like housing, water or electricity²². More than 50% of African urban residents live informally, increasing by 4.5 million each year. There is a strong need to enhance urban planning and implementation of social development strategies and initiatives to address low-income and most vulnerable populations' most urgent needs.

- **Urban development financing.** Estimates put annual financing needs for African cities to above USD 90 billion²³. Of this amount, only USD 45 billion can be mobilized from domestic resources, of which USD 1 billion currently originates from local governments²⁴. Given the demographic trends of the urban population, there will be an increasing need of urban development financing in the next decades.

Without appropriate actions, those challenges will continue to constitute a threat to African cities' sustainable development, resulting in underperforming cities. Therefore, the role of the UMDf, by mobilizing funds to make cities more resilient, low carbon, prosperous and liveable, is highly relevant. Supporting sustainable, climate-resilient and low carbon urban development will contribute to securing economic growth, addressing climate change challenges and tackling social challenges in both short and long-term. The Fund specifically supports cities and municipalities by improving urban planning, good governance and finance, and quality of basic services (see section 4.1.3.1).

Level of alignment between the Fund and global and African strategies and priorities

UMDF is very well aligned with global development, urban and climate change strategies and priorities.

- **SDGs.** UMDf is in tune with the following SDG goals²⁵ (**Error! Reference source not found.Table 1**):

Table 3: UMDf's alignment with SDG goals



	<p>SDG 9 – Helping African countries and cities build their capacity and ensure adequate infrastructure development;</p>
	<p>SDG 11 – Supporting and facilitating inclusive, integrated, resilient, and sustainable urban development</p>

²² World Resource Institute, 2020.

²³ UMDf Operational procedures and Guidelines, July 2020.

²⁴ UMDf Operational procedures and Guidelines, July 2020.

²⁵ Business Plan 2022-2026.

	<p>SDG 13 – Focus on the climate dimension of city engagements, such as low-carbon development and optimize mitigation and adaptation</p>
	<p>SDG 17 – Help cities link to new partners and sources of financing, especially private, to achieve the above three Goals.</p>

- **New Urban Agenda (NUA) (2016).** Adopted in Quito in 2016, the Agenda affirms the political commitment to sustainable urbanization and provides a framework to guide global urban development at the subregional, national and subnational levels. UMDf’s objectives are therefore well-aligned with this global framework.
- **Paris Agreement on Climate Change (2015).** UMDf supports African countries’ commitments as elaborated in their respective Nationally Determined Contributions (NDCs) and Climate Action Plans (CAPs). To date, all regional and non-regional member countries of the AfDB Group have ratified the Paris Agreement on climate change and submitted their NDC to the United Nations Framework Convention on Climate Change (UNFCCC). In each country where the UMDf is working, coordination is done with the country’s Nationally Designated Authority (NDA) mandated to achieve the carbon reduction and increase resilience as targeted in the NDCs and CAPs.
- **The Glasgow Pact (2021).** This agreement reached at the COP26 in 2021 is explicitly planning to phase-down coal power and to phase-out “inefficient” fossil fuel subsidies. It reaffirms the pledge to re-visit emission reduction plans in 2022 to keep the 1.5°C target, and to fully deliver USD 100 billion a year for developing countries. Some African CSOs²⁶ and Ministries (e.g. Kenyan Minister for the Environment²⁷) have expressed their disappointment with the result of the COP26, in particular the last-minute softening of the pledge from “phase out” coal to “phase down”. Still, there is a commitment from all the 197 signatory countries to be aligned with the Pact, including African countries.

UMDF is also in tune with African development and urban strategies and priorities.

- **Agenda 2063 for Africa (2015).** The Agenda is a set of initiatives proposed and currently under implementation by the African Union. This strategic framework aims to support economic development, political integration, improvements in democracy and justice, security and peace on the entire African continent. Through the AfDB’s Bank High-5s, which are in line with the Agenda 2063, UMDf is also contributing to this framework.
- **African Urban Agenda Program (AUA) (2015).** For decades, urbanization was considered both as a failure and a deterrent for future development in Africa. The Program

²⁶ <https://www.pacjia.org/using-joomla/extensions/components/content-component/list-all-categories/85-news/305-african-csos-to-reject-glasgow-climate-pact>

²⁷ <https://climatetracker.org/cop-26-what-do-african-countries-think-about-the-glasgow-climate-pact/>

aims to raise the profile of urbanization as a force and an imperative for the development of Africa and to support the potential of urban centres as drivers of development.

UMDF interventions occur in a context where a renewed attention is given to urbanization as a key challenge to be addressed to achieve sustainable development in Africa.

Level of clarity of the problem analysis in the project document, including identification of root causes

The problem to be addressed by UMDf was not clearly identified and analysed during project design. UMDf did not have an integrated and robust project document. It had two brief documents guiding its actions: an AfDB internal document from January 2019 and a NDF internal proposal from 2017. Both documents include brief information about the socio-economic context, but do not include a detailed description of the barriers and root causes that the Fund is meant to address. As part of the rationale for establishing the Fund, the documents present the contextual challenges: the growing urbanization and the urban financing gap. However, the problems that the cities are facing in terms of mobility, water, energy, access to basic technologies... are not described although they are at the center of the Fund's financing. The documents do not describe neither how those problems relate to barriers/shortcomings. During implementation, as further discussed below, foundational documents have been developed. However, these do not present neither the problem and its root causes in a deep and consistent manner. The problem UMDf seeks to address is presented in the UMDf's first version of Operational Procedures and Guidelines, which has been developed in July 2020, but the description includes similar contextual elements as in the NDF and the AfDB internal document. This is better in the June 2022, but still lacks detail and a systematic assessment. Other planning documents, such as the ToC and the strategy, do not present the problem in detail neither. In the ToC, the problem is not explained beyond the identification of barriers, which is not comprehensive. In the Business Plan 2022-2026, there are additional contextual elements on the role of cities in economic growth, and of AfDB in urban development. Climate risks and social challenges such as the limited access of city dwellers to core services are only quickly mentioned, when it would have been worth describing the typology of those challenges in the continent.

Extent to which a clear and evidence-based relationship is established in project documents between the problem and fund objectives

At project design, no clear and consistent relationship was established between the problem and the Fund's objectives. As noted above, the problem was not described in a robust and consistent way. Moreover, the Fund's objectives, outcomes and output were not coherently presented. Furthermore, a Theory of Change (ToC) clearly connecting the problem and objectives, outcomes and outputs was not developed.

This has been partially addressed during implementation, although quite late. A ToC was proposed to the OC in June 2022, that is, more than 3 years after the launch of the Fund. The ToC has several shortcomings, including a rather brief problem analysis, and is not aligned with other planning documents, including the results framework presented in the same document. The ToC does not present the same outcomes and outputs as the ones described in the fund's Result Framework (three outputs in the ToC against six outcomes in the results framework). The ToC and the RF are not coherent either with the three specific objectives and the four components mentioned in the ToR of this evaluation. At last, the mentioned outcomes in the ToC are different from the ones outlined in the annual report 2021 (Annex 2) and the Interim report 2022 (Annex 2).

4.1.2. Relevance to key stakeholders' priorities and demands

4.1.2.1. To what extent are UMDF interventions aligned with the policies and strategies at the AfDB level (strategic, national, regional and sector priorities)?

Level of alignment between the fund and AfDB's strategic, national, city and sector priorities

UMDF interventions are implicitly aligned with AfDB's overarching strategies when the Fund was set up.

- **AfDB's 10 Year-Strategy (2013-2022).** UMDF is generally in tune with the AfDB 10-Year Strategy (2013-2022), and its two core objectives:
 - i) Inclusive growth, leading to equality of treatment and opportunity, and to deep reductions in poverty. The Bank committed to invest in infrastructure that unlocks the potential of the private sector.
 - ii) The transition to green growth, to ensure that Africa is transitioning to "green growth" that will protect livelihoods, improve water, energy and food security, promote the sustainable use of natural resources and spur job creation. Priorities included building resilience to climate shocks, providing sustainable infrastructure and creating ecosystem services.

AfDB also committed to support cities and infrastructure development to better manage infrastructure systems, urban transport and urban water, sanitation and waste management, priorities with which UMDF is aligned.

- **Bank High-5s (2015).** AfDB established five development priorities defined as essential in building Africa's sustainable development in line with the SDGs, global commitments on climate change and the Agenda 2063 for Africa: i) Light up & Power Africa, ii) Feed Africa, iii) Industrialize Africa, iv) Integrate Africa, and v) Improve the Lives of the people of Africa. UMDF supports all five objectives for which sustainable urban development is a cross-cutting issue, but the fifth objective is particularly relevant to urban development

operations of the AfDB, and the UMDf is directly responding to it through a strong focus on people-centred urban development and liveability of cities.

- **AfDB Guidelines for Subnational Finance (2019)**, which govern how AfDB engages directly with subnational governments and their entities with regard to the prevailing policy and strategic framework. This aims to enhance the responsibilities and capacities of subnational entities to better utilize financial resources and align with beneficiaries' needs. In design, UMDf contributes to these guidelines.

UMDF is consistent with the Bank's past and ongoing strategies specifically promoting urban development.

- **AfDB's Urban Development Strategy (2011)**. Elaborated in 2011, prior to the establishment of the UMDf, it aims at enhancing the efficiency of Bank operations in the urban sectors of RMCs and to boost the competitiveness of African cities through three pillars: i) infrastructure delivery, ii) governance and iii) private sector development. It is worth noting that the strategy covers only urban infrastructure, and that it was not fully owned and applied.
- **The Sustainable Urban Development Action Plan (SUDAP) (2022-2026)**. With support from UMDf, AfDB established the SUDAP with the objective to guide investments into African cities. The vision is to gradually become the leading authority on sustainable urban development in Africa, in line with the creation of the Infrastructure and Urban Development Department (PICU) in 2018, in charge of developing and implementing the SUDAP. Building on previous Urban Development Strategies and aligned with the 10-year Strategy and the High 5s, the SUDAP is based on three pillars:
 - i) Governance: on assisting RMCs to build the capacities, capabilities and competencies within governments,
 - ii) Planning: to move beyond sectoral approaches and standalone infrastructural projects to encompass a wider integrated and territorial approach
 - iii) Infrastructure and Essential Services on providing advice to its RMCs on policies, programs and projects that directly and measurably lead to sustainable urban development.

Six publications of the SUDAP are gradually being launched throughout 2022. To date, two corpus have been made available to the public audience: "Subnational Credit & Municipal Finance" and "Scaling up Essential Services in African Cities", which provide future-oriented solutions to support sustainable urban infrastructure investment in African cities, with a focus on water, sanitation, waste management, renewable energy and digital infrastructure. SUDAP constitutes a great progress with regards to the 2011 urban development strategy, putting forward a more comprehensive approach and bringing more stakeholders on board. As the SUDAP was established after the UMDf creation, the UMDf has been established in line with the SUDAP and is one of the main tools in SUDAP implementation, by providing cities with an urban plan and pilot investments to manage growth and sustainable investments.

At a more general level, U MDF allows the Bank to comply with “operational discipline”, where downstream mobilization is based on upstream work (proper/robust definition of priorities), therefore helping connect the two missions of the Bank: mobilize resources (downstream) and provide advice/technical assistance (upstream). Prior to U MDF, the Bank had a gap in not having upstream interventions. WB used to do this, and still does. AfDB relied on this, but in 2000s the Bank wanted to become a knowledge bank, and developed a knowledge bank strategy. The pillars of U MDF are making sure that cities have a plan with pilot investments to manage growth. The Bank can then mobilize resources based on this. In this sense, the Fund helps the urban specialists in the urban division, and the power, transport and water specialists in their operations. In addition, **U MDF brings an integrated approach to infrastructure investments** that before U MDF used to follow sector-focused separated approaches. The Fund also helps the Bank increase its technical capacities in urban development, especially since many staff in the Urban Division were not trained as urban planners, but as transport specialists.

It is worth stressing that **although U MDF is implicitly in tune with the Bank’s corporate strategies, the integration of urban development and U MDF in the Bank’s overarching planning documents is weak.** There were no explicit references to urban in the 2013-2022 Bank strategy, or the High 5s. Urban is not meaningfully mainstreamed either in the Bank’s strategy for 2023-2032, which was adopted in May 2022 to help African economies revive from the impacts of the pandemic and the Russian-Ukraine war. As further discussed in section 4.4.1 on sustainability and scaling up, urban is mentioned only twice in the document. Chances are low for an adequate integration in the RF stemming from this strategy. In the last 10 years, the narrative about urbanization, originally considered as a failure of rural development (so the solution was to fix rural development), has considerably evolved in African national, regional and municipal governments, institutions supporting them and the Bank. When decision-makers and different stakeholders became aware that urbanization would be needed for achieving medium term (2030) national economic growth visions of becoming middle-income countries, the demand and need of urban programs slowly started to increase. However, while SUDAP is a great contribution to strategic planning in the Bank, within and outside the more straightforward urban sector, it has not yet permeated the organization, which is still dominated to a great extent by a rural perspective that does not embrace the complementarities between rural and urban. Urban development remains a notion that is mentioned in AfDB’s strategies and key documents still in a very limited extent, even if the SUDAP and the corporate 2023-2032 strategy were being developed in parallel.

4.1.2.2. To what extent are U MDF interventions aligned with the development, and urban development priorities, demands and needs of partner countries?

Level of alignment between the fund and the development and urban development priorities, demands and needs of partner countries

U MDF interventions are well-aligned and have clear rooting in the partner countries’ development and urban development priorities. At the national level, the Fund is working with

Cameroon, Ivory Coast and Kenya, covering several cities in each country. Available information indicates that UMDf interventions are in tune with priorities in these countries. In Cameroon, the Ministry of decentralization requested support in the development of the national urban policy investment plan to realize the national urban policy, and the infrastructure investment priorities in 8 cities will be defined in the country through UMDf's interventions. In Kenya, the Urban data platform project contributes to the National Urban Development Policy (2016), which aims at strengthening urban governance and management, development planning, urban investment and the delivery of social and physical infrastructure in urban areas throughout the country. In Ivory Coast, UMDf funding will focus on developing urban plans for five intermediary cities, being therefore aligned with the National Urban Policy (2020), which organizes the framework for Ivorian cities up to 2030 around 3 major priorities: i) strengthening governance, ii) promoting productive, inclusive, intelligent, green and resilient cities, iii) and strengthening the capacities and knowledge of urban managers. Some city level interventions are clearly national level originated and a national level priority, as it is the case in Addis Ababa, where the President's Office requested the project. Similarly, the project in Tunis metropolitan area on waste management was originally a demand expressed by the President of Tunisia. That said, the selection of UMDf projects has not always actively involved national level stakeholders. Interviews suggest that some projects have originated without a clear involvement of the Bank's country offices and national counterparts.

While it contributes to the implementation of national urban policies and strategies, UMDf is not conducting upstream work on urban development at the national level, despite its importance. As discussed in more detail in section 4.1.3.1, the Fund focuses on the city level, working with one or several cities in a given country, but is not active regarding the enabling environment (e.g. decentralization policy, land use plan policy), which is critical for all cities in a given country.

Through supporting the development of intermediary cities, the Fund contributes to greater and more balanced national socio-economic development. In Africa urban means mostly the capital city. If that is the case, with the current rates of urbanization, capital cities will become unmanageable. Secondary, medium cities (between 150,000 and five million inhabitants) also play a critical role in Africa's urbanization and governance, being the fastest growing urban areas of all, with nearly 65% of Africa's urban population living in settlements of less than one million people²⁸. They are also key economic hubs. By making secondary cities more sustainable, prosperous and liveable, the Fund contributes to the partner countries' subnational development.

4.1.2.3. To what extent are UMDf interventions aligned with the development, and urban development priorities, demands and needs of partner cities?

Level of alignment between the fund and the development and urban development priorities, demands and needs of partner cities

²⁸ Cities Alliance, AfDB, The Dynamics of Systems of Secondary cities in Africa, 2022.

Through the cities' selection process, the UMDF responds to city-level needs. Municipalities, among the 54 RMCs eligible for the UMDF, were encouraged to submit project proposals of their interest or considered as priority and urgent for the well-being of their citizens, along with urban development specialized agencies at national and sub-national levels. Each request was accompanied by a request letter from the city, which reflected the city demands and needs. UMDF selected the first CP cities following several criteria: i) the geographic location – cover the five regions where the Bank is operating; ii) the level of interest from the city to work with the Bank; and iii) the Bank's interest to do an investment in the area. The selection was based on qualified discussions, triangulation of facts, political and administrative aspects, and precise analysis of the sectors the most in need. In the Cities program, the first round of selection of cities was a decision led by the OC, while the second round was more led by the Bank. In the PPF, the selection process seems to have been more driven by the task managers of the urban division. There is indeed room to further finetune, systematize and more clearly document the selection processes. The operational guidelines proposed in June 2022 provide a good basis, but they need to be strengthened, including improving coordination at the Bank (see section 4.2.1.4) on efficiency), processes followed in a more systematic way and reported more clearly.

UMDF interventions are aligned with the cities' urban development plans. For instance, in Djibouti the Fund's interventions are consistent with its Master Plans for Development and Urbanism (SDAU by its initials in French). In Kisumu County, UMDF interventions are in harmony with the Kisumu City Integrated Strategic Urban Development Plan (ISUD) 2013-2030, and Kisumu Integrated Development Plan 2018-2022.

The methodology of the Fund (particularly on the CP, see section 4.1.3.1) **is based on a rigorous process for gathering city data to make sure that interventions are based on cities' needs and demands.** Overall, the methodology applied is based on the Emerging and Sustainable Cities (ESC) program that IDB launched for the Latin America and Caribbean region in 2012. The UMDF built on ESC's experience to establish the African Cities Programme's methodology and an action-oriented model that could cover several cities at the same time. Both programs are based on the diagnosis of challenges in a city, the identification of critical areas, and thus the development of an action plan to define priority interventions and strategies for the city's sustainable development. The next stage covers the execution with the preparation of pre-investment studies and the implementation of an independent monitoring system. Importantly, as for the Bank, the link between planning and investment is critical for cities, many of which have some plans, but limited investment. So far, the Fund has made progress on planning and to lesser extent project preparation. Actual implementation of investments is assumed to take place down the road, beyond UMDF support, but based on its support.

The Fund addresses technically and financial capacity gaps in African cities. UMDF is supporting cities to prepare plans, prioritize and prepare investment and mobilize funds. UMDF comes with technical and financial specialists, such as urban specialists and sector specialist, and financial services. The Fund has capacities to mobilize internal and external resources to address local needs, when most cities do not have long-term urban planning nor technical and financial capacities to align urban growth with infrastructure investment.

The priority investments reflect the diversity of cities in Africa. The Fund supports investments in essential infrastructure (water and sanitation, housing, public transportation) and technology-based solutions, such as electric vehicles or Smart city projects. For instance, through the Cities Program, the Bank accompanies Bizerte in planning a Digital Free Zone Development project, aiming at developing a business ecosystem specialized in data processing and digital services. In Angola, through the Small Grants Initiative, the Fund promotes electric mobility. While in many African cities essential infrastructure and climate resilience are likely more important, the diversity of sectors covered reflects the complexity of cities and the heterogeneity of development levels across cities in Africa. Tunisia is a middle-income country, not a Least Developed Country (LDC). Angola is an LDC but is meant to graduate from this status in February 2024 (it was meant to graduate in 2021 but a three-year extension as approved on an exceptional basis). UMDF's support to Bizerte is key for providing economic opportunities and jobs for Bizerte's inhabitants and companies, and for the (digital) provision of services following the democratic revolution of the country, where many essential infrastructure needs have already been largely solved. That said, some key sectors, such as housing, are not really covered, as the Bank has not found the way to work on it.

4.1.2.4. To what extent are UMDF interventions aligned with the private sector strategies?

Level of alignment between the fund and the private sector strategies

UMDF seems to be closely collaborating with the private sector. According to the UMDF Secretariat, nearly half of the investment projects under preparation are with private sector participation. Within the Bank, this connection is facilitated by UMDF being physically close to the private sector department. The private sector contributes to the development of city diagnostics and action plans, but not yet to the implementation of investments, as this has not really started yet. For instance, the project in Tunis metropolitan region aiming at supporting Tunisian authorities in the implementation of a new solid waste management system in the region includes the financing of the preparatory studies under a Public Private Partnership²⁹. Hard data on this does not exist.

The private sector has a major role to play as UMDF develops and grows, but always under public priorities defined by the Fund. The private sector has significant contributions to make at the city-level and at the local level – more than at the international level - but always based on the needs and demands identified by the Fund with African national, regional and municipal governments and the oversight of donor developed countries' governments. As the Fund is an Official Development Assistance (ODA) funded mechanism, it has to follow public development priorities, and is not meant to be subject to private sector interests.

²⁹ Interim Report, p.23.

4.1.3. Relevance of the Fund design

4.1.3.1. To what extent did the design of UMDF interventions align with the purpose and objectives of the Fund?

Consistency between the designed interventions (outcomes, outputs and instruments) and the purpose and objectives of the Fund

Planning documents did not provide a consistent design. As noted, an integrated planning document was not developed during the design of the Fund. AfDB and NDF developed their own planning documents but these were not fully consistent. While the overall objective of Fund is aligned in both documents, the areas of work are not completely in tune. There is an overall agreement on three areas (urban planning and management, urban governance and finance and project preparation), but not on two (private sector partnerships, which is included in the NDF planning document, but not in AfDB's, and increased Bank capacity, which is mentioned in the AfDB planning document, but not in NDF's). The description of the content of these areas of work also differs. Moreover, while none of the documents provides a Theory of Change (ToC) (a ToC of Fund for the 2019-2021 period is not available), key terms are used in divergent ways: NDF's planning document refers to outcomes and outputs, and AfDB 's to components.

The official planning, communication and reporting documents produced during implementation have not fixed this shortcoming. Indeed, they have created more confusion. The objectives, outcomes and outputs are described in inconsistent ways in existing documents, namely the eight-page brochure, the 2022 work plan and interim report 2022, even within a single document, for example the Interim Report 2022³⁰. The objectives, outcomes and outputs are also incoherent in the proposed 2022-2026 strategy and business plan and ToC and Results Framework (RF), and the operational guidelines, between and within the documents. Inconsistencies include both substantive aspects and wording aspects. For instance, outcome 4 is sometimes written as "increased Bank capacity to support integrated urban development", and sometimes as "increased capacity to support integrated urban development", which makes more sense because it should be and work actually is about capacity of a wide range of stakeholders, not just the Bank. Outcomes are also not consistent in the proposed ToC and RF, not only in terms of language (outcome and output are used in contradictory ways)³¹, but also, and more importantly, in terms of structure (three outputs in the ToC that relate to six outcomes in the RF). The ToC and the RF are not coherent either with the three specific objectives and the four components mentioned in the ToR of this evaluation. In addition, the ToC and RF do not adequately define impacts, outcomes and outputs. In the ToC and RF outcomes are stated more like impacts (improving the services in the city), which is not something that the Fund can actually do in its lifetime.

³⁰ For example, there is no reference to knowledge management in the brochure.

³¹ Outputs in the ToC seem to be outcomes (what the fund achieves through delivering products by implementing activities), while outputs in the results framework are proper outputs.

Despite these important planning, communication and reporting caveats, the outputs and outcomes of the Fund (as reconstructed by the evaluation team (see Annex 4)) **are consistent with the purpose and objective of the Fund. U MDF proposes a comprehensive, integrated approach to urban development**, which considers urban planning, governance, finance and infrastructure investment preparation, as well as capacity building and knowledge management (including peer-to-peer learning through the establishment of a cities network). Importantly, at the city level, the project connects upstream planning with downstream investment, or, put in other words, technical assistance with lending, contributing to mobilizing funding for prioritized investments.

UMDF's instruments complement each other well. A multi donor trust fund, U MDF is an account that operates through projects that are implemented through programs, facilities and initiatives (i.e. the Cities Program (CP), the Project Preparation Facility (PPF) and the Small Grants Initiative (SGI)). These are adequately integrated. In all cities, the support of the Fund starts with a preparation phase. In cities without adequate urban planning, the Fund then moves to city diagnostics, prioritization exercises and actions plans, and eventually master plans. Once completed, those plans feed the pipeline of projects of the selected cities and are submitted to U MDF for additional financing, through the project preparation, which accelerates the structuring and maturation of investments for Bank and partner financing. In cities with adequate urban planning prior to U MDF engagement, the Fund's support starts here³², with project preparation – step 1 in the PPF corresponds to step 4 of the CP. The SGI helps build knowledge in multiple cities, therefore contributing to preparation for both the CP and the PPF. These different levels and types of support give the Fund flexibility and help it to be demand driven, as countries and cities may need just general capacity building (SGI), only project preparation support (PPF), full detailed support (CP) or a combination of them. While in some cases there could be a sequence (support through the Small Grant Facility (e.g. general training) first and full detailed support through the Cities Program later, or full detailed overall support and then project preparation³³), this is not necessarily the case (for instance, overall detailed support (Cities program) can be implemented in a city at the same time that support on project preparation is provided on areas where detailed planning has already been conducted and investments are mature, or a city can receive only one type of support)³⁴. Given the time the different work streams take, an action plan can be ready before the investment preparation is finalized. While the Cities programme is the main focus of U MDF, the Fund can be responsive to less specific capacity needs as well as project

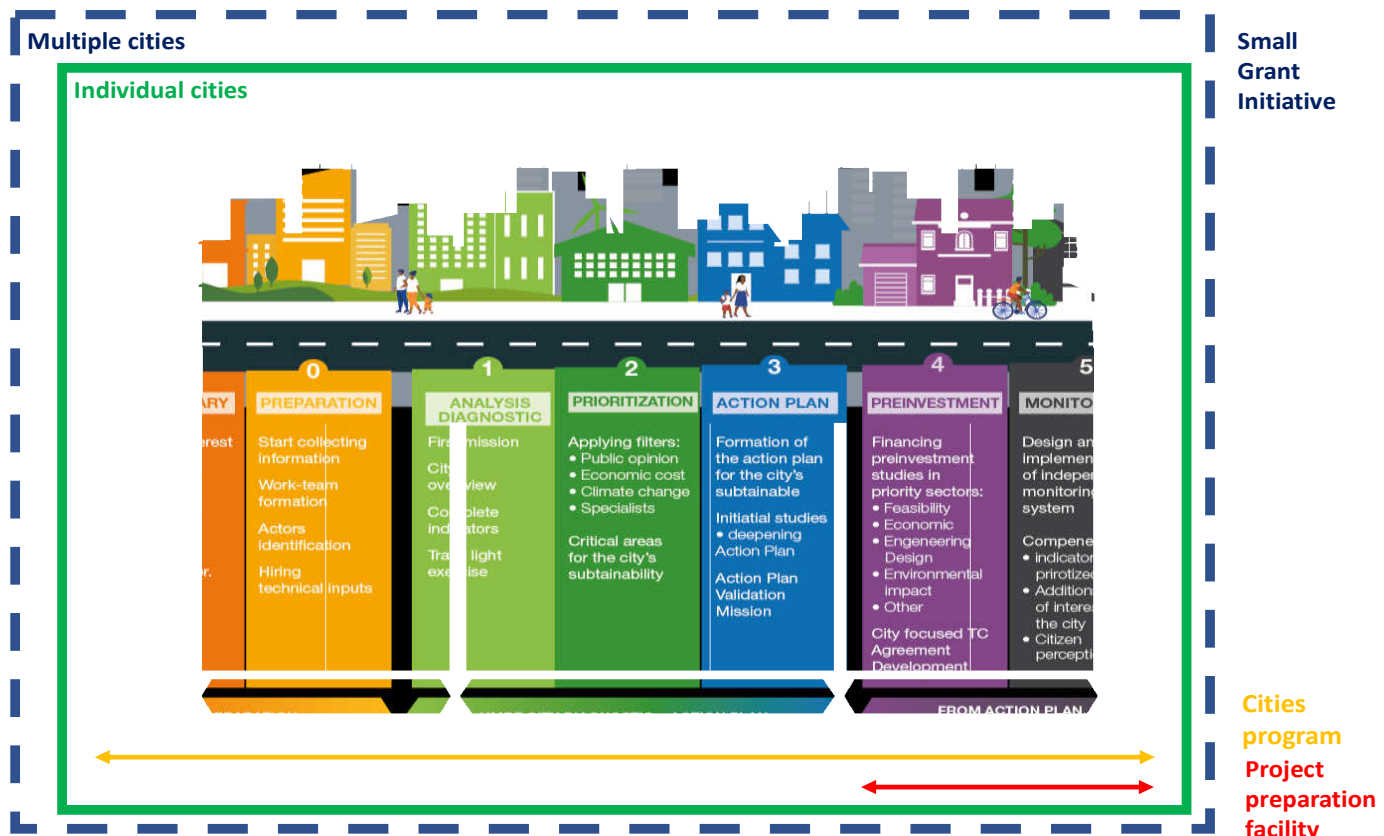
³² There is an overlap, as the project preparation facility covers in some cases (particularly for a set of cities in a country) investment identification and prioritization, which is done in the Cities Programme at an individual city level. This generates some confusion in reporting, in the sense that investment identification is covered by two instruments. It seems that identification could be better placed in one instrument, probably the Cities programme, which could include both the individual city level work and the national level work regarding the identification of investment priorities, which seems to relate to be more related to upstream work than the project preparation facility.

³³ One of the investments prioritized in the action plans developed with support of the Cities programme is to be supported through the project Preparation Facility (Operational Guidelines, p. 14). As of August 2022, there has been progress at this regard in two of the five pilot cities (Bizerte and Libreville), where one of three prioritized investments has moved to the project preparation phase.

³⁴ This will actually be the case in Marrakesh, where support from the City Program and the Project preparation facility will be provided simultaneously (the latter focusing on BRT).

preparation opportunities, which demonstrates leverage quickly. This combination of instruments has proven a good way to engage reform-minded cities.

Figure 2. Integration of programs



Source: evaluation team, based on UMDF's figure of its Cities Program

However, some crucial elements were not considered in project design. Key cross-cutting topics, such as climate change adaptation and mitigation and social inclusivity, were not adequately integrated. The foundational documents that were put together in 2019/2020 did not mainstream climate change, in part because Greenhouse Gas (GHG) reduction estimations and climate risk assessments are expensive, technically demanding and time consuming. Indeed, this was not properly integrated in the work conducted in the first five pilot cities, particularly regarding adaptation. While many of the selected investments contribute to climate change mitigation, the contribution to climate resilience is limited or unclear.

During implementation, there have been efforts to fully integrate climate change. These will likely ensure that climate change is properly integrated, although there is room for further strengthening. The Fund has hired a firm to improve the integration of climate change. The contractor is revising the methodology for city diagnostics and actions plans, as well as for project preparation, and their linkages (the idea is to have at least one adaptation and one mitigation investment per action plan) and contributing to the development of strategic planning

and operational documents, including the strategy, the ToC and the RF, and the SUDAP, which had to be rewritten. While work is ongoing, as of June 2022, some of the recently proposed operational guidelines, including the project templates and selection criteria, do not adequately integrate climate change³⁵.

In addition to mainstreaming climate change into existing operations, with advice from consultants, the Fund Secretariat has been working in the design of a Climate Finance Window or Green Cities Facility. This would allow the Fund to access a wide universe of significant dedicated third-party climate finance, including international climate change funds, especially the Green Climate Fund, but not limited to this³⁶, which have different sort of criteria that govern what their money can go into, for climate related activities, including for investments that are of interest for partner cities but not necessarily for AfDB. The Bank already has this type of finance window for agriculture, and other banks, such as European Bank for Reconstruction and Development (EBRD) and ADB, have this for urban development. While such a window/facility could yield positive results (the proposed Strategy refers to mobilizing between USD 50 and 150 million)³⁷, the approach has to be refined, including its interaction with the three current instruments, which is currently unclear and has raised donors' concerns.

The Fund has also established collaboration arrangements with C40 to further strengthen climate change mainstreaming. UMDF's work on climate change adaptation and mitigation will very likely expand in the coming years. The Government of Denmark is preparing a USD 30 million contribution to UMDF. Fifty percent would be allocated to the preparation of climate focused projects, with an emphasis in adaptation, in cities where C40 has been working and climate change plans are available.

In contrast, efforts to integrate social inclusivity have been limited and are not planned. As of August 2022, the Fund has not paid particular attention to social aspects, including slum upgrading. While some of the prioritized investments (e.g. massive public transport) do contribute to social inclusion, poverty alleviation and more broadly social cohesion have not been fully considered in the design or implementation of the Fund.

Moreover, while the design of the Fund includes upstream work at the city level, it does not involve critical upstream work at the national level. Country level engagement has a clear focus on cities, in the sense that the emphasis is not on the enabling policy and institutional framework that affects cities in one country, but on a particular set of cities within that country. In Ivory Coast work refers to developing urban plans for five cities; in Cameroon to defining

³⁵ The eligibility criteria in Annex 1 does not clearly include climate change adaptation and mitigation, despite section 2 claiming the opposite. Criteria for urban infrastructure and essential services include promotion of ecologically friendly solutions and urban sustainability, but there is not an explanation of what they mean and how the contributions to climate resilience and climate change mitigation will be assessed and weighted. The Project Information Memorandum (PIM) template does include an explicit reference to climate change, in section 3.2, but it is unclear how important this is (if a project can be deemed inappropriate if its contribution to climate change adaptation and mitigation is limited). The project brief template does not consider climate change.

³⁶ In addition to GCF and other multilateral climate funds (e.g. Climate Investment Fund, Global Environment Facility, Adaptation Fund), this comprises dozens of bilateral climate facilities, as well as large foundations and emerging private climate funds.

³⁷ P. 22.

infrastructure investment priorities in eight cities; in Togo to training municipal executives from five cities. Only in Kenya, where there is however a focus on 15 cities, and in Morocco, the Fund seems to be working on tools (i.e. integrated urban data platform) and programs (i.e. training on waste recycling and recovery) that can help all cities in a country to better plan and manage urban growth. Critical aspects, such as, for instance, decentralization and land use plan laws, policies and support systems, are not directly or indirectly addressed by the Fund, despite their importance for cities. While other players may be better positioned to do this, and the Fund may have a comparative advantage to focus on the financial part (including upstream work for lending for investment in infrastructure), there is room to further supporting national level reforms that can improve the policy and institutional frameworks affecting the cities and set of cities attended by the Fund, but also other cities in the countries where the Fund is working.

Furthermore, in practice, implementation has not been as comprehensive as proposed, with room for strengthening municipal finance and municipal governance, and having a broader consideration of different types of infrastructure. While planning, communication and reporting documents include numerous and significant explicit references to municipal finance, including to very specific elements³⁸, the Fund has made little progress on this. As of July 2022, UMDF has developed knowledge products to assess/understand the landscape (i.e. reports on subnational credit and municipal finance, and on the Network of National Development Banks in Africa), but concrete support to cities has not yet been provided, in part because the Fund has not received many requests on this. As of June 2022, municipal governance and finance represented only 5.4% of the Funds committed amounts³⁹. Efforts are however ongoing. The Fund has recently found a partner (i.e. C40) to work on this. With them, an African Chief Financial Officers (CFOs) Network will be established, launching an academy to build financial management capacity, through training and supporting their participation in high-profile international urban forums to help them engage with local, regional and multilateral DFIs. CFOs are responsible for the costing, budgeting and financial planning to move projects forward to implementation. Moreover, the Fund will support Kampala on municipal finance. Although these upcoming activities are relevant, and training on this field and progress on project preparation may contribute to generate more demand, more proactive efforts by the Secretariat are needed to expand the work on this dimension, which, as discussed in section 4.4.1, is critical for the sustainability and scaling up of urban planning, governance and investment on infrastructure. Although urban finance is in Africa an incredibly difficult space and a very politized process, and only a few cities in the country are able to borrow money, some other organizations (e.g. UNCDF's Municipal Finance Program) have been able to make some progress.

On municipal multi-stakeholder governance, progress has also been limited, with only one activity initiated so far (the implementation of the Integrated Urban Data Platform Project for Secondary

³⁸ Brochure: "access to market financing by improving municipal financial management structures, evaluating and alleviating regulatory constraints and identifying local revenue opportunities" (p. 2), partnering with governments at the national and subnational level to support fiscal decentralization and providing direct technical assistance to municipalities to strengthen systems of revenue collection, expenditure administration and building overall creditworthiness" (p. 4).

³⁹ Project preparation represented 48.8%, urban planning 34.2% and capacity building 11.6%. Interim Report 2022, p. 5.

Centres in Kenya, in order to improve governance in small towns by a better access to data to inform decision making on urban planning and investments). Strengthening of urban governance by promoting participatory planning and decision-making processes has been weak.

Furthermore, as indicated in section 4.3.1.1, it is worth noting that, as of June 2022, the coverage of infrastructure sectors has significantly focused on mobility, and to a great extent BRTs, with more limited coverage of water and sanitation and energy, and very limited coverage of housing beyond the bulk infrastructure mentioned above. This compromises the contribution of actual outputs to achieve intended impacts.

Narrowing down the scope of the Fund to further focus on investment would negatively affect its effectiveness, unless further links are made with organizations working on the areas to be discontinued or weakened in the Funds workplan, but there is room for further support to project preparation. Interviews with the Secretariat and some donors suggest a further focus on investments, conducting upstream work (urban planning, governance and finance, and capacity building and knowledge management) only if it leads to concrete investments. A key rationale for this is the mission and comparative advantage of the Bank, whose business is lending money for investment projects, in a landscape where technical cooperation institutions that can do upstream work better than the Bank and in contrast do not have its expertise and capacity to finance infrastructure investments. While the comparative advantage of the Fund needs to be embraced, the ToC clearly shows the importance of a comprehensive approach that links upstream and downstream work. The robustness of the Fund (see above in this section) would be negatively affected if the sole focus is on project preparation, and the other instruments are discontinued or weakened (if all cities start in step 4 of the Cities programme and the Small Grants Initiative is discontinued or weakened). Interviews with and direct observation of beneficiary cities demonstrate the importance of technical and physical capacity, which is key not only for leading planning and accompanying project preparation, but also for overseeing infrastructure construction and operation. Discontinuing or weakening other types of support would be less critical if the Fund were to ensure links with organizations that work on those areas, making sure that they have covered or are covering urban planning, governance and finance, and that the key capacity building and knowledge management aspects have been addressed by the players with a comparative advantage in that front. That said, the Fund could further strengthen the applied science focus of some of its upstream work. Similarly, there is significant room for translating investment priorities identified in the action plans developed under the Cities Program into bankable investments (so far only 2 of the 17 priority investments have transitioned to the project preparation stage).

Importantly, the Fund has struck a **geographic balance**. Working in 18 cities in 15 countries, as of August 2022, UMDf is active in the five regions of the continent (North, Central, West, East, and Southern Africa)⁴⁰. Moreover, the Fund is working with both front-runners (e.g. Tunisia, Morocco; Bizerte, Marrakesh) and countries/cities lagging behind (Togo; Bangui), and engaging both key markets like Kenya and Morocco and important transition countries like the Central

⁴⁰ North: Bizerte, Tunis, Marrakesh, Morocco; Central: Libreville, Cameroon; West: Conakry, Bangui, Kanifing, Ivory Coast, Togo; East: Dodoma, Djibouti, Kisumu, Addis Ababa, Kenya; Southern: Antananarivo, Angola.

African Republic and Djibouti. The Fund is implementing projects in a diversity of countries in the continent, as evidenced by the LDCs⁴¹ and middle-income countries⁴² classification. The Fund has a presence in 6 countries out of the 22 low-income countries in Africa⁴³ (C.A.R., Ethiopia, Gambia, Guinea, Madagascar, Togo); in 8 out of the 18 lower-middle income countries in Africa⁴⁴ (Angola, Cameroon, Ivory Coast, Djibouti, Kenya, Morocco, Tanzania, Tunisia); and in one out of the 5 upper-middle income countries in Africa (Gabon)⁴⁵. Among the 46 LDC countries of which 33 are in Africa⁴⁶, the Fund is working in 8 of them: Angola, Gambia, Guinea, Togo, Central African Republic, Madagascar, Ethiopia, Djibouti. The Bank did not use to work in some of the countries where UMDF is working. Furthermore, the Fund is planning to work in/with different city sizes, and both secondary and capital cities. As of July 2022, the Fund has focused on intermediary cities, which is key given their crucial regional economic role and their contribution to preventing primary cities becoming too overcrowded. Except Marrakesh and Antananarivo, the eight other City Program cities are all medium-size cities, although not necessarily secondary cities (Dodoma, Libreville, Djibouti and Conakry are all capital cities). Knowledge products and advocacy have paid attention to intermediary and secondary cities (e.g. The dynamics of systems of secondary cities in Africa report with Cities Alliance, and the Dynamics of Urbanization in Africa: the economic influence of African cities, with OECD and United Nations Economic Commission for Africa (UNECA), both published in 2022). Nevertheless, the Fund does work with some large capital cities, such as Addis Ababa. In any case, with financial support from Denmark being half earmarked to work on climate change adaptation with C40, the Fund will work more with large capital cities, as most cities in the C40 network are large capital cities. This will contribute to strike a better geographical balance. As of August 2022, more single cities have been covered by the Cities program (upstream work) (5 cities, another 5 planned, for a total of 10 cities) than by the Project preparation facility (downstream work) (3 cities)⁴⁷. This distribution will likely change as some of the investments prioritized as part of the Cities programme enter into the Project Preparation Facility. It is worth mentioning too that while the focus of UMDF are cities and the municipal level, the Fund also works at the national and continental levels. At the national level, the Fund is working with Tunisia, Cameroon, Cote d'Ivoire and Kenya, covering several cities in each country. The Fund is conducting knowledge management related activities at the continental level.

⁴¹ The criteria and thresholds for inclusion in to the LDC category is based on the following: i) an income criterion based on a three-year average estimate of the gross national income per capita in USD; ii) a human assets index consisting of a health sub-index and education sub-index; iii) an economic and environmental vulnerability index.

⁴² The World Bank classifies economies into four income groups: low, lower-middle, upper-middle and high income, based on the gross national income per capita in USD. High-income countries are those with a per-capita GNI of USD 12,696 or more. Middle income countries are split into lower-middle-income countries (USD 1,046 - 4,095) and upper-middle-income countries (USD 4,096 - 12,695), Countries whose GNI per capita is USD 1,045 or less are low-income countries. (Source: World Bank, the world by Income and Region, 2022. <https://datatopics.worldbank.org/world-development-indicators/the-world-by-income-and-region.html>)

⁴³ <https://data.worldbank.org/country/XM>

⁴⁴ <https://data.worldbank.org/country/XN>

⁴⁵ <https://data.worldbank.org/income-level/upper-middle-income>

⁴⁶ UNCTAD, The Least Developed Countries Report 2021.

⁴⁷ This does not consider cities when work in then is part of a set of cities, like work in Cameroon, Ivory Coast and Kenya under the Project Preparation Facility and the work in Angola, Morocco and Togo under the Small Grants Initiative.

4.1.3.2. How robust are the design of U MDF interventions with regard to assumptions, risks, and mitigation measures?

Nature and quality of identified risks and mitigation measures

Risk management was overall good at project design. Both the NDF and AfDB planning documents include a section on risks, which categorize, describe and rate risks and present mitigation factors and measures. The AfDB section on risk is a partial copy paste of the NDF proposal in this regard. It just copy-pasted the information on three of the six risks included in the NDF proposal. The latter identifies risk related to environmental and social aspects; fraud and corruption; governance, accountability and ownership; implementation; outcome; and results mobilization. Four of the risks are rated moderate. Overall, the assessment of the risks and the identification of mitigation factors and measures is adequate. Indeed, none of identified risks have had a significant negative impact on the project, in part due to the mitigation measures (e.g. AfDB procurement) that have been applied. That said, the planning documents did not fully consider three important risks. Changes in government administration were not clearly identified as a major risk and mitigation measures were not proposed (there are references to changes in municipal capacity, but this is slightly different). The same applies to understaffing. External shocks, such as health pandemics and political and social instability, were not considered a risk. While the COVID-19 pandemic could not be anticipated, this type of shock could have been considered as part of a broader type of risk. None of the planning documents identified assumptions.

Nature and quality of adjustments made to address these and other risks or changes during implementation

Risk management has not been adequately reported. Adjustments were probably made to address some of the risk during implementation, most likely regarding COVID-19, although the activities of the Fund were mostly being planned when the pandemic struck hardest. However, risks and mitigation measures have not been reported systematically during implementation. Annual and interim annual reports made available to the evaluation team do not provide a clear indication of the risks encountered and/or envisioned and how they were, are and/or will be managed. This is inconsistent with the operational guidelines proposed for the Fund by the Secretariat in June 2022, where the implementation progress and results report template has a section on risks. Shortage of dedicated staff partially explains underreporting.

Adequacy of risk management systems during implementation

Risk management systems during implementation are weak. As noted above, the Fund is currently (re)defining its strategy and operations. Integration of risk management in the proposed strategic planning is limited. The proposed ToC and RF do not include risks and assumptions. The strategy and business plan do not assess risks and identify mitigation strategies either.

The integration of risk management into the proposed operational guidelines, which follow the Bank's procedures, is mixed. The proposed project design templates (project brief and PIM) include sections on risk management, with particular attention paid to environmental and social safeguards, which is important given the nature of the investment to be supported by U MDF

although only at a concept note stage, not implementation stage, in the sense that some of the infrastructure may have negative social impacts (e.g. displacement) that need to be mitigated and/or compensated (e.g. relocation, payment of compensation). This is particularly critical regarding urban dwellers in informal settlements who are not registered with the States and may be not eligible under the national legal systems for compensations from the State. Land acquisition is a risk to be considered, as this is recurrent risk in infrastructure projects. As indicated, the implementation progress and results report template have a section on risks. However, a section on risks is not included in project completion report. More importantly, overall, operational guidelines remain very general on risk management. While they provide overall adequate templates, they provide little detail on how exactly to assess, monitor and report risks and mitigation measures – for example, who should be involved if any of the activities of the Fund encounters a high risk. Furthermore, operational guidelines seem to disregard Fund level risk management. While UMDF is composed to a great extent by its projects and exists mostly through them, the Fund is more than the sum of these projects. As of August 2022, plans have been made for Denmark to provide a secondment for a M&E expert who will support risk management.

4.1.4. Linkages with ongoing operations (external partners)

4.1.4.1. How complementary are UMDF interventions with ongoing operations at the regional, country and city levels by other development partners?

Linkages with other development partners working on urban development at the continental, country and city levels

UMDF has made progress on linking and coordinating with other development partners at the global level, with room for further engaging some players. The Secretariat has made a great effort and a very good work at reaching out and involving donors. The UMDF Secretariat has established linkages at the multilateral or bilateral level with a number of development partners. Reportedly, UMDF has shared knowledge with UN agencies and the World Bank (WB) Cities program promoted by the Global Environment Facility (GEF).⁴⁸ In addition, AfDB (Infrastructure and Urban Development Department (PICU)) participates in the MDB coordination initiative linking AfDB, the European Bank for Reconstruction and Development (EBRD), the Inter-American Bank for Development (IDB), and the World Bank (WB). Furthermore, within the framework of the abovementioned MDB coordination initiative, a group meets on Africa alongside *Agence Française de Développement* (AFD) every six months.

Moreover, the Fund has developed partnerships with relevant institutions. This includes a partnerships with OECD and Cities Alliance on the development and dissemination of publications, and with the European Space Agency for Earth Observation services to enhance

⁴⁸ <https://www.worldbank.org/en/topic/urbandevelopment/brief/global-platform-for-sustainable-cities>

decision making capacity of partner cities to take action on critical issues like climate change, urban expansion and land-use patterns. Collaboration is also underway with the Government of Korea, which is supporting the development of the Bizerte Smart City Project, a key investment project identified in the Bizerte Action Plan; and with the Government of Brazil, providing USD 350,000 to the Cities Program to foster exchange and collaboration between the Latin America Cities Network and the CP. The Fund seeks to explore two other partnerships with the Danish International Development Agency (Danida) Fellowship Centre (DFC) on delivering quality learning programmes to core staff in city administrations, and with the Danish Association of Industries (DI) on topics such as private public partnership and on how to develop a conducive business in cities⁴⁹.

At the global level, UMDf has established linkages and coordinated with cities networks, including the United Cities and Local Governments (UCLG), Local Governments for Sustainability (ICLEI) and C40. Specific synergies have been defined with the latter on municipal climate finance. Synergies with C40 will likely further strengthen in the coming years if Denmark's financial contribution is materialized, as half of this is earmarked to support climate resilient infrastructure development in cities where C40 has developed Climate Action Plans. Furthermore, a grant from the Brazilian Government has recently been secured to support the strengthening of the interaction between UMDf cities and cities that participated in the IDB ESC program. This should be achieved through joint workshops, knowledge products and study tours. This will be crucial since the UMDf CP is to a great extent based on ESC and lessons from ESC cities can prove key for UMDf CP cities, in terms of effectiveness, impact, efficiency and sustainability.

Although progress in linking and building synergies with global coordination platforms and players has been very positive, there is room to further engage other stakeholders. Overall, there is room to have more regular, direct and in-depth coordination with IDB and ADB, beyond general MDB coordination groups and hiring the former leaders of their cities programs, to more directly draw lessons and capitalise on them. The Climate Finance Window is meant to help engage with some key climate change funds, which are key players and the Fund has not yet mobilized, such as the Green Climate Fund, but also the Climate Investment Fund (CIF), including some of its programs, and other sources. As the window is not yet mature, and it may take still some time for this to happen, there is room for engaging directly with some of these funds on a project by project basis, embracing a more systematic approach once the window is finetuned, approved and operationalized. This could start with GCF, as AfDB is accredited since 2016. UMDf donors could also further help the Fund reach out to additional development partners. SECO could help the Fund develop linkages with two programmes of the CIF (respectively on renewable energy and smart cities in relation to climate), and the Global Green Growth Institute (GGGI). NDF could help materialize training opportunities through the DANIDA Fellowship Centre. Denmark, which has been important in connecting with C40, could help strengthen relationships with ICLEI.

There is also room for UMDf to further strengthen its coordination and synergies with some other players, including those that work upstream at the national and local levels, such as UN-Habitat,

⁴⁹ Interim Report 2022.

the United Nations Development Program, the United Nations Environment Program, the United National Capital Development Fund⁵⁰, and the World Resource Institute, among others, as well as institutions and programs that focus on infrastructure investments, such as the Public Private Advisory Facility of the WB.

The sharing of information between UMDf and other departments of the Bank could also prove useful in expanding the UMDf network and access to funding opportunities. This is important as both AfDB's PICU 2 (Infrastructure and Urban Development Department) and UMDf are relatively new entities. To start with, further linkages with development partners could be developed with other existing AfDB thematic trust funds (e.g., water, energy) as well as generalist trust funds (e.g., for engaging in fragile States and situations). These follow specific rules and guideline and work under the umbrella of the department of resources mobilisation and partnership of the AfDB. 'Urban' not being a sector as such within the AfDB current organisational structure, UMDf will need to coordinate with several of the relevant sectoral funds. Currently, these trust funds meet each other, through a community of trust fund coordinators.

UMDF is conducting coordination efforts at the country level, but results are mixed: these have proved more adequate in countries where the Fund engages several cities through national institutions under the PPF than in countries where the Fund focuses on one city mainly through municipalities under the CP. In Ivory Coast and Kenya, coordination is good: in the former, the State has set up funding to support secondary cities under a national scheme and agreed to identify cities, provide a budget and link up with UMDf with the view to aligning national funding and UMDf; in the latter, plans are made to link up a national plan for 12 secondary cities with UMDf. In contrast, city officials in Madagascar and Tunisia expressed the opinion that national authorities must be further involved to keep with legal procedures and as a potential source of funding, even though, against a reported national background of a still relatively low level of decentralisation, their involvement in project design and funding can be a complicated and lengthy process. As mentioned above, in some countries, it may be important to further link with institutions working upstream on the enabling environment.

Box 1. The Cote d'Ivoire Secondary Cities Planning Project: a lever for the financing of secondary cities' urban planning?⁵¹

Like in the rest of the continent, the urbanization trend is strong and accelerating in Ivory Coast. The country counted a population of 24.8 million inhabitants in 2018, of which 50.80% was urban, and an annual urban growth rate of 3.4% in 2021. Despite being a lower middle-income country, Ivorian cities face several challenges related to access to basic infrastructure and services, such as waste management, sanitation and mobility. The country has an urban planning tradition and elaborated city development plans, but the dynamic was interrupted during the crisis faced by the country between 2000 and 2012. Moreover, plans focused on major cities, and did not appropriately cover secondary and tertiary cities.

⁵⁰ Including linkages with its Municipal Finance Program and its Local Climate Adaptive Living (LoCAL) Facility.

⁵¹ Sources: UN-Habitat 2018, World Bank data, UN-Habitat, National Urban Policy: Sub-Saharan Africa Report, 2017, and UMDf Interim Report 2022.

The country has recently promoted decentralization, which has fostered redistribution of responsibilities and partnerships development. Funding of urban development is now planned by local authorities and implemented by the private sector, but identification of priority investments is a challenge for secondary and tertiary cities with no or outdated city development plans, huge infrastructure deficits and a strong demographic pressure.

In this background, UMDf funding (expected USD 250,000¹) aims at developing urban plans and prioritizing investments and opportunities in five intermediary cities, reviving the urban planning tradition of the country and bringing it to intermediary cities. The five pilot cities will be selected soon. The project (the Cote d'Ivoire Secondary Cities Planning Project (PAPVICI by its initials in French)) will be coordinated by the Urban Planning and Territorial Development Department (DUPT) of the Government and implemented by the Union of Cities and Communes of Ivory Coast (UVICOCI by its initials in French), which federates the 201 communes of the country and should play a critical role in facilitating the scale up of the pilot project to other cities in the future. The project is indeed part of a larger effort: the State has pledged to set up a budget to support 75 cities¹ jointly with UMDf. To date, the approval of the project has been notified and the institutional and financial arrangements are being defined, with the aim to start the project in early 2023.

As of August 2022, available evidence demonstrates the relevance of the project activities (urban planning with a focus on prioritizing investments) and the engagement of institutions (the importance of involving national institutions for scaling up). However, it also points out the importance of a comprehensive and integrated approach. The municipal finance component is key not only to move from investment identification and prioritization to preparation, but also to ensure that funding is mobilized to implement priority investments, which is key to really address the infrastructure deficit.

AfDB country offices can play a key role in coordination and building synergies at the country level. As further discussed in section 4.3.1.2, there is overall room to further engage these offices, given their thorough sectoral and country knowledge, in coordinating and building synergies with national governments and development partners including the identification of funding opportunities. This however should be done while carefully taking into account their limited amount of available time and their skill sets. Where the Fund is already working or is planning to work in several cities (i.e. Cameroon, Ivory Coast, Kenya, Togo), and as the number of cities under the CP in a single country grows, it would be important to organise round tables involving national institutions and development partners, thereby advancing these cities' own objectives in a coordinated way at the country level.

Overall, UMDf instruments contribute to coordination and synergies at the city level. This is specially the case for the CP. Coordination is planned in the preparation phase and conducted during the implementation of phases 1, 2, 3 and 4, where consultants in charge of drafting the documents engage different stakeholders. These phases contribute to identify synergies, considering that duplications and overlaps are avoided. As a matter of fact, the Action Plans suggest potential sources of financing or co-financing. When designing the Action Plans, cities appear to have taken stock of on-going projects by development partners, and cities' already

established networks through past development projects, city-to-city cooperation, *etc.* Bizerte, for instance, had already established decentralised cooperation exchanges with German cities or Marseille, and developed some contacts with the Spanish Ambassador and the AFD regarding the rehabilitation of its Spanish medina or of the European district, respectively. In the case of Antananarivo, for instance, the city's Action Plan was conceived to avoid duplication and seek complementarities with approved/on-going projects by other donors (WB, AFD, Japan International Cooperation Agency (JICA)).

There is a less systematic coordination work in the PPF, but funding synergies are identified during the PPF preparation and implementation phases. UMDF has started pre-identifying funding opportunities (through co-financing, or parallel financing when institutions are ruled by different directives) at the city level. This is the case in Marrakesh with EIBRD, or on transport with the WB in Abidjan, Nairobi or Kampala. Opportunities with the WB seem to stem from upstream project identification work conducted by this bank. In Bizerte the UMDF secretariat has linked up the city with potential investors from the Republic of Korea (RoK).

Despite this good work, there is room for further engaging partners in the implementation of the investments prioritized in the Action plans developed under the CP (so far only two of the 17 priority investments have moved to the project preparation stage) and the implementation of the PPF work, as well as the actual implementation of the investments (building the infrastructure). Further exchanges (roundtables, seminars ...) with potential financial partners could be useful to further capitalize the work done. AfDB could play a catalysing role in such activities and events and bring its own network of contacts. This would make it possible to clearly identify what each partner can bring against the specific needs of the target cities and prioritized and/or prepared investments. Such city-level focussed roundtables or seminars will help keep the UMDF momentum going on and cities' motivation intact, and will also reinforce the credibility of the Fund. Some interviewees are also expressing the need for an official event where the Action Plan is presented and formally endorsed, while at least one city complained to have reportedly been informed of the completion of its Action Plan through the consultant only. In the short term, it is essential for the UMDF secretariat to reach out to partner cities to clarify the still unanswered questions which they may have for the future, especially on how Action Plan-identified activities and projects can be funded, and which concrete role the Fund can play as a facilitator or catalyser in the process.

Although the UMDF Cities network is planned, so far there has been limited progress in developing linkages among UMDF cities, including those participating in the CP (Antananarivo, Bizerte, Conakry, Dodoma, Libreville, Bangui, Kisumu, Djibouti, Marrakesh and Kanifing). The need for conducting such events has been voiced out by a number of interviewees. This would also contribute to fluidify the circulation and sharing of information. The upcoming study tour to Copenhagen and Malmoe will be useful to that end, but other type of engagements and regular exchanges would be important. In this regard, the participation of UMDF partner cities in the Africities Summit in Kisumu, Kenya in May 2022, was appreciated by interviewees who could take part. These events also drawing the attention of potential financial partners. There is indeed a need for more regular/frequent events at various levels and scales, and in other cities participating

in the Fund's activities. Some smaller scale events could be jointly organised at the country-level for a number of reasons (pooling resources, reaching out to a larger number of cities including secondary or small ones ...), while others could be hosted by cities themselves or by groups of cities.

4.2. Effectiveness

4.2.1. Objectives, outputs and outcomes

4.2.1.1. To what extent were UMDF strategic objectives as a Fund achieved, through effective implementation of its interventions?

Progress towards objectives, outcomes and outputs

It is not possible to assess progress against predefined targets. As noted, an integrated planning document was not developed during the design of the Fund. The AfDB planning document does not include a RF. The NDF planning document includes a RF for 2019-2021. The NDF RF integrates impact, outcome and output levels, with associated indicators and targets⁵². In the inception report, the evaluation team suggested using the NDF RF 2019-2022 to answer the effectiveness evaluation questions. This report clearly indicated that the evaluation team would require information from the UMDF Secretariat on the status of the Fund on those indicators as of December 2021 or June 2022 to conduct such an assessment. As of August 2022, the UMDF Secretariat has not provided this information to the evaluation team. This evaluation cannot therefore assess the effectiveness of the Fund in terms of progress against previously defined targets. The evaluation can however discuss progress in delivering outputs, outcomes and objectives.

As of August 2022, the Fund has delivered important outputs. Under the CP, UMDF has produced city diagnostics and action plans in five cities (Conakry (Guinea), Libreville (Gabon), Antananarivo (Madagascar), Bizerte (Tunisia), Dodoma (Tanzania)), detailing 17 investment priorities. Under the SGI, the Fund has delivered training to Togo municipal executives and delivered five knowledge products, specifically publications on Africa's Urbanisation Dynamics 2022⁵³, dynamics of systems of secondary cities in Africa⁵⁴, and Traffic impact assessment guideline for cities in Africa⁵⁵, and reports on Angola e-mobility and the Network of National Development Banks in Africa, which have not been published. The Fund has also supported the development of the Bank's Sustainable Urban Development Action Plan (SUDAP)⁵⁶.

⁵² Some of them (GDP in partner countries) are not adequate, but this is a different discussion.

⁵³ <https://www.afdb.org/en/documents/africas-urbanisation-dynamics-2022-economic-power-africas-cities>

⁵⁴ <https://www.afdb.org/en/documents/dynamics-systems-secondary-cities-africa-urbanisation-migration-and-development>

⁵⁵ <https://www.afdb.org/en/documents/traffic-impact-assessment-tia-guideline-cities-africa>

⁵⁶ https://www.afdb.org/sites/default/files/2022/05/16/subnational_credit_and_municipal_finance_paper_-_sudap.pdf

In addition, the Fund has set the base for the delivery of more outputs. Under the Cities programme, the Fund has selected five cities for the second phase of the programme (Kisumu (Kenya), Djibouti (Djibouti), Marrakesh (Morocco), Bangui (CAR), Kanifing (Gambia)). Consultant firms have been preselected and Requests for Proposals (RFPs) submitted. A user-oriented manual for the diagnostic, prioritization and action planning tasks is to be delivered in Q3 2022. Under the PPF, the Fund is working in Bizerte and Libreville, following up the Action Plans developed under the CP, and in Marrakesh, where the PIM regarding a support for a BRT system has been approved. Project preparation work is also planned in Addis Ababa (for Q1 2023), for a feasibility and investment plan with the objective of improving sanitation, reducing flood risks and creating public spaces along the rivers of the Sheger basin, and Tunis, to establish a new waste recovery, treatment and landfill center. In addition, work in Kenya and Ivory Coast will start later in 2022: the PIM of Kenya Secondary Cities Development Project on an integrated urban data platform has been approved; the PIM is under development in Ivory Coast. In Cameroon, studies are planned to promote infrastructure investment priorities in eight cities (Urban Development National Program). Under the Small Grants Facility, training on waste recycling and recovery is planned in Morocco.

As noted in section 4.1.3.1, **progress on the different areas of work has been uneven.** As of August 2022, delivery has been significant on urban planning and knowledge management and to less extent on project preparation, while work on municipal finance and governance has been limited. In terms of committed amount, available data on the UMDF global portfolio shows the predominance of project-preparation at 48.8%, and urban planning at 34.2%⁵⁷ as of June 2022. In terms of sector, project preparation has a strong focus on mobility, and more particularly on transport.

Progress on delivering outcomes and, to a greater extent, objectives seems limited given the life cycle of the Fund and its impact chain. Trust Funds require time to set up, including staffing, establishing institutional arrangements and developing foundational documents, especially when their design has not been robust and detailed. UMDF had to be established at the same time it worked on delivering outputs and making progress towards outcomes and objectives (see section 4.3.1.2 for an assessment of progress in setting up the Fund). Furthermore, UMDF has a long impact chain. This is particularly the case if beneficiary cities start with general support through the SGI, move then to the CP and transition later to the PPF: awareness needs to be raised, support prepared, diagnostics conducted, action plans developed, investments prepared, financing mobilized, public bidding and procurement carried out and infrastructure built. Each of these steps take long. Achieving outcomes is even long for beneficiaries engaged only through the PPF: implementation of investments that have been prepared with support from UMDF typically take very long. Some stakeholders mention a ten years perspective, when UMDF was established only 2019 and its first transaction was completed

⁵⁷ UMDF Interim Report 2022.

only in March 2021. The Fund has been operational for slightly over 2 years. It is thus premature to identify progress towards outcomes and objectives.

Box 2. Bizerte: the challenge of planning and moving to investment in a middle-income city

Bizerte, an intermediary city in Tunisia, a lower middle-income country, is an important cosmopolitan harbour and commercial and industrial hub endowed with a rich cultural and natural heritage and with a lot of available land around the city core. It is also a landing station for submarine cables linking this northernmost point of Africa to Europe and Asia. The possible relocation of Carthage-Tunis airport would bring the new airport closer to Bizerte which envisions to grow as a numerical hub. When the first Municipal Council after the 2010 Revolution was held in 2018, the Mayor and counsellors took full measure of the potentials of Bizerte, but also of the challenges confronting them. The city now covers approximately 45,000 ha with a population of above 100,000 inhabitants following a major enlargement of its administrative area in 2016. However, this enlargement was not paired to a proportional increase in the resources (financial, in personnel...) available to the new municipal administration.

Since 2018, the Mayor and Municipal Council have considered possible solutions, one of them being to participate in UMDf. The Mayor thus took part in a meeting in Abidjan with UMDf in 2019. As a first step, like in other member of the UMDf Cities Program, it was decided to implement a diagnostic and an action plan, results of which were expected in 2020. COVID 19 slowed it down by one year. The projects now identified as part of the UMDf-sponsored action plan include interventions *Urban planning and governance, Downtown rehabilitation, Traffic management (including parking) and transport master plan at the city level, Technical studies for the 'Ras Enjila' new town, Projects to increase resilience to climate change, and Innovation and smart-city*. Three were prioritized, with an investment amount between USD 155 and 175 m. One project (The Smart City project) has graduated to the PPF stage, which requires an investment of USD 0.6 m. This is a huge project including the construction of a data centre in a disused underground naval base taking advantage of the unique location of Bizerte as a landing stations for submarine cables and a potentially important connectivity hub. The Government of South Korea is supporting the preparation of this project.

Bizerte shows the importance of external support to address capacity gaps that are not or cannot be internally covered, and of linking urban planning with investment prioritization, and this with project preparation. It also illustrates the diversity of investment needs and priorities in Africa. In addition, it indicates that further UMDf impact often, as in Bizerte, will require moving a larger number of prioritized investments to the PPF stage, completing their PPF stage, and implementing the investments. This may require further work on municipal finance as well as donor coordination and outreach for beneficiary cities as Bizerte to access new/additional technical and financial partners.

Timeliness of outputs delivery against the work plan

Available information is not adequate to assess timeliness of output delivery. The design of the Fund did not include a work plan. This is not included in the AfDB planning document. The NDF planning document does not include a work plan either, beyond the RF, which provides time-bound targets. The Fund developed annual work plans. However, reporting on their achievement does not allow to assess progress. Published in 2022 (the month is not mentioned), the Annual

Report 2021 indicates what the progress was as of 31 December 2021 regarding the 2021 work plan, which included 15 activities/outputs. All activities/outputs are reported as ongoing, three of them with specific timelines in 2022. However, the Interim Report 2022, published in June 2022, only reports on the implementation of the 2022 work plan, which includes 10 activities/outputs, some of which are new. As a result, progress on most of the 2021 activities/outputs is not reported. The Interim Report 2022 does not indicate if the 2021 activities were completed as of June 2022. This does not allow to assess timeliness of output delivery against the work plan.

Overall, in terms of timing the Fund was launched in April 2019, that is, three years ago⁵⁸. However, the first financial transaction was completed only in March 2021, that is, one year and a half ago. **In general terms, taking into account that the Fund was in the process of being established and getting operational, UMDF has done a good job in delivering outputs to pilot the work it can do.** As of 5 March 2022, the UMDF has utilized (i.e. disbursements and commitments pending disbursement) a total of USD 4 million⁵⁹, that is, 76% of the available budget of USD 5.3 million.

4.2.1.2. To what extent have UMDF grants contributed to the identification of new business opportunities? To what extent have UMDF grants leveraged resources for AfDB and other stakeholders?

UMDF grants greatly contribute to the identification and preparation of investment opportunities in AfDB RMCs. As explained in section 4.1.3.1, one of the key features of the Fund is indeed to conduct upstream work for downstream infrastructure investment. The Cities programme involves the development of action plans with prioritized investments. The five action plans of the first cities of the CP identified 17 priority investments (4 in Antananarivo, 3 in Bizerte, Dodoma and Libreville, and 2 in Conakry). UMDF's commitment is to move at least one investment per city to project preparation. As of August 2022, two of them have already entered into this phase. In addition, the PPF is contributing to identify priority investments in 13 cities (eight cities in Cameroon and five in Ivory Coast). Furthermore, the PPF is contributing to develop the detailed studies of 5 investments, in Marrakesh, Tunis and Addis Ababa in addition to Bizerte and Libreville. The contribution of the SGI to concrete investment opportunities is less direct, as it is difficult to predict what comes out from a training, a knowledge product or a conversation, and process can be long and complex. In total, it could then be considered that, as of August 2022, the Fund has identified 17 new business opportunities and prepared 5 new ones.

Reporting on the amount of investment (to be) mobilized is not systematic, but available information suggests a ratio of around 1 to 1000 on project identification (i.e. CP), with scarce information on the leveraging effect of project preparation (i.e. PPF). Three of the

⁵⁸ NDF approved its funding in 2017, but, as UMDF is a multi-donor trust fund, two donors were needed for the fund to be created. AWEX approved its contribution in 2019. It took SECO, who had initially shown interest in 2017, two years to approve its funds for the UMDF. Some of the funding they initially planned for UMDF was allocated to WB Cities Resilience Programme. Finally, in 2019, SECO gave a smaller amount, and then AWEX on Board in the first year.

⁵⁹ Strategy and Business Plan 2022-2026, June 2022.

action plans developed under the first phase of the Cities program (Antananarivo, Conakry and Libreville) provide costing estimates, but one (Dodoma) does not provide figures and in another one (Bizerte) estimates are explicitly yet to be confirmed. Estimated costs are not available for Marrakesh, Tunis and Addis Ababa. It is therefore not possible to know the total amount needed to finance the identified and prepared priority investments. Considering the reported figures, financing leverage would range between USD 562 m and USD 647 m for the 14 identified priority investments in Antananarivo, Bizerte, Conakry and Libreville. This means that a USD 0.6 m investment in the CP could lead to the leverage of around USD 600 m, a ratio of 1 to 1000 (every USD invested in the City programme leads to identify infrastructure investments of 1000 USD). Of course, for this to materialize project need to be prepared. Reporting on pre-investment is also limited. The Interim Report 2022 suggest a total of USD 6.1 m in pre-investments (USD 0.6 m in Bizerte, USD 2.5 m in Marrakesh and USD 3 m in Libreville), of which USD 1.1 m comes from UMDf and USD 1 m from another AfDB TF (i.e. SWEDFUND). Data on pre-investment and investment is too scarce and diverse to estimate a ratio: in Bizerte 1 USD in pre-investment leverages 100 USD in investment (USD 0.6 m leverages USD 50 to 60 m, in Libreville 1 USD in pre-investment leverages 33 USD (USD 3 m leverages USD 100 m).

It is not clear to what extent AfDB will take the abovementioned new business opportunities. PPF prepares investments to be AfDB ready, but once they are, they are also ready for other investors/funders, both public, like other MDBs, and private. **On most occasions, it seems so far that lending for investments identified and prepared with UMDf support will likely be committed by AfDB.** Given that its main business is to lend money to RCM for infrastructure investments, this is indeed the main reason for AfDB to support the Fund, which allows the Bank to (better) engage with cities, which is difficult (you need upstream work for the absorption of money in the right place in the right projects), in line and beyond prime minister requests. The Bank has a clear self interest in the Fund, which allows it to go beyond what it usually does, by bringing new cities and new projects. By design the Fund is a business origination strategy for operations of the Bank. The idea is to generate a win-win given that sector task managers are evaluated by the loans they close. By generating investments in the sectors, task managers have an incentive to support the Fund, creating synergies with sectors. This is not unique or would not be unique to UMDf. In 4 years and half (2012-2017) IDB's Cities programme generated USD 4 billion in loans for the Bank. However, as of June 2022, on pre-investment most of identified amounts will come from other stakeholders (USD 1.5 m from the City of Marrakesh, USD 0.5 from EBRD and USD 2 m from an unidentified source). This is critical as in June 2022 G7 announced a USD 600 billion infrastructure program for developing countries, with Africa as a strategic priority⁶⁰. UMDf project preparation could help mobilize some of these resources to the continent.

⁶⁰ <https://www.rfi.fr/fr/europe/20220626-le-g7-annonce-un-programme-d-infrastructures-de-600-milliards-de-dollars-notamment-pour-l-afrique>

4.2.1.3. To what extent has UMDf grants leveraged co-financing? (For planning and for investment)

Available information suggests good leverage of co-financing resources both on planning and knowledge management (see section 5.1.4) **and pre-investment** (see above). Information on investment is not available, although it is reasonable to expect that pre-investment will leverage more resources for AfDB than for other stakeholders. In total, the Fund mobilized USD 1,150,000 of co-financing for planning and knowledge management: USD 600,000 have been mobilized for Bizerte, USD 350,000 from the Government of Brazil for knowledge exchange to the Cities Program to foster exchange and collaboration between LAC Cities Network and the Cities Program; and USD 200,000 from the Bank for the CFO Network. Overall, reporting on co-financing for planning and knowledge management (Interim Report 2022) remains limited.

4.2.1.4. To what extent have the interventions funded by the UMDf been technically sound?

Evidence of use expert teams and good practices

UMDF is recruiting experts with relevant skills and experience in urban development and cities programs in MDBs and partnering with pertinent institutions to support the development of robust services and the delivery of sound products.

- The Fund built on IDB and ADB's cities programs' experience for the creation and management of its Cities program, recruiting to that end their former coordinators (i.e. Ellis Juan and Michael Lindberg, respectively), who defined the methodology of the ESC program and managed the ADB program. Donor experience and personal networks proved important for this.
- Within the Cities Program, an AECOM consultant team has been recruited to consolidate a user-oriented manual for the diagnostic, prioritization and action planning tasks further adjusting the methodology of the Cities Program to the African and AfDB's context. The document is planned to be delivered in Q3 2022⁶¹.
- Consultants are recruited through competitive processes, within budget constraints, to implement the support to cities under the different Fund instruments. For instance, the Fund has appointed experts to do diagnostics, which have been procured in proper manner and have been effective in producing some results, although this were not always standardized. That said, some procurement processes could be better communicated.
- Expert technical advice has been hired to assist in climate change mainstreaming and the development of the Climate Finance Window.
- The Fund recruited a Cities Alliance expert to coordinate the development of SUDAP, and the development of two proposals in support of UMDf: one for developing a pipeline on municipal finance, and the other one in safeguards.

⁶¹ Interim Report 2022, p.12. AECOM developed the methodologies of the ESC and EBRD cities programs.

- Relevant partnerships have been materialized with high-quality research institutions for the preparation of knowledge products. UMDF partnered with OECD to develop a knowledge product on “Africa’s Urbanization Dynamics 2022”, and with Cities Alliance to develop a document on “Dynamics of systems of secondary cities in Africa: Urbanisation, migration and development” in 2022.
- Importantly, as discussed in section 4.3.1.2, the Fund has been able to better staff itself, although important gaps remain.

UMDF is systematizing lessons learned to improve its implementation, although this could be strengthened. Some lessons were drawn from the Pilot Phase of the CP completed in December 2021⁶². The challenges identified are related to the methodology for city teams to use; and the process for gathering and managing city and project data, as well as the shortage of municipal staff capacity and structural financial weakness of the municipal level. As a response to these lessons learned and challenges, the City program committed to focus more strongly on staff capacity building, and municipal financial health through measurable actions. For the Cities program, municipalities and consultant firms are giving feedbacks to help improve the process. Lessons learned could any case be further systematized and documented for the Fund as a whole, including but not limited to the CP. In this sense, a standardized methodology for the PPF and lessons from implementing it is not yet available and could be useful. The Fund is strongly encouraging knowledge exchange with external partners on urban development through the constant dialogue with IDB, and other development banks including ADB, EBRD, WB and AFD. A two-day workshop with them was organized in 2020. Colleagues from other MDBs have peer reviewed the Fund’s document. Workshops and meetings have also been organized to discuss lessons learned from projects implemented in African cities.

The Fund is encouraging peer-learning between cities and countries through international events. Some events are good opportunities to gather stakeholders, exchange knowledge and lessons learned from projects, and build a professional network around urban development. To that end, AfDB and UMDF have showcased their initiatives on urban development in African cities at multiple times in 2021 and 2022. Recently, this included panel discussions at the Africities Summit (May 2022) organized in Kisumu, Kenya by UCLG, giving the voice to donors (NDF) and beneficiaries (i.e. mayors) to reflect on the progress made during the process. The World Urban Forum (WUF) was also attended by the UMDF who organized a panel discussion on financing urban development in Africa.

UMDF is slowly creating a network of reform-minded cities. The network pursues three objectives: i) Open and public access to the network; ii) Peer-to-peer learning; and iii) Best practices sharing related to challenges in resilience, climate change, urban and fiscal sustainability via in-person and virtual meetings. UMDF plans to organize events, exchanges and study tours for the cities in the network, some of which (i.e. study tours) are new to AfDB. Both general and thematic study tours are being considered. This network could become a solid base

⁶² UMDF Strategy and Business Plan 2022-2026, p.12.

for African cities willing to deploy urban development projects in the continent. Nevertheless, the Fund and the network are still at an early stage. The Fund has so far supported a limited number of cities. Moreover, spaces for knowledge exchange are just starting. These have so far taken place between African cities in international events. Some beneficiaries will participate in a study tour in Denmark and Sweden in September 2022. However, so far, exchanges with cities participating in other Cities programs has been limited or non-existent. The Government of Brazil has committed funding to support exchanges between African cities in the UMDf network and Latin American and Caribbean cities that participated in the ESC IDB program. Modalities for similar exchanges with Asian cities have not been planned.

Regarding information management and communication, the Fund still has room for progress. Information gained through the UMDf activities about African cities, their demographic data and other indicators are hard to find and to analyze. Cities themselves have encountered difficulties in finding and analyzing urban data on their own city and other African cities⁶³. Important volumes of data could be made available in an accessible way. Through the Cities Program's City Diagnostics and Action Plans, the country level work on priority investments and digital platforms under the PPF as well as through the continental level knowledge products, the Fund is collecting and generating diverse streams of useful data, although the wealth of knowledge is still small compared to its potential. The upcoming recruitment of an MERL expert could further support knowledge management.

Box 3. The Integrated Urban Data Platform for Secondary Centres in Kenya”, a tool for improved governance in secondary cities⁶⁴

Since the 1970s, Kenya has been putting efforts in promoting urban development although there was no national urban policy in place. Because of the unwillingness to advance devolution of power with regional and municipal governments, the governance and administration strategies failed, leaving the secondary cities without the resources and technical abilities required to provide the population with quality services and infrastructures. Despite the integration of devolved governance into the constitution in 2010 and the creation of 47 counties replacing the previous provincial system, the central government still has a control over economic development and infrastructure projects. Nairobi dominates the country's system of cities, concentrating investments, and hindering secondary city development¹.

Urban governance in secondary cities can be improved through the development of innovative digital tools supporting cities' economic development, decision-making and public services delivery. It is the objective of the UMDf funding (USD 450,000), which will develop an urban data platform for 15 intermediary cities in Kenya. This type of platform allows mapping and storing of large amounts of data which become easily accessible and exploitable by every citizen, and has been continuously developed in other countries in recent years to make cities “smarter”. Through this digital tool, it is expected that the 15 targeted urban areas will have better planning and investment preparation, improved economies, informed decision making, and increased opportunities for urban dwellers. It should also help to address the challenges faced by urban managers and contribute to the potential establishment of a National Urban Observatory¹.

⁶³ UMDf Strategy and Business Plan 2022-2026.

⁶⁴ Sources: AfDB, Cities Alliance, The Dynamics of Systems of Secondary Cities in Africa, 2022; UMDf Interim Report 2022.

This project highlights the increasingly important role of digital platforms in federating secondary cities at the national level and in supporting the planning of urban investments. It will be essential to make use of the platform to identify the most urgent challenges to be addressed at the city-level and prioritize investments. The adoption of an integrated urban planning approach will thus be crucial for the relevance, effectiveness, impact and sustainability of the platform.

Examples of unintended results

The implementation of the Fund has generated some positive unintended results. Other sectors departments (e.g. waste, water) are also slowly integrating urban in their discussions, which is an important and recent progress. Secondly, exchanges between mayors (e.g. Bizerte and Bangui), represented a significant opportunity for cities to work simultaneously towards sustainable urban development and to build a cities network.

There have not been negative unintended results so far, probably because the Fund is still at its early stages, and also because it is focusing on general planning, more than on project preparation. The Fund is also guided by robust environmental and social safeguards procedures, which reduce negative impacts. Moreover, as a ToC and a results framework are not available, it is not possible to distinguish between intended and unintended results.

4.2.2. Barriers and opportunities

4.2.2.1. What factors have influenced positively or negatively the achievement of the UMDF objectives?

Enabling factors

The international trend for decentralisation results in an increase in the competencies of local governments. Against this backdrop, local government partners are usually very appreciative of UMDF especially of the way the Fund engages them directly, considering it as a distinctive and valuable characteristic among funding mechanisms from international donors. Also, they feel that the development of Action Plans in close partnership with them is appropriate and will lead to bankable projects. This acknowledgement has had a very positive impact in fuelling their interest and motivation. From the viewpoint of donors, there has been in recent years an increased commitment to supporting urban development projects including in Africa, where the demand is in addition very high and increasing given rapid urbanization.

Hindering factors

On the negative side, a number of factors have slowed down the achievement of UMDF objectives to a varying extent. These factors are briefly analysed below.

COVID

The COVID 19 pandemic is reported by a number of stakeholders as contributing to slow down UMDF activities by approximately one year time. The pandemic, which coincided with the inception of activities, also resulted in hindering communications among partners. To avert lingering impacts, efforts should still be made to significantly strengthen communication with and among partners, including local government partners.

Economic context

The economic situation is deteriorating in both developed and African countries, particularly related to record-high inflation. This could reduce donor contributions and co-financing from beneficiary national, regional and municipal governments, as well as negatively affect the capacity of delivering outputs with existing funding. The projected significant increase on UMDF budget reduces this negative impact.

Travel restrictions

Some city representatives could not attend training in Denmark due to the non-issuance of visas to enter the country. As the participation in events and study tours grows, and the type of countries diversifies, this will become a more recurrent problem.

Political cycles

In at least one occurrence (Djibouti), the election of a new mayor seems to have led to disruptions in communications between the municipality and the UMDF Secretariat, the new municipal team reportedly losing track of the existence of the Fund.

Complex and sometimes conflicting institutional structures and relationships

As noted, UMDF needs to engage both national and municipal governments in all its instruments. Progress on this has been mixed. To a great extent, this is explained by the approach of the Fund, and shortcomings in engaging with certain stakeholders that are more active at the national level. However, this is also explained by complex institutional frameworks linking national and local governments. In some countries it takes time and effort to reach a consensus among local and higher tiers of governments within the framework of project design and approval. Moreover, although this has not been experienced yet, there are often tensions between national governments and local governments that are difficult to bridge or overcome by a development partner.

Limited capacity in Fund beneficiaries

Many, if not most, cities participating in the Fund suffer from some level of staff shortage. In Tunisia, where a Law sets a cap to the amount allocated to staff payroll as a percent of the total municipal budget, cities have frozen the recruitment of staff at the managerial or technical level (dealing with maintenance, ...), and have not been able to replace retiring staff. As a result, the urban planning and public works department in Bizerte and in other Tunisian cities is currently seriously understaffed. Staff shortage has been reported to this MTE mission by other interviewed UMDF partner cities. The shortage of personnel, in terms both of number of staff and its technical

skills set, as well as of physical resources (equipment, technology, systems ...), negatively affects the capacity of municipalities to embark in project preparation and implementation. Indeed, there are few solid urban planning-related training institutions in the continent, and access of Africans to that type of international institutions is scarce. The importance of different types of capacity gaps will evolve with the focus of the activities of the Fund. While urban planning capacity gaps are more salient currently, project preparation related capacity gaps will become increasingly important in the near future, and investment implementation and infrastructure operation capacity gaps will be crucial as the support of the Fund is coming to an end in beneficiary cities. In the absence of municipal/organisational and financial audits, cities are not in a good position to expand their fiscal space and increase their human and technical capacity.

Local opposition to infrastructure projects

Under the CP, the identification and, especially, the prioritization of investments can be a contested process, with opposing views. To a greater extent, under the PPF, some infrastructure projects may encounter social opposition when it comes to defining their location, scope or characteristics, particularly regarding waste, but also on transport and energy. For instance, in Tunis local opposition to the construction of a solid waste landfill site is to be expected. Resettlement and compensation may be needed, but these may be difficult to agree, execute and fund, including for land acquisition. In some countries, national policies in terms of compensations for affected people may not be in line with those followed by the AfDB.

4.3. Efficiency

4.3.1. Fund implementation and execution

4.3.1.1. Were AfDB processes and procedures, as well as the internal coordination adequate?

Level of coordination and communication internally

The Fund is hosted by the AfDB, anchored in the Infrastructure and Urban Development Department (PICU), under the supervision of the Office of the Department Director, and integrated with the urban development division (PICU 2), newly created in 2019 and dedicated to drive the Bank's vision for African cities. PICU 2 has an urban focal point in each of the five African regions and three focus areas: i) Analytical and Advisory Activities, which cover technical assistance to support municipalities and business development; ii) Transactions, such as project pipeline development for urban investments; and iii) Enhancing Internal capabilities, through the operationalization of the SUDAP, e.g. the extension of the reach of the UMDf to donors and cofinanciers. In theory PICU 2 has a comprehensive approach to urban development, including urban planning, policy and strategy, urban infrastructure services, municipal finance development, municipal institutional reforms and governance. However, in reality, PICU 2 has an emphasis on mobility, and more specifically on transport, as the Bank has separate divisions

and/or departments in water, energy, waste and finance. As further discussed in section 4.3.2.2 on governance, UMDF is also governed by the Technical Review Committee (TRC), which is composed of staff of other Bank divisions and departments, including on the sectors mentioned above.

This structure has positive effects but has demonstrated shortcomings. It has created links and economies of scale between UMDF and PICU 2, regarding management: the UMDF coordinator is also a part-time PICU 2 regional focal point, in particular for Northern Africa. However, this structure has created **misunderstandings about the roles and responsibilities between the UMDF Secretariat and the PICU 2 team.** The initial idea was that, as the Bank's urban fund, UMDF would ensure project identification and oversight and feed the pipeline (upstream), and PICU 2 would take projects to the Board and implement them, focusing on the Bank's operational role (downstream). However, in practice, the distribution of roles between the urban fund (UMDF) and the urban division (PICU 2) is unclear and not efficient, with PICU 2 involved in upstream and UMDF involved in downstream. Although in theory UMDF is under PICU 0, in practice, in the day-to-day management of the Fund, PICU 2 approves contracts and signs memos. There is some sort of conflict regarding the identification of projects, with some sense that the Fund should fund initiatives that address the needs of the division even if sometimes these needs are not fully UMDF priorities. On the other hand, currently UMDF does core implementation of UMDF projects, because PICU 2 task managers are very busy in operational projects. This relationship should be clarified, with UMDF having a clearer role in upstream engagement, networking, peer-learning, identification/origination of projects, and PICU 2 having a stronger emphasis on quality delivery of UMDF approved projects. UMDF should continue to support the identification of the right projects, but once they are identified UMDF should leave it to PICU (and more particularly PICU 2) task manager to implement them. In short, UMDF Secretariat should have a clearer coordination and management role in the City Program, while maintaining links with Bank staff for project preparation to continue rolling out.

Furthermore, linkages with PICU 2 operations, which focus a lot on roads and corridors (e.g. Abidjan, Lomé, Lagos), **is rather limited.** These Bank investments do not fully consider integrated urban development. There is room for a bouquet of urban investments done around these corridors, such as providing water and social infrastructure, including parks, in slums affected by these larger Bank investments, for instance in 10 cities along a given corridor.

Moreover, UMDF's anchoring in PICU 0 and the TRC have not been enough to ensure a comprehensive integration of urban development and UMDF beyond PICU 2. UMDF investment focus on transport, with a less significant coverage of energy, water and sanitation, and waste. This reflects the structure of the urban sector's loan portfolio in 2011-2020, where transport is the dominant sector (it represented 44% of approved projects, followed by energy (28%) and water and sanitation (27%)⁶⁵. While the TRC ensures some coordination, this has not been enough to ensure that the Fund covers the full spectrum of infrastructure needs of cities. Similarly, cooperation between AfDB TFs has been limited. There are no specific synergies

⁶⁵ PPT by PICU 2 on 07/07/2022.

between UMDf and the water facility, SEFA or NEPAD-IPPF. The fact that PICU 2 is not in the same complex/building in the Bank's HQ in Abidjan as the teams in charge of water, energy and waste contributes to this. Further management at PICU may be required to increase UMDf projects beyond transport.

Moreover, UMDf anchoring into PICU 0 has not been enough to inform corporate planning, monitoring and reporting processes. As discussed in sections 4.1.2.1 on relevance and 4.4.1 on sustainability, integrated urban development is not adequately reflected in the Bank's 2023-2032 strategy, its RF and the institution's tags and reports.

That said, there is a positive trend at the AfDB. The Bank had until recently an anti-urban bias, which some stakeholders still maintain. The urban division is new and most of the UMDf Secretariat staff joined only a few months ago. The SUDAP has only been recently approved. In other MDBs, even in more urbanized regions and with more awareness about the importance of urban, the integration of urban also took time. At IDB, the urban division did not exist before the cities program, and was indeed created four years after the launch of the latter (ESC was launched in 2012 and the urban division created in 2016). Meetings that would have never happened in the past are currently taking place at AfDB called by the urban division and/or the UMDf Secretariat.

4.3.1.2. To what extent has the UMDf continued improving its performance – at the level of timeliness, process, implementation progress and cost effectiveness?

Coordination between the UMDf, Bank's staff and national and cities authorities⁶⁶

As of August 2022, UMDf's relationship with AfDB's country offices and with national and municipal governments could be strengthened. Before confirming cities in the first phase of the Cities Programme, the UMDf Secretariat visited the countries and cities and developed an aide memoire, which was signed by the country and AfDB. A similar process has not been followed for the second phase of the CP or PPF. These have been proposed by PICU2 regional focal points, without an initial direct involvement of the UMDf Secretariat and the AfDB country offices/managers, a field visit and a clear request from national and municipal governments. A process requiring an official request from national and municipal governments has indeed not been formalized/standardized. While this contributes to the alignment of UMDf with the urban division (PICU 2) portfolio, reliance on PICU 2 regional focal points has several negative implications. The performance of these officials is measured by the number of projects they manage, but not necessarily by the type of these projects; they have an incentive to work on projects already integrated in the IOP rather than on the preparation of new projects to be

⁶⁶ At institutional level the evaluation report discusses four aspects: i) upward management: the relationship with senior management and PICU 0 (section 4.4.1); ii) the relationship with PICU 2 (section 4.3.1.1); iii) the relationship with other sectors, divisions and departments (section 4.3.1.1); and iv) the relationship with regional and country offices and national and municipal governments (section 4.3.1.2).

integrated in the IOP, which is not only more cumbersome but also more uncertain. In contrast, in order to scale up, and to greatly contribute to address the urbanization challenge, UMDF is interested in preparing new projects to be integrated in IOP. Moreover, this structure has resulted in a significant focus of investments on mobility, with room for expansion on other sectors, such as water, energy and waste, as well as the integration of climate change adaptation and certain aspects of poverty alleviation and social inclusivity, such as slum upgrading, which are not typically related to mobility. UMDF and its instruments would benefit from a more direct involvement of the Fund Secretariat with other regional sectoral focal points, Bank country offices and national and municipal governments, with country visits for face-to-face engagement. This will benefit from communication products (see the section below) and standardized methodologies (see section 4.1.3.1 on technical robustness above). Interviews with beneficiary cities and countries suggest that there is also room for strengthening communication with cities between phases, particularly between phases 0 (preparation) and 1 (city diagnostic) (CP phase 2 cities, but also countries under component 2) and phases 3 (action plan) and 4 (pre-investment/project preparation) (CP phase 1 cities, but also PPF cities). Communication challenges are also partly explained by staff shortages in the Secretariat (see below) and staff shortage and turnover and electoral cycles in beneficiary institutions (see section 4.2.2.1)

Effectiveness of UMDF in implementing the project (implementing capacity)

The setting up of the Fund was slow and incomplete and not very robust. It took the Fund two years to clear key documents (the Fund was launched in 2019 and its operational manual was only approved in mid-2021⁶⁷) and complete its first transaction (March 2021). Moreover, this process was incomplete: as of August 2022, that is, almost 3.5 years after its launch, the Fund does not have approved ToC, strategy, business plan, RF or standardized methodologies for its key working modalities, the CP and the PPF. Furthermore, the setting up process was not robust. The operational manual cleared in mid-2021 is currently being revised, the integration of climate change in the methodology of the first CP cities was weak (see section 4.1.3.1) and the institutional setting has important challenges (see sections 4.3.1.1 and 4.3.2.2). Although all new institutions require time for setting up and getting operational, the process was not particularly efficient at UMDF. The weakness of design documents did not help, but that is not an excuse. COVID-19 was positive in the sense that it put operations on hold and allowed the Secretariat to revise existing documents and develop new ones. The Secretariat is actively and strategically trying to complete the key documentation and establish adequate systems and procedures. While the recently proposed documents have some important shortcomings, there is a clear disposition to address them. Implementation capacity has significantly increased, and the Fund is in a better position to run the CP, PPF and SGI. It is worth discussing these issues more in detail.

UMDF procurement follows AfDB's procedures, which are slow, but efficiency has increased. These are cumbersome, but there is no space for the Fund to streamline them to increase efficiency, unless the procedures change for the whole Bank. Furthermore, procurement

⁶⁷ UMDF Operational procedure guidelines were approved by OC in late 2020 and internally cleared in mid-2021.

procedures are cumbersome for good reasons: they help hire the best consultants at competitive prices in a transparent manner. However, there has been progress in administrative terms, by creating budget codes and everyone understanding better how to proceed, in the sense that it takes some time to create specific administrative processes for a Fund. Administrative support has increased from one to two part-time staff, and a fluid dialogue with the coordinator has helped move things along, particular when this requires managing relationship with different Bank divisions. However, interviews suggest that the preparation of ToR, which is conducted by subject matter experts, could be fast-tracked with support of the Secretariat. Standardized and early procurement, short lists and requests for proposals and framework contracts could also help fast-track procurement. If the resources of the Fund increase, as it will likely be the case, the availability of administrative staff will need to grow (with more staff and/or more dedicated time).

There has been important progress on staffing, but important gaps remain. For more than 1.5 years (between April 2019 and December 2020), the Fund did not have fully dedicated staff. UMDF was managed by the director of the Urban division, who had many other responsibilities. A Fund coordinator was only hired in early 2021. As of August 2022, staffing has considerably increased, the Secretariat being currently composed of 4 fully dedicated staff, in addition to three part-time staff (including two admin assistants)⁶⁸. The profiles are generally good, bringing capable urban specialist from outside the Bank. Nevertheless, the Fund is still understaffed, staff was hired only very recently (first half of 2022)⁶⁹, the distribution of roles and tasks is not clearly structured and there are important skill gaps, particularly on Monitoring, Evaluation, Reporting and Learning (MERL), climate change, municipal finance, governance and social inclusivity. Secondments are being discussed to fill in some of these gaps, particularly regarding MERL and climate change, which would be very useful to leverage scarce technical and human resources to address some of the shortcomings discussed in above. The Secretariat has also prepared a list of the profiles that it will require to further strengthen management. This is very helpful and could structure the discussion on secondments, sponsorships and hiring⁷⁰. However, the profiles should be further detailed, with adequate ToR, and some positions could be merged or split⁷¹. Increasing staff and filling in skill gaps will be critical for the Fund to adequately manage the scaling up associated with increasing funding made available by current and future donors. City programs in other MDBs had or have significant more full-time core dedicated Bank staff, in addition to short term consultants. Based on programme expansion, the Business Plan assumes that the number of consultants in the Core Consultancy Team (the coordinator and long-term

⁶⁸ It is important to distinguish Bank staff from consultants, which can be long-term or short-term. Technically, as of August 2022, the Secretariat was composed of one full time Bank staff (the coordinator), two Bank staff on time-sharing basis (administrative assistants), three full time long-term consultants (a City Diplomacy and Nordic solutions consultant and two communication consultants) and a young professional.

⁶⁹ One joined in March 2022, one in June 2022 and one in July 2022.

⁷⁰ One of the long-term consultants is sponsored by NDF.

⁷¹ See page 25 of the proposed UMDF strategy and business plan 2022-2026 (June 2022 version). The MER position could be merged with the learning and capacity development position, while the "Urban policy, governance advisor" could be split into a governance advisor in terms of public administration and due diligence (e.g. lawyer, economist) and a multi-stakeholder participation and social inclusion advisor, including gender (e.g. sociologist, political scientist, anthropologist).

consultants) will grow to seven at the beginning of 2025. This figure, the skill set and the structure may need to be revised.

There is a debate around UMDf hiring sector specialists and staff in cities, as IDB and ADB did, respectively (at IDB this allowed the conversation with the rest of the Bank and with cities). This is probably not needed now, to push ownership from Bank sector specialists and country offices but may become useful as the operations of the Fund grow. The Bank is financing the oversight and management function of the UMDf. An intensive involvement of AfDB operational user departments (particularly PICU 2) is expected in upstream project preparation leading to operational activities.

Work is still ongoing on the operational guidelines. These were cleared in mid-2021, but they are in the process of being revised. The version proposed by the Secretariat to the OC in June 2022 has room for improvement. Guidelines are very narrative and not as prescriptive as this type of guidelines need to be. For some topics they do not provide clear responses to staff looking on how to proceed⁷². As noted in sections 4.1.3.1 and 4.1.3.2 on design and risk management, respectively, climate change, social inclusivity and safeguards are not adequately mainstreamed. The description of the Fund is not in tune with other documents. In addition, the Secretariat is strategically reviewing the internal process, from the first contact to the project close report⁷³, to streamline them and increase efficiency. This may result in adjusting the procedures of the OC so that it can approve documents digitally, establishing more frequent TRC meetings, setting clear calendars and service commitment, revising the project brief, PIM, monitoring and completion report templates to include critical information that is missing (e.g. base maps on the project areas, baseline data in relation to their RF) and remove some less useful sections, ensuring the templates are nicely aligned and integrated to the RF and with the PCN (going backwards from a good PCN), developing explanatory notes on how to fill them and providing templates in French in addition to English. The Secretariat is also seeking to standardize methodologies for both the CP and PPF and developing communication materials so that the urban task managers understand UMDf and what type of projects they are looking for, and make conversations leading to projects. This could comprise the development of a flow chart on the AfDB investment project approval process that better communicates deadlines. This revision should also provide guidance for more realistically cost project preparation, based on previous experience. Furthermore, the eligibility criteria should be strengthened to manage internal and external pressure and not to have too many open conversations and expectations the Secretariat cannot fulfil. The review of the processes and the revision of the guidelines could take time. It is important that the Secretariat, but also senior management at the Bank and existing and very likely donors allocate enough time for this and do not rush. It is more efficient to spend two more months on developing

⁷² For example, who will develop the completion report, which looks like an evaluation report? An independent firm? And who in the Bank will follow up on the social and environmental safeguards?

⁷³ UMDf processes are messy and take long time. The Secretariat gest a project idea, they discuss it and send the template, get project brief, it is assessed based on criteria, it is rejected or approved, and presented to Technical Review Committee to propose it to the work program, mostly beginning of the year, cleared by OC, asked to develop a PIM, reviewed by TRC, reviewed by director of PICU 0 and budget is created and can start.

robust and agreed on guidelines than developing new guidelines in one year, as it happened between 2021 and 2022.

Furthermore, the Fund is yet to develop its fundraising and communication strategies. Their development is planned for 2022. The 2022 work plan includes the development of a fundraising strategy to formalize donor outreach and fundraising efforts, with an important focus on climate change. Similarly, the Secretariat has been working with a communication specialist to develop a communications strategy in 2022 to continuously communicate advances to a wide audience for multiplication and advocacy purposes. This comprises launching in October or November 2022 a dedicated web presence where news, materials and outputs can be made publicly available, and producing knowledge products, materials and circulars, as well as participating in key urban events.

At a more strategic level, the Fund does not have yet robust foundational documents. UMDF lacks an approved strategy, business plan, maturity model, ToC and RF. Except for the maturity model, drafts of these documents were proposed to the OC in June 2022. However, these have some important shortcomings, including inconsistencies. The strategy, which should focus on the ambition and how to achieve it and monitor it, should be better linked with the ToC and RF and be more clearly distinguished from the business plan, which could be shorter and would be updated regularly (a rolling business plan). The strategy should better mainstream gender, social inclusion and equity and climate change, have a longer horizon describing more clearly what the maturity model is (how the Fund will operate across cities and countries across time), and how the Bank will integrate the Fund (see section 4.4.1 on sustainability and scaling up). Some areas of work, such as municipal finance, should also be better explained. The business plan should reflect the Bank's financial cash contribution to the Fund, which, according to some donors, was promised when the Fund was created. It should also better explain the mission of the Climate Finance Window, and its relationship with the CP, PPF and SGI. The ToC and RF are discussed in section 4.1.3.1.

Consolidating the aspects mentioned above is critical. The Fund currently manages a USD 2 m annual work plan. To adequately absorb projected funding levels UMDF will need to be able to manage UD 4-5 m annual work plans. This requires increased capacity.

4.3.1.3. If any, how does the UMDF perform compared to similar funds in other multilateral institutions?

Benchmarking of the Fund, which has to be conducted with caution. When comparing UMDF to other TF it is key to consider first its level of maturity. UMDF is a young fund (launched 3.5 year ago) that is still in the process of setting up and becoming fully operational. Its performance cannot therefore be compared to that of older, well-established funds. That said it is interesting to compare UMDF to other TF within AfDB and other urban-focused TF globally.

Benchmarking of the Fund shows mixed results. At AfDB, UMDF is one of the few cross-sectoral TFs, and the only TF with an urban, territorial focus, given that the Bank is largely a

sector-oriented institution. This is reflected in the governance structure. Other Bank TFs (e.g. the African Water Facility) do not have a cross-sectoral TRC to ensure internal comprehensive feedback. This is a strength of the Fund, that allows various sectoral entry points and allows the Bank to strategically and in an integrated way address a key development challenge that until recently was mostly disregarded. Interviews suggest that UMDF has set up more quickly than other TF in the Bank: for instance, it took SEFA 4 years to make the first disbursement, while it took UMDF two years to do so. Some interviewees claim that UMDF is better managed, is more transparent and has a higher rate of disbursement than other Bank TFs. As a regular TF, UMDF is also more efficient than other types of Bank funds, particularly challenge funds, that are very slow⁷⁴. Compared to other Bank TFs, UMDF has a small financial envelop, at least as of August 2022 – this may change if potential contributions from Denmark, Spain, NDF and SECO materialize.

If compared to other urban initiatives working in Africa, UMDF is very well connected with investments and really bankable projects, given that AfDB knows banking, as opposed to UN agencies, bilateral development partners and NGOs. Compared to global organizations working on urban in Africa, UMDF is anchored in an institution (AfDB) that is rooted in Africa, is governed by Africans and that focuses on Africa. It is an African institution focusing on Africa, unlike the WB fund on cities which invests only a small portion in the continent. Moreover, compared to some other organizations (e.g. UNEP), through the AfDB, UMDF has long term relationship and presence at country level. On the other hand, compared to other institutions, particularly Non-Governmental Organizations (NGOs), AfDB is an administrative and rigid organization, where due processes take long.

Compared to other urban-focused TF globally, the first aspect to note is that the Fund addresses a different problem than the IDB and ADB cities programs. UMDF comes historically at a different point. When the IDB and ADB cities programs started, urbanization was mostly completed in their regions, with many cities already up and running, and with a wide and long-lasting awareness and ownership of the importance of integrated urban development. UMDF comes at an earlier stage of the urbanization process in Africa, and in a context where cities and national governments are conservative, and the latter and many institutions in the region and supporting the region very anti-urban. Urban development is even new in the Bank and its importance not fully reflected in recently developed corporate strategies and systems (see section 4.4.1 on sustainability and scalability). The Fund is pushing the comfort zone of many players (including the Bank) to spur conversation on urban in Africa. Linked to the previous point, UMDF is also starting when regional MDBs had already implemented urban TFs, and can benefit, and is benefitting, from their learning, something that IDB's and ADB's cities programs could not do at their time. There is more collective knowledge. To a great extent UMDF is the little brother of IDB's and ADB's cities programs.

The scope of UMDF is different to other urban focused TFs globally. UMDF covers a wider range of topics than the ADB Cities program, is more flexible, and works on different aspects, putting

⁷⁴ This type of fund is driven by call for proposals where the best proposals are chosen. A challenge fund, the African CC Facility, which had launched in 2015, did a call for proposal and received 1,000 proposals. It took them 2 years to get a shortlist, and 2 years to get activities financed.

more emphasis on planning and capacity development and less on innovative aspects such as city labs, which seems adequate given the current needs of African cities. Once planning is addressed, the topics that the other funds are addressing may come. Key informant interviews suggest that it took UMDF longer to get started than other urban focused TFs. Key interviewees also point out that other TFs had or have larger and more multidisciplinary teams, with more city presence, and more funds, and that some are able to make funding available to municipalities through decentralization programs, which is very attractive to cities. Finally, key informant interviews suggest that UMDF is less structured, with less sound foundational documents and robust M&E systems, but its governance is more inclusive and more transparent, and its relationship with donors more regular and engaging, than urban focused TFs in other MDBs.

The fact that initial donors are willing to contribute more funding and that new development partners are willing to become donors testifies that UMDF not only addresses an comparatively important challenge, but also that does so in relatively effective and efficient way within and outside the AfDB.

4.3.2. Governance

4.3.2.1. To what extent has the UMDF developed a coherent Results-based Monitoring and Evaluation (M&E) System?

Quality of the M&E plan, Use of SMART indicators

There have been recent efforts to improve M&E, but further strengthening is needed. At design the Fund did not have a M&E plan, nor a RF. As indicated in section 4.2.1.1, the AfDB proposal did not include them. The NDF proposal included a RF but not a M&E plan. This is in part related to weak MERL systems at AfDB at large. In 2018/19 the Bank did not have a system in place to ensure that TFs had robust (and coherent at corporate level) RFs. There were weak RF and inconsistencies between sector, with proliferation of indicators that were slightly different. The Bank created a result-based monitoring and report system only at the end of 2021 and M&E specialists were recruited at the regional office to support task managers only in 2022. This is very recent and not fully implemented. The Bank's Delivery, Performance management & Results Department continues to lack the capacity required to closely accompany Funds in developing their Fund-level and project level RF.

During implementation, the Secretariat has recently made progress to address this shortcoming. The June 2022 proposed Operational Procedures and Guidelines include an M&E plan. A Fund level RF was also proposed in June 2022. The M&E plan is in line with the Bank's Quality Assurance System, which integrates three different functions: i) the Results Matrix, which defines the expected inputs, outputs, outcomes and targets with SMART indicators; ii) the Implementation Progress and Results report (IPR); and iii) the Project Completion Report (PCR), required to be updated by the Task team in collaboration with the executing agency. In addition, in accordance

with Bank's rules and procedures, UMDf reports to donors on annual financial statements on funds received and disbursed as of the 31st December of each year; and submits annual progress and status reports on the funded projects to the OC within three months after the end of the reporting period⁷⁵. Overall, this M&E plan and the available templates are adequate. However, it is worth noticing that the Project Completion Report seems to be outlined as an evaluation report⁷⁶, which are typically conducted by independent firms, being structured by a project performance assessment section with the four OECD criteria (relevance, effectiveness, efficiency and sustainability), lessons learnt and ratings sections. Value for money calculations is also mentioned, although the methodology is not presented. The M&E plan does not seem to be budgeted, which is important given its financial implications. The June 2022 Fund level RF is discussed below.

At the project level, each project financed by the UMDf is to be monitored and supervised through monitoring tools, including standard metrics across projects. In the context of this evaluation and the documentation provided, PIMs have been elaborated and made available for the nine projects and instruments⁷⁷. There are PIM mainly for Programs, and also for projects per city/country, but not all PIMs are available. For example, the PIM for the Cities Diagnostic Studies (2020) covers the 5 cities and then in 2021, Tunisia provided a PIM to report on the project's progress, but the PIMs are not available for the four other cities. PIMs are not available for projects in Morocco on waste recycling and on the BRT system project, neither in Angola for the project developing a framework for electric mobility and in Togo for a training of municipal executives from 5 municipalities. All available PIMs seem to have adequate RF, except for the project "Financing of the National urban development program in Cameroon's RF which is uncomplete or unavailable.. In the absence of an approved Fund-level RF and a Bank level RF with urban indicators, standard metrics have not been used across projects.

Examples of change in the results framework

The June 2022 RF presents several shortcomings and requires an overall revision. As it has been underlined in the Inception report of this evaluation, the ToC is not consistent with the fund's RF presented in the same document. In the Results matrix, it is not always clear how the targets - which do not have a specific target date - have been defined. For several of them, the target seems low, e.g. the Outcome indicator 1.2. of municipal staff trained in subjects relevant to sustainable urban development, aiming at 200 people trained for 35 cities, and Outcome indicators under Outcome 2. Precisions on the methodology followed to define the targets would be welcomed to adjust the targets accordingly. Furthermore, not all outputs are consistent with

⁷⁵ Operational Procedures and Guidelines, p.10

⁷⁶ Operational Procedures and Guidelines, p.23.

⁷⁷ UMDf Long-term consultancy 2020-2022; SUDAP 202-2024; African Green Cities Program Roadmap and Implementation Strategy; The Municipal Finance Programme; Integrated Management of Solid Waste in Tunis; "Beautifying Sheger" river development project in Addis Ababa; The Small Grant Initiative; The Cities Diagnostic Studies (Antananarivo, Bizerte, Conakry, Dodoma and Libreville); and The City Program Phase II.

the outcomes. This is the case for the Output Indicators 3.1. and 3.2. which are not in line with the Outcome indicators 3.1, 3.2 and 3.3., the Outcome indicator 3.3. being more of an Output indicator. The target defined in the output 4.1. which aims at 20 publications, tools, strategies and methodologies produced, does not correspond to the Outcome indicator 4.1 which targets 10 of them. Likewise, outputs 4.3. and 4.4. on the number of partnership agreements signed by the Bank, and participation of the Bank to key African events, are not consistent with the Outcome indicators 4.2. and 4.3. There is a need to revise the Fund's Results Framework to better explain the ToC, align the RF with the ToC, to better justify the figures proposed as targets, and to restore the consistency between the Outcomes and Outputs.

Evidence of collection of monitoring data

UMDF planned to produce the following instruments to guide UMDF programming, monitoring and reporting: i) Annual Work Plans and budget; ii) Receipt of requests and screening; iii) Grant agreement and signing; iv) Audits⁷⁸, as well as Annual Reports. The Secretariat has produced annual work plans and annual reports (PIRs) on a regular basis: an Annual report 2020 and Work Program 2021 (June 2021), an Interim Report 2021 (2021) and an Annual Report 2021 (April 2022), and an Annual Work Program 2022 and an Interim Report 2022 (June 2022). To date, a template of financial request has been produced, but grant agreements and audits are not available.

Timeliness and quality of reporting

Timeliness of annual reports is overall adequate, but annual work plans could be more relevant. The 2022 work program was developed in June 2022, that is, mid-term in its implementation. Regarding quality, **reporting is not always complete and information is not always reported in a structured manner.** As noted in section 4.2.1.1, the level of implementation of annual work programs is not clearly reported. There is an unclear allocation of activities between outcomes 1 and 2 as put in the Interim Report 2022: some national level work (in Cameroon, Angola) seems to focus on urban planning and would rather belong to Outcome 1, but they are reported as Outcome 2 on infrastructure and services. In Cameroon, the project contributes to the definition of infrastructure investment priorities in 8 cities, while in Angola, the Fund aims at financing the elaboration of a regulatory framework for electric mobility, but this is funded under the SGI. Similarly, the project on the Database and Network of National Development Banks is reported in Outcome 2 when it seems to belong more to Outcome 3 regarding Governance, Municipal finance and Fiscal management.

Evidence of good practices in disseminating lessons to relevant stakeholders

⁷⁸ Operational Procedures and Guidelines, 2020.

The Fund is creating knowledge exchange opportunities and conducting outreach (see sections 4.1.4 and 4.3.2.1), **but there is no structured dissemination and exchange of lessons learned.** There have been more from other experiences to UMDf (IDB, SECO, Brussels) than from UMDf to others, in part because the Fund is still at its early stages.

Partnerships have been and are key to the Fund's improvement and development. Its collaborations with urban (C40 Cities Network) and financial (Basque Trade & Investment) stakeholders are bringing new perspectives to the Fund. Other partnerships involve the European Space Agency (ESA) to collaborate on the use of earth observation data to overcome some of the data challenges in African cities. The Cities Program is officially supported by two additional governments: Government of Korea and Government of Brazil. The partnership with Korea entails technical assistance for the Bizerte Smart City Project and exchange between Tunisia and the city of Busan, as a leading city in Asia in the field of smart cities. Brazil is contributing to enhance collaboration between LAC cities and African cities by providing USD 350,000 to the Cities Program, and by supporting peer-to-peer exchanges and trainings.

Study tours are to be organized every year to foster exchanges between cities. In 2021, the tour could not take place due to travel restrictions. However, an online seminar was held instead in May 2021, gathering senior city representatives, and other similar meetings were organized online monthly. A study tour to Copenhagen and Malmö is planned in September 2022, while the next study tour is planned to be in Brazil in 2023.

The UMDf is **regularly attending high-level events** to present the Fund. It was the case at the Dakar Forum, a strategic meeting on Peace and Security in Africa, of which the UMDf was a sponsor. The Fund was also presented at the following events: GCF Regional Consultations in Africa, FMDV⁷⁹ Infrastructure Roundtable in Abidjan (April 2021), SDU⁸⁰ Intensive Program on Urban Resilience (July 2021), Africa Climate Week (July 2021). The Fund was also represented at the Africities summit (May 2022) and at the WUF (June 2022). It will attend the C40 Summit in Buenos Aires in October 2022. For the most, the Fund is covering global or African urban-related events, but it would also open perspectives, knowledge exchange, and potential collaborations to attend other regions' urban events, whether in the LAC or Asia and the Pacific urban ecosystems (Liveable Cities in Singapore, Asia and the Pacific Urban Forum...). As the climate dimension of the work of the Fund is strengthened, UMDf should also attend and share its lessons in climate related fora, expanding current efforts. In addition, there is room for using Annual AfDB meetings, which are very much led by national governments, to promote knowledge exchange on integrated urban development, for instance, through a Mayors' meeting, starting with a side event.

⁷⁹ Global Fund for Cities Development.

⁸⁰ Southern University of Denmark.

4.3.2.2. What is the effectiveness of the Governance and management structure of the UMDF?

Inclusiveness and effectiveness of governance and coordination mechanisms in the UMDF / Perceived effectiveness of the governance mechanisms

According to the UMDF's official 'Operational Procedures and Guidelines' (2022), '*The governance structure of the UMDF includes an Oversight Committee (OC), a Technical Review Committee (TRC), and Bank Senior Management.*'

The OC has an overall steering function on policy and strategic guidance. Meeting twice a year, the OC comprises representatives from the Bank (two) and from the donor institutions (one from each) and is chaired by one donor representatives for two years on a rotating basis. It approves the UMDF operational procedures and guidelines, indicative work program and annual budgets, and annual reports. It also provides no-objection to the financing of projects and '*initiates discussions for a general replenishment of the UMDF.*'

Chaired by the Director of PICU and meeting '*as often as needed*', the TRC includes representatives from a number of AfDB's departments covering a comprehensive range of financial, managerial and technical (sectoral) domains. **The TRC provides recommendations to the OC on all policies, guidelines and work plans.** It also reviews the UMDF operational procedures and guidelines and reviews and clears project briefs and project information memoranda, ensuring they are both aligned with UMDF strategic business plan and objectives and technically and financially sound.

Under the PICU Director, the **UMDF Secretariat**, led by a UMDF Coordinator (FC), is in charge of day-to-day management. The Secretariat organises calls for proposals and is responsible for the pre-screening of proposals and preparing the UMDF work programme and budget. The Secretariat facilitates regular communication with donors and reports to them on the Fund's status and progress. It is also responsible for the organisation of OC and TRC meetings, assisting external beneficiaries for the preparation and submission of their proposals, preparing annual reports and presenting them to donors.... The FC is assisted by experts of the PICU, who help with the evaluation and prioritisation of proposals, the identification of projects and prepare all supporting documents as necessary, and the management of all activities.

Comments from inside the Bank, including the UMDF secretariat, and donors are generally positive concerning this *modus operandi*. In particular, through the OC and various exchanges between them and the FC, the Fund has been able to access useful information and expand its institutional contacts. The OC met as planned, with 100% attendance, and is effectively fulfilling its function, although it was less active in the selection of the second bunch of CP cities. Its openness to donors, often as observers, has proved useful. In the future, it will be important to ensure the involvement of OC in the finalization of the foundational documents, including the development of a maturity model, the integration of climate change, and the selection of cities. TRC meetings have been less inclusive, 2/3 of show up, but decision making was assured, and key sectors have participated.

However, the representativeness of the governance bodies could be strengthened. Members of the OC and TRC are either staff from the AfDB HQ or donors' representatives. Only the 'supply side' is represented. The 'demand side', that is, local governments, and to a more general extent their associations and national governments, is kept aside. Other key players, such as specialized NGOs, academia and applied research institutions, do not have a voice. Furthermore, no women is currently part of the OC. In order to make the UMDf governance system more inclusive, it may be considered to take on board some of these players to a different extent and potentially through different platforms, even if they do not provide in cash funding. By expanding the membership of its governance systems, the Fund would be able to reinforce and deepen its focus on strategic planning and improve communication with relevant technical or financial partners. While defining strategies, the contribution of local governments alongside donors and other members would help better take on board local expectations, constraints and opportunities from a more transversal and inclusive point of view.

Nevertheless, for the sake of avoiding conflicts of interests, it would be important not to involve any external members in project selection or procurement. A solution may consist in expanding the OC to include more members including local governments or associations of them, while keeping all decisions regarding procurement and selection aspects within the TRC. Also, only AfDB and donor members of the OC may have the right to vote with regard to non-objections to the financing of specific projects whenever conflicts of interest may be expected (this could be addressed beforehand when preparing OC meetings' detailed agenda). As a simpler alternative, local governments and/or associations of them could be invited as observers to the OC with no voting rights at all. Another option would be to create an additional figure, a Technical Advisory Committee (TAC), where local governments and/or associations of them (e.g. UCGL in Rabat), but also the national governments⁸¹ and other stakeholders, for example specialized NGOs, including NGOs addressing the roles and needs of women in urban development, academia or applied research institutions, could participate, some of them depending on the topic. The governance of the cities programs of other MDBs included TACs. However, this may run counter the message of inclusiveness *vis-à-vis* local governments which the UMDf may wish to convey as an urban program serving the needs of local governments. A mixed approach could also be an option, where local governments join the OC and other players are engaged through the TAC. In addition to demand related non-AfDB HQ and donor institutions, it may be useful to involve AfDB country offices, on a rotation basis, in the governance system, at least in the TRC. In any event, the size of the OC, or the Technical Advisory Committee, should not become too large so that it can continue working efficiently with a mandate clearly refocused on strategy. To that end, a small selected number of local governments could be elected by the members of the CP and PPF on a rotating basis to be part of the OC or TAC as their representatives.

Furthermore, as more donors join, and priorities become more diverse, especially if some of the financial contributions are earmarked, **there will be an increasing need to establish systems to manage differences in donor priorities.** Donors priorities in engaging with the Fund are

⁸¹ National governments through their relevant agencies can act as facilitators for the delivery of UMDf activities. Conversely, overlooking their role may result in additional delays and procedural hurdles such as with regard to project approval and other important strategic issues.

rather wide-ranging regarding sectors, from climate change to the promotion of the private sector, to countries, including both more advanced and least developed countries. While more dialogue is needed among donors balance this cross-road of interest, a Trust Fund Agreement between donors and the Bank may be considered as a way to clarify and harmonize efforts towards common goals.

Moreover, as discussed in sections 4.1.2.1 and 4.4.1, **the involvement of high decision-making within the Bank has been limited, in part because they do not take part in the OC.** It may be important to engage a more higher management person in the OC, at least once a year, and gain further representation and advocacy of UMDF in the Bank's high management bodies.

The above-mentioned changes would require adjusting the operational guidelines. They would also demand revising UMDF staffing. Organising meetings the of OC and TRC, and potentially a TAC, and acting as their secretariat is very much time consuming, especially when these tasks come on top of an already very busy workload which may increase with upcoming funding. It is therefore essential to assess as precisely as possible the current and expected workload of each member of the UMDF secretariat, including but not limited to the FC, against the annual workload, and ensure adequate staffing. In this regard, operational guidelines should better reflect that the Fund requires a Secretariat and not just a FC.

4.4. Sustainability

4.4.1. How sustainable are the funding mechanisms of the fund?

The scalability potential is massive. As noted in section 4.1.1.1 on relevance, urbanization in Africa will intensify in the coming decades and the continent's national, regional and municipal governments are and will likely continue to be ill-prepared to manage this process. The continent will likely experience 30 years of urban challenges. There is space for UMDF's support to grow from 18 cities to over 500 cities (for instance 10 per each of the 54 countries of the region). There are many years of hard work to support the management of urbanization in Africa. That said, to a certain extent the scalability of the Fund depends on the type of services that are provided and the types of solutions that are supported. At least in the short term, planning and basic infrastructure (water and sanitation, waste, energy, mass public transport system, housing) have greater scalability potential than high technology-based solutions, such as electric vehicles and SMART cities.

Given this important need, the question is if the Fund has the operational, financial and institutional capacity to address it in the short, medium and long term. The operational capacity is likely. As discussed in section 4.3.1.2 on efficiency, the Fund has made important progress in developing the foundational documents, including operational guidelines, and hiring the staffing required to operate efficiently, so that the Fund can continue to deliver and delivers even more if more funding is available. However, this is still an incomplete process, with many

documents and process still to be further discussed and finalized. Regarding sustainability and scaling up, a key shortcoming is the **lack of a medium to long term strategy, with a maturity model**. The foundational documents include planning up to 2026, that is, only 7 years since the launch of the Fund (NDF suggested in 2019 that the Fund would last at least 10 years up to 2028) and only 3 from the likely approval date of the strategy and business plan (i.e. end of 2022 or early 2023). There is no vision for the Fund after 2026 and no clear strategy for its phasing out as a fund. This lack of an exit strategy affects not only the Fund itself, but also its operation at the city, regional and country levels. The Fund lacks a maturity model, which has proved useful for other organizations (e.g. the United Nations Capital Development Fund) (UNCDF)) working with municipalities across continents (or in a continent) to strategically plan and execute their engagement with clients, including entry, development and exit at these different levels. It is in this sense unclear what happens after phase 4 of the CP and the PPF in a particular city (the assumption is that the infrastructure is built) and whether there is a threshold within countries or subregions for example, beyond the general references to adding on average 5-7 new cities each year and supporting up to 30-35 cities in the period 2023-2026 (adding 20-25 cities in that period) under the CP and preparing at least five investment projects annually under the PPF, responding flexibly to demand.

This relates to the availability of funding and its source(s). The planning documents, particularly the business plan, refers only to general bilateral and specialized climate financing, but do not explore other sources of funding.

The financial and institutional sustainability of the Fund is likely in the short to medium term. In the short term, the Fund has secured donor funding not only to continue operations, but actually to significantly expand them. If ongoing conversations materialize, funding of UMDf will grow from USD 5 million to USD 45 million, a 10-fold increase, which is (or has a great potential to be) a game changer. This will be the result of not only the initial donors (i.e. NDF, SECO, AWEX) maintaining their financial contributions⁸², but also some of them increasing it (i.e. SECO⁸³) and some development partners making financial contributions for the first time (i.e. Denmark, Spain⁸⁴), some of them really significant contributions (i.e. Denmark providing USD 30 m).

It is worth noting that part of these contributions will be earmarked, which will reduce the flexibility of the Fund. Switzerland and Spain will earmark some of their contributions to working on certain countries⁸⁵. Denmark will earmark half of its contribution to project preparation on cities where C40 has developed climate action plans, which do not tend to be strong on investments. This funding will thus have a climate focus, particularly on climate change adaptation, including climate mainstreaming in general infrastructure projects and stand-alone adaptation projects. Danes, which are big funders of C40, are looking for synergies between their urban contribution. As noted

⁸² NDF will likely maintain its USD 5 m contribution.

⁸³ SECO's contribution will likely increase from USD X million to USD 5.1 million.

⁸⁴ Spain will likely provide USD 5 million.

⁸⁵ Switzerland will likely provide half of its contribution as core funding to UMDf and half if the Fund works in SECO priority countries in Africa, namely Egypt, Ghana and South Africa. Spain has also earmarked some countries.

in section 4.1.3.1, this will allow the Fund to have a better geographical balance, covering both intermediary cities and megacities in the continent.

If the Fund delivers (focusing on quality delivery is the best outreach a Fund can do) and it demonstrates its delivery capacity, through sound and regular MERL and direct feedback (getting mayors to go conferences that relevant development partners attend), existing bilateral donors will likely continue to make financial contributions to the Fund, and other bilateral development partners will likely join, given the relevance of the problem the Fund seeks to address. The planned fundraising and communication strategies and the existing coordination and reaching out attitudes will contribute to this.

In addition, in the short to medium term, the Climate Finance Window on which the Fund is working could help mobilize funding from a wider mix of sources, with an emphasis on, but not limited to, vertical climate change funds. Although this window needs to be further discussed, the approach finetuned and the window created and operationalized, and funding mobilized, this could mobilize important resources (USD 50 m – 150 m according to the business plan). As with earmarking from Switzerland, Spain and Denmark, this would in any case compromise the flexibility of the Fund, and potentially the comprehensiveness of its approach. This would require management from AfDB and the Secretariat at the fundraising stage and the OC as the funding is managed and disbursed. While institutional and governance structures would be convenient, current structures could allow sustainability in the short to medium term.

Through the financial contributions of bilateral development partners and potentially the climate window, the financial sustainability of the Fund is thus likely in the short to medium term. Indeed, **the question here is rather about the absorptive capacity of the Fund**. If ongoing conversations materialize, let alone the Climate Finance Window, the Fund will may need to move from USD 2 m to UD 5 to 7 m annual work plans, which may prove difficult to operationalize given not only the Fund's internal operational challenges (section 4.3.1.2) but also the need to receive specific support requests, that is, the general high demand for support being translated into specific requests from countries and cities, given that UMDf is a demand-driven Fund. Fund reports and interviews indicate difficulties to receive big requests. Getting 2-3 additional donor pers year would be a reasonable/manageable growth rate.

Medium to long term financial and institutional sustainability of the Fund seems, in contrast, unlikely. This refers to reducing the dependence on donor funding. To the greatest extent, this refers to the institutionalization of the Fund within the AfDB. The exit strategy of the Fund would to a certain extent be that in 10 years urban development is mainstreamed in the Bank, with adequate structures, teams and systems. **Progress on this has been unsatisfactory.** With support from UMDf, the Bank has developed the SUDAP, which greatly contributes to position urban development as a key area of the Bank's work. However, integrated urban development and the services provided by the Fund have not been fully mainstreamed or rightly reflected into the Bank's strategic planning documents. The Bank's strategy for 2023-2032, which was developed in recent years and is about to be approved, does not include systematic or meaningful references to urban. The corporate results framework will likely reflect this, with no key performance indicators for urban. The Bank does not have either an

operational system allowing to tag urban development as an area, so this is not reflected in annual reports. Urban development is hardly ever mentioned in country strategies. While SUDAP points out the importance of integrated urban development, going beyond sector planning, urban anchoring in AfDB remains weak.

Moreover, while the Bank makes considerable in-kind contributions to the Fund (i.e. oversight, management and administrative staff time, and office space), no financial contribution has yet been made, despite this being a Bank's commitment to donors when its setting up was being discussed in 2017-2019. In contrast, for example, the Bank made a USD 10 m cash contribution to the water facility for 2023-2026 in the last replenishment cycle.

This indicates that there is room for strengthening upward advocacy of the Fund at the Bank. PICU 2 and PICU 0 leadership of UMDF could be stronger, further promoting that urban receives the necessary attention in senior management circles and processes, including senior coordination groups and country dialogues where deals are made and priorities are set. These circles continue to be driven to a great extent by agriculture and rural development perspectives that do not embrace the complementarity of urban and rural areas, but largely see urban as opposed to rural. Increased urban advocacy should not position urban development as a sector in the Bank, because it would become a silo, but pursue a non-sector approach, positioning it as a cross-cutting issue, keeping urban as a territorial element that goes beyond and unifies different sectors. The maturity model should show what the strategy is for the Bank to sequentially take on some of the Fund's work, beyond implementing projects identified in the CP and prepared in the PPF.

Another option for the long-term financial sustainability of the Fund, beyond donors' financial contributions, **would be to establish a reimbursable grant mechanism**, where the support is an advance to the loan and clients pay the grant back if they do not take the loan, at least for the PPF. This has been the approach followed in WB and EBRD cities programs, but has not worked well in most AfDB trust funds, because African governments have limited fiscal capacity and prefer larger loans, given transaction costs, when they can take them. The fiscal position of cities is even weaker, so it would be more difficult.

Furthermore, **there is room for further involving commercial banks and private sector**, which could take on part of UMDF activities, particularly those related to the PPF. As discussed in sections 4.1.3.1 on relevance and 4.2.1.2 on effectiveness, this would require strengthening UMDF's work on municipal finance, acknowledging that the future of urban investment in Africa is not going to be through grants. In this regard, it is important that Bank-ready infrastructure proposals can also be funded by other stakeholders, and that the CP methodology can be used without the Bank, in the sense that light versions of action plans (100,000 USD) lead to good plans.

4.4.2. To what extent have these interventions contributed to long-lasting, urban governance, planning and institutional capacity strengthening, improved quality of life and resilience in the targeted cities?

Existence of risks to, as well as opportunities for, the sustainability of project results

At the city level, sustainability of results is moderately likely. As discussed in section 4.1.3.1, the project has an impact chain that ensures some contribution to long term impact, linking planning with investment, at least to project preparation. In all cities under CP and PPF, support from the Fund will result at least in bankable infrastructure projects being prepared. As of August 2022, as a PPF project has not been completed, it is unclear which percentage of the prepared investment projects will actually be implemented, and who will provide the funding, AfDB and/or other financiers. The proposed Fund RF does not include indicators on this leveraging effect. It is reasonable to expect that many of the prepared investment projects (many of them start with phase 1 of the CP) will be implemented, most of them through Bank loans, given the interest of the institution do to so. Most of these investments will be anchored in the Bank's pipelines. Completing investments and seeing infrastructure actually built will be critical not only for city dwellers in beneficiary cities but also for the sustainability and scaling up of the Fund. The Fund's work on other key elements, such as technical capacity and availability of planning documents will contribute to the sustainability of PPF, and CP results. The demand-driven nature of the Fund will also contribute to this, as this ensures political and often social ownership.

As noted in section 4.1.3.1, for more robust and likely long-term impact, at the city level it would be important to strengthen the work on municipal finance and link further with institutions strengthening the national level policy, institutional and fiscal frameworks (including decentralization), so that they better enable sustainable, low carbon and resilient urban development. National, regional and especially municipal electoral cycles are a risk for the sustainability of city level interventions, specially where reelection is prohibited or limited, and may require building bridges between different administrations – AfDB reputation as someone with no political interest may help. In many beneficiary cities, staff shortages and gaps in technical and physical capacity are also a risk for the sustainability of the results of the Fund. If these gaps remain unaddressed, many cities may struggle to oversee the construction of the infrastructure identified, prioritize and prepared by the Fund and to manage or operate it or oversee its operation and management. That said, Fund interventions follow Bank's procedures, which include systems to promote the sustainability of their results.

Environmental risks to sustainability of project results are limited given the nature of the Fund, which does not implement directly interventions on the ground. Although, as of August 2022, climate change adaptation is not fully integrated, the Fund is working on this and will likely be able to ensure that the prepared projects are climate-proof.

5. CONCLUSIONS, LESSONS AND RECOMMENDATIONS

5.1. Conclusions

Relevance

- **Relevance of the problem the fund addresses**

The problem addressed by the Fund (i.e. rapid urbanization in Africa) and the objective it seeks to achieve (i.e. sustainable urbanization) are highly relevant. UMDf addresses the main barriers to integrated sustainable urban development in the world fastest urbanizing region. Moreover, the problem addressed by the Fund is well-aligned with global development, urban and climate change strategies and priorities, including SDGs 9, 11, 13, 17, the New Urban Agenda (2016), the Paris Agreement on Climate Change (2015) and the Glasgow Pact (2021), as well as with African development and urban strategies and priorities, including the Agenda 2063 for Africa (2015) and the African Urban Agenda Programme (2015).

However, planning documents do not adequately present the problem and link it with the Fund's intervention. The problem to be addressed by the Fund was not clearly identified and analysed during project design. Furthermore, no clear and consistent relationship was established between the problem and the Fund's objectives. During implementation, the Fund has developed foundational documents, including a ToC. While they add value, they do not present the problem and its root causes in a deep and consistent manner and objectives, outcomes and outputs are not coherently formulated.

- **Relevance to key stakeholders' priorities and demands**

The Fund is implicitly aligned with AfDB's overarching strategies: the AfDB's 10 Year-Strategy (2013-2022), the Bank High-5s (2015), and AfDB Guidelines for Subnational Finance (2019). It is also consistent with the Bank's past and ongoing strategies promoting urban development: AfDB's Urban Development Strategy (2011), and the SUDAP (2022-2026). At a more general level, **UMDF allows the Bank to comply with "operational discipline", where downstream mobilization is based on upstream work.** In addition, UMDf brings an integrated approach to infrastructure investments that before UMDf used to follow sector-focused approaches. **However, the overall integration of urban development and UMDf in the Bank's overarching planning documents is weak.** Urban development remains a notion that is mentioned to a very limited extent. The SUDAP is a great contribution towards mainstreaming of urban development, but the Bank is still dominated to a great extent by a rural perspective that does not embrace the complementarities between rural and urban.

UMDF interventions are well-aligned and rooted in the partner countries' development and urban development priorities. This is the case both with national level interventions and some

city level interventions, although the selection of UMDF projects has not always actively involved national level stakeholders. While it contributes to the implementation of national urban policies and strategies, UMDF is not conducting upstream work on urban development at the national level, despite its importance. Through supporting the development of intermediary cities, the Fund contributes to greater and more balanced national socio-economic development.

The Fund **contributes to address city-level needs and is aligned with cities' urban development plans**. The methodology of the Fund is based on a rigorous process for gathering city data to make sure that interventions are based on cities' needs and demands. The priority investments reflect the diversity of cities in Africa, although some key sectors are not covered.

- **Relevance of the Fund design**

Planning documents do not provide a consistent design. The planning, communication and reporting documents produced during implementation have not fixed the shortcoming on this during project design. Despite these caveats, **the outputs and outcomes of the Fund are coherent with the purpose and objective of the Fund**. UMDF proposes a comprehensive, integrated approach to urban development, which considers urban planning, governance, finance and infrastructure investment preparation, as well as capacity building and knowledge management. Moreover, UMDF's instruments complement each other well. However, key cross-cutting topics, such as climate change adaptation and mitigation and social inclusivity, and upstreaming work at the national level, were not adequately integrated and require to be strengthened. Furthermore, in practice, implementation has not been as comprehensive as proposed, with room for strengthening municipal finance and municipal governance, and having a broader consideration of different types of infrastructure. There is room for further support project preparation. The Fund has struck a geographic balance.

Risk management was overall good at design and has been weak during implementation. Both the NDF and AfDB planning documents include a section on risks, which categorize, describe and rate risks and present mitigation factors and measures. Overall, the assessment of the risks and the identification of mitigation factors and measures is adequate. Adjustments were probably made but risks and mitigation measures have not been reported systematically during implementation.

- **Linkages with ongoing operations (external partners)**

UMDF has made progress on linking and coordinating with other development partners at the global level, with room for further engaging some players. The UMDF Secretariat has established linkages at the multilateral or bilateral level with a number of development partners. At the global level, UMDF has established linkages and coordinated with cities networks. There is room to have more regular, direct and in-depth coordination with IDB and ADB, beyond general MDB coordination groups and hiring the former leaders of their cities programs, to more directly draw lessons and capitalise on them. There is also room for UMDF to further strengthen its coordination and synergies with some other players, including those that work upstream at the

national and local levels, as well as institutions and programs that focus on infrastructure investments.

At the country level, UMDF's coordination results are mixed: these have proved more adequate in countries where the Fund engages several cities through national institutions under the PPF than in countries where the Fund focuses on one city mainly through municipalities under the CP. AfDB country offices can play a key role in coordination and building synergies at the country level, given their thorough sectoral and country knowledge, in coordinating and building synergies with national governments and development partners including the identification of funding opportunities. **UMDF instruments contribute to coordination and synergies at the city level.** This is specially the case for the CP. There is a less systematic coordination work in the PPF, but funding synergies are identified during the PPF preparation and implementation phases. Despite this good work, there is room for further engaging partners in the implementation of the investments prioritized in the Action plans developed under the CP. **So far there has been limited progress in developing linkages among UMDF cities,** although the UMDF Cities network is planned. There is a need for more regular events at various levels and scales.

Effectiveness

- **Objectives, outputs and outcomes**

This evaluation cannot assess the effectiveness of the Fund in terms of progress against previously defined targets as the partial original RF has not been monitored. **As of August 2022, the Fund has delivered important outputs and has set the base for the delivery of more outputs.** Progress on the different areas of work has been uneven. As of August 2022, delivery has been significant on urban planning and knowledge management and to less extent on project preparation, while work on municipal finance and governance has been limited. **Progress on delivering outcomes and objectives seems limited given the life cycle of the Fund and its impact chain.** TFs require time to set up, especially when their design has not been robust and detailed. The impact chain is particularly long if beneficiary cities start with general support through the SGI, move then to the CP and transition later to the PPF.

Available information is not adequate to assess timeliness of output delivery as the design of the Fund did not include a work plan. The Fund developed annual work plans, but reporting does not allow to assess progress. **Overall, taking into account that the Fund was in the process of being established and getting operational, UMDF has done a good job in delivering outputs to pilot the work it can do.**

UMDF grants greatly contribute to the identification and preparation of investment opportunities in AfDB RMCs. As of August 2022, the Fund has identified 17 new business opportunities and prepared 5 new ones. Reporting on the amount of investment (to be) mobilized is not systematic, but available information suggests a ratio of around 1 to 1000 on project identification (i.e. CP), with scarce information on the leveraging effect of project preparation (i.e. PPF). **It is not clear to what extent AfDB will take the new business opportunities.** On most

occasions, it seems so far that lending for investments identified and prepared with UMDf support will likely be committed by AfDB.

Interventions funded by UMDf have been technically sound. UMDf is recruiting experts with relevant skills and experience in urban development and partnering with relevant institutions to support the Fund's development and delivery, allowing to develop robust services and deliver sound products. UMDf is systematizing lessons learned to improve its implementation, although this could be strengthened. The Fund is encouraging peer-learning between cities and countries through international events, and slowly creating a network of reform-minded cities, including study tours. There is room for progress on information management and communication.

- **Barriers and opportunities**

Cities' increased competencies due to decentralization and increased donor attention to urbanization have contributed to the achievement of objectives. A number of **factors have slowed down their achievement** to a varying extent: i) COVID-19 pandemic, which has slowed down the UMDf activities by approximately one year time; ii) the economic context; iii) travel restrictions; iv) political cycles; v) complex and sometimes conflicting institutional structures and relationships, due to the complex institutional frameworks linking national and local governments; vi) limited capacity in Fund beneficiaries (staff shortage, technical and physical capacity gaps); and vii) local opposition to infrastructure projects.

Efficiency

- **Fund implementation and execution**

The institutional anchoring at AfDB has positive effects but has demonstrated shortcomings. It has created links and economies of scale between UMDf and PICU 2, regarding management, but **has created misunderstandings about the roles and responsibilities between the Fund and the urban division team.** The initial idea was that, as the Bank's urban fund, UMDf would ensure project identification and oversight and feed the pipeline (upstream), and PICU 2 would take projects to the Board and implement them, focusing on the Bank's operational role (downstream). However, in practice, the distribution of roles between them is unclear and not efficient, with PICU 2 involved upstream and UMDf involved downstream. Furthermore, **linkages with PICU 2 operations**, which focus a lot on roads and corridors, **is rather limited.** There is room for a bouquet of urban investments done around these corridors. Moreover, **UMDF's anchoring in PICU 0 and the TRC have not been enough to ensure a comprehensive integration of urban development and UMDf beyond PICU 2, and to inform corporate planning, monitoring and reporting processes.** UMDf investment focus on transport, with a less significant coverage of energy, water and sanitation, and waste. Although there has been a positive trend at the Bank, integrated urban development is not adequately reflected in the Bank's 2023-2032 strategy, its RF and the institution's tags and reports.

As of August 2022, UMDf's relationship with AfDB's country offices and with national and municipal governments could be strengthened. Before confirming cities in the first phase of the CP, the UMDf Secretariat visited the countries and cities and developed an aide memoire,

which was signed by the country and AfDB. A similar process has not been followed for the second phase of the CP or PPF. UMDF and its instruments would benefit from a more direct involvement of the Fund Secretariat with regional sectoral focal points beyond PICU2, Bank country offices and national and municipal governments, with country visits for face-to-face engagement and more regular communication throughout the process, including between key phases.

The setting up of the Fund was slow and incomplete and not very robust. It took the Fund two years to clear key documents and complete its first transaction. Almost 3.5 years after its launch, key documents have not been approved and the latest proposed version of some of them has important shortcomings. **The Secretariat is actively trying to address this, where has been progress but further work is needed.** UMDF procurement follows AfDB's procedures, which are slow, but efficiency has increased in administrative terms. There has been considerable progress on staffing, but important gaps remain. Development of operational guidelines is still ongoing. The Fund is yet to develop its fundraising and communication strategies. At a more strategic level, the Fund lacks an approved strategy, business plan, maturity model, ToC and RF.

Benchmarking of the Fund, which has to be conducted with caution, shows mixed results. As a young fund that is still in the process of setting up and becoming fully operational UMDF cannot be compared to older and well-established funds. At AfDB, UMDF is one of the few cross-sectoral TFs, and the only TF with an urban, territorial focus. Some key informants claim that UMDF is better managed, is more transparent and has a higher rate of disbursement than other Bank TFs. As a regular TF, UMDF is more efficient than other types of Bank funds, particularly challenge funds, that are very slow. If compared to other urban initiatives working in Africa, UMDF is well-connected with investments and bankable projects, is fully African, and has long-term relationships and presence at the country level. On the other hand, AfDB has rigid and administrative processes. The Fund addresses different problems than the IDB and ADB cities programs and its scope is different to other urban-focused TFs, covering a wider range of topics than the ADB Cities program and putting more emphasis on planning and capacity development. Key interviewees also point out that other TFs had or have larger and more multidisciplinary teams, with more city presence, more funds, and more structured processes, but its governance is less inclusive and transparent, and its relationship with donors less regular and engaging.

- **Governance**

There have been recent efforts to improve M&E, but further strengthening is needed. At design the Fund did not have a M&E plan, nor a RF. During implementation, the Secretariat has recently proposed Operational Procedures and Guidelines including a M&E plan. At the project level, each project financed by the UMDF is to be monitored and supervised through monitoring tools, including standard metrics across projects. There are PIM mainly for Programs, and also for projects per city/country, but not all PIMs are available. The June 2022 RF presents several shortcomings and requires an overall revision. Timeliness of annual reports is adequate, but annual work plans could be more relevant. Reporting is not always complete, and information is not always reported in a structured manner.

The Fund is creating knowledge exchange opportunities and conducting outreach, but there is no structured dissemination and exchange of lessons learned. There have been more from other experiences to UMDF (IDB, SECO, Brussels) than from UMDF to others, in part because the Fund is still at its early stages. Partnerships and collaborations have been and are key to the Fund's improvement and development. Yearly study tours are also fostering exchanging between cities, as well as the Fund's attendance to high-level events at the global and regional levels.

The Bank's staff and donors are generally positive concerning the governance and coordination mechanisms of the Fund. The OC met as planned, with 100% attendance, and is effectively fulfilling its function. Through the OC and various exchanges between them and the FC, the Fund has been able to access useful information and expand its institutional contacts. The TRC has also performed adequately. However, **the representativeness of the governance bodies could be strengthened.** The 'demand side', that is, local governments, and to a more general extent their associations and national governments, is kept aside. Other key players, such as specialized NGOs, academia and applied research institutions, do not have a voice. Furthermore, no women are currently part of the OC. To make the UMDF governance system more inclusive, but keep its effectiveness, several options are possible (see section 5.3.2.2.). Furthermore, as more donors join, and priorities become more diverse, **there will be an increasing need to establish systems to manage differences in donor priorities. The involvement of senior Bank staff would also be convenient.**

Sustainability

As urbanization will intensify, the scalability potential is massive. There is space for UMDF's support to grow from 18 cities to over 500 cities. **The question is if the Fund has the operational, institutional and financial capacity to address this need in the short, medium and long term. The operational capacity is likely.** As discussed, the Fund has made important progress in developing the foundational documents and hiring the staffing required to operate efficiently, so that the Fund can continue to deliver and delivers even more if more funding is available. However, this is still an incomplete process, with many documents and process still to be further discussed such as the medium- and long-term strategy of the Fund, its maturity model and its exit strategy. Prospects are in any case positive.

The financial and institutional sustainability of the Fund is likely in the short to medium term. In the short term, the Fund has secured donor funding not only to continue operations, but actually to significantly expand them. If ongoing conversations materialize, funding of UMDF will grow from USD 5 million to USD 45 million, a 10-fold increase, which is (or has the great potential to be) a game changer. In addition, in the short to medium term, the Climate Finance Window on which the Fund is working could help mobilize funding from a wider mix of sources, with an emphasis on, but not limited to, vertical climate change funds. While stronger institutional and governance structures would be convenient, current structures could allow sustainability in the short to medium term.

Medium to long term financial and institutional sustainability of the Fund, which refers to reducing the dependence on donor funding, **seems, in contrast, unlikely**. To the greatest extent, this refers to the institutionalization of the Fund within the AfDB. So far, progress on this has been unsatisfactory. Although the SUDAP has been developed, integrated urban development and the services provided by the Fund have not been fully mainstreamed. While the Bank makes considerable in-kind contributions to the Fund (i.e. oversight, management and administrative staff time, and office space), no financial contribution has yet been made. There is indeed room for strengthening upward advocacy of the Fund at the Bank. Another option for the long-term financial sustainability of the Fund, beyond donors' financial contributions, would be to establish a reimbursable grant mechanism. Furthermore, there is room for further involving commercial banks and private sector.

At the city level, sustainability of results is moderately likely. In all cities under CP and PPF, support from the Fund will result at least in bankable infrastructure projects being prepared. Completing investments and seeing infrastructure actually built will be critical not only for city dwellers in beneficiary cities but also for the sustainability and scaling up of the Fund. The Fund's work on other key elements, such as technical capacity and availability of planning documents will contribute to the sustainability of PPF, and CP results. The demand-driven nature of the Fund will also contribute to this, as this ensures political and often social ownership. For more robust and likely long-term impact, at the city level it would be important to strengthen the work on municipal finance and link further with institutions building capacity at the municipal level and strengthening the national level policy, institutional and fiscal frameworks (including decentralization), so that they better enable sustainable, low carbon and resilient urban development.

5.2. Lessons

1. Urbanization has a great potential to contribute to socio-economic and climate-compatible development. However, for these benefits to materialize, urbanization has to be adequately managed. This requires adequate planning, governance, finance and preparation, construction and management of infrastructure. Many cities in the world do not have proper capacities in all or several of these domains. Supporting them is crucial for the world to meet SDGs, and the Paris Agreement and the Glasgow Pact. Nowhere this is more important than in Africa now, the fastest urbanizing region at a point in time where a significant impact can be made in a cost-effective way (it is more difficult and expensive to fix badly developed aspects than developing them right in the first place – and sometimes it is not feasible to fix the former).

2. To be effective, TF or programs supporting urban development need to factor in the complexity of urbanization. This implies considering different dimensions, approaches and scales. Dimensions include not only planning and infrastructure, but also governance, finance, capacity and knowledge, and not just one sector but multiple infrastructure types, from transport to water and sanitation, from energy to waste, from housing to social infrastructure, including urban greenery. Managing urbanization also requires several cross-sectoral approaches, comprising

social inclusivity, including gender, and climate change, encompassing both adaptation and mitigation. Finally, sustainable urbanization requires working at several scales, certainly at the municipal level, but often at the regional/metropolitan level (for example, for intermunicipal services, such as waste, and intermunicipal coordination, for instance in transport). The national level is also key as its policy and institutional frameworks and its support networks (e.g. technical assistance teams) enable or hinder sustainable urban development in specific cities. While promoting a holistic approach, TF or programs may not cover all dimensions, approaches and scales. But it is important that they consider them, and coordinate and build synergies with other initiatives that cover key areas that they do not directly address.

3. Urban development and transformation is a long-term process (planning/preparation/financing/construction/operation), that typically takes several decades (25-30 years), and outlives the duration of the TFs or programs supporting it. In regional/continental programs the geographic scope is also very vast. TF or program supporting urbanization at the regional level are therefore required to be selective. A maturity model indicating the entry, development and exit strategies at the regional, national and city levels, including a partnership strategy over time, helps TF or programs strategically select beneficiaries, cover dimensions, approaches and scales and cooperate with partners over time.

4. Regarding urbanization, Africa has much to learn from other developing regions, such as Latin America and the Caribbean and Asia, which urbanized decades ago. In this sense initiatives supporting urbanization can learn a lot from the initiatives that supported and support urbanization in those regions. MDBs can learn a lot from each other too. In this background, UMDf has a lot to learn from the Cities programs in IDB and ADB, as well as how these other banks are dealing with urbanization now. Likewise, cities in Africa can learn a lot from cities in those regions, as well as in more developed regions. Of course, programs and experiences cannot be copy/pasted. Learning involves tailoring previous experiences to singular conditions.

5. Setting up TFs takes time. While it is important that this process is not lengthy, hosting institutions and donors should not rush. It is key to develop all relevant foundational documents soundly at the initial stages, rather than developing them down the road and revising them shortly afterwards. TFs require a strategy, a ToC (with an in-depth problem analysis), a robust, realistic and consistent RF, and precise operational guidelines, which include a clear description of the governance structure, as well as a maturity model (see above) and rolling out business plans. Some other process, such as setting administrative procedures, can naturally take time, even if organizations have already general procedures running.

6. Similarly, it is key that from the beginning a TF has a minimum of staff for day-to-day management, and that this increases in a structured manner as operations grow. A TF requires at a minimum a full-time dedicated coordinator, administrative support and a technical subject matter assistant and an assistant that can help with MERL. Other profiles, particularly technical-related, such as climate change adaptation, climate change mitigation, governance, social inclusivity or municipal finance specialists, are also important and may become necessary as a TF matures and grows, which may also require expanding administrative support. When the topic is new to the staff of the institutions where the TF is anchored, it is also important to train that

staff, including often senior management (in this case, to train on integrated urban development PICU and PICU 2 staff and more broadly AfDB staff, including senior management).

7. Managing urbanization requires cross-sectoral and interdisciplinary teams, with cross-sectoral integration functions. This is challenging for many institutions, which tend to be structured around sectoral divisions. Initiatives supporting management of urbanization should be anchored in real cross-sectoral departments, that oversee several sectors. In MDBs, it is also important to distinguish upstream and downstream roles, while ensuring synergies among them. While MDBs have the benefit of allowing a good connection between these roles, integrating grants and loans (providing TA for urban investment prioritization and pre-feasibility is effective in leveraging urban investments), they can often be mingled, negatively affecting both upstream and downstream work. In regional institutions with country offices (e.g. AfDB), this type of program needs to be properly anchored both at the headquarters and at country offices.

8. TFs need to be fully integrated into hosting institutions. This includes the provision of oversight, management and implementation staff, but it should also comprise integration into corporate strategies and corresponding RF and MERL systems, including tags. Cash contributions of host institutions to TFs are a good ownership signal. That said, and although the link between upstream and downstream is important, and has to be understood as a key incentive for the hosting MDB, TFs should not be seen as a loan origination mechanism for hosting Banks. Projects prepared under an urban-focused TF are meant to help mobilize and leverage funding from the hosting institution as well as from other stakeholders, including other MDBs, development partners, national and municipal governments and the private sector.

9. Climate change requires mainstreaming into the activities of a TF or program. However, TFs can have specific windows to mobilize climate specialized funding, as long as this does not imply that activities outside the window are not climate informed. The linkages between these two aspects (general mainstreaming and a specialized finance window) need to be well thought and communicated to stakeholders.

10. TFs are often multi-donor. Donor money often comes with some earmarking reflecting its priorities. When there are several donors, these earmarks are not always aligned and can be conflicting. While Secretariats should highlight the central role of core funding, TFs need to have flexibility and set up governance mechanisms for donors and the TF secretariats to find synergies between these priorities. These mechanisms are not straightforward because donors make different types of contributions (cash, in-kind) and the scale of their contributions may vary significantly.

11. Ambitious TFs and programs not only take time to set up, but they are likely to fail on certain aspects and need to be given time to learn and adjust. Regional urban-focused MDTFs, such as UMDf, are ambitious, given the size of the challenge they address, their geographical scope, their cross-sectoral and inter-disciplinary nature, the diversity of its donors and their anchoring in a large and complex institutions that until recently did not embrace urban. Partial failure is a constitutive element of these funds. Learning should also be a defining feature. For internal learning to happen, however, certain conditions need to be in place, including a ToC, a RF,

monitoring and reporting templates that identify and systematize learning, and dedicated staff that can push oversight, management and implementation related staff to reflect on their practices, systematize lessons and integrate them (learn). It is also important that lessons learned are communicated, both internally (to AfDB) and externally (to donors, partners and beneficiaries), which requires the development and implementation of a communication strategy by communication experts that compile lessons. Flexible design is also important to allow evidence-based adjustments and be able to catch up opportunities that may show up.

12. TFs and programs require governance structures that find a balance between representativeness and effectiveness. While the number of stakeholders needs to be limited, the type of stakeholders represented needs to be reasonably large, including not only current donors, the Secretariat and departments and divisions of the hosting institutions but also beneficiaries, relevant development partners and other stakeholders. Two bodies (an OC and TRC) may not be enough, and a third body is convenient in large institutions like MDBs where TRC are internal to the hosting institution. Some of these stakeholders can be engaged on a rotatory basis.

13. Programs and TFs have a certain capacity to absorb funding, deliver robust outputs and spend wisely. In line with lesson 11, not only Secretariats need time to learn, but also certain pace to expand soundly. It is important that Secretariats are aware of this when raising funds.

5.3. Recommendations

Recommendation 1. Development partners should pay adequate attention to urbanization globally and particularly in Africa and provide technical and financial support, further provide support or continue to provide support (depending on their current support) programs helping cities (and countries) in Africa better manage it, such as UMDf. Moreover, to the extent possible, they should favor core funding over earmarked funding, and favor soft earmarking over tight one, being selective with their preferences. For the latter, they should also recognize the multi-donor nature of many TFs (and of UMDf specifically) and show some flexibility to agree on priorities with other donors. Current and likely upcoming donors to the Fund should continue to have an active role in its management, including one of them acting as the Chair of the OC, pushing for key aspects, such as climate and social inclusivity, increased staffing, enhanced efficiency and transformative projects, for instance requesting stringent selectivity processes and criteria.

Recommendation 2. AfDB should pay more attention to urban development. In particular, it should include integrated urban development in its 2023-2032 corporate strategy and corresponding RF, and develop related urban tags. It should also allocate cash financing to UMDf, as it promised a contribution of Euros 3-4 m when the Fund was being established. To that end, the Secretariat should continue to push in that direction, and PICU 0 and PICU 2 should increase their advocacy with senior management. In the short term, the priority should be integrating some urban key performance indicators in the Bank RF currently being developed, strengthen the Fund and project RFs (and ensure alignment to the extent possible to the corporate RF), develop transformational projects and monitor and report on the Fund and project RFs, to show impact. This should allow better integration in the corporate strategy and Bank allocations

during its 2026 revision, the discussion of which starts in 2025. For this, the UMDF MERL expert should link with the corporate RF and MERL headquarter and regional experts.

Recommendation 3. The Secretariat should strengthen its efforts for the Fund to further work on municipal governance and finance, other infrastructure types (water and sanitation, waste and energy, but also social infrastructure, including green spaces), social inclusivity (comprising slum upgrading), and climate change. In some cases, such as on municipal finance, the Secretariat should map established funds and mechanisms and coordinate and cooperate with them. In other cases, such as climate change, the Secretariat should continue to work on partnering with C40, at the same time it explores strengthened and new partnerships with other climate change focused institutions (e.g. ICLEI, WRI). Furthermore, the Secretariat should explore opportunities for the Fund to partner with institutions working on the national enabling environment for city level integrated urban development. The Secretariat should continue to promote basic and simple solutions in most cities and more innovative, technology-based solutions in fewer cases, depending on demand, and cities' conditions, reflecting the diversity of the cities of the continent. The Secretariat should continue exploring a further focus on investment, as long as it ensures a comprehensive approach through partnering with institutions working on the other key dimensions of integrated urban development, such as capacity building and knowledge management. At this regard, the Fund should strengthen the capacity assessment aspect (institutional audit) of the city diagnostics, to inform capacity building activities, which could then be implemented in coordination with or by other stakeholders, but would be key for the effectiveness of the Fund and the sustainability of its results.

Recommendation 4. The Secretariat and the OC should finalize foundational documents as quickly as possible, but ensuring they are adequate. They should not rush. It would be better for the Fund to have robust documents by December 2022 than having weak documents in October 2022 and having to revise them in June 2023. This should include a brief, SUDAP-based strategy⁸⁶, a ToC with a thorough problem analysis, a robust, realistic and consistent RF, with SMART indicators⁸⁷, and precise and clearly prescriptive operational guidelines, which include a clear description of the governance structure and stringent selectivity processes and criteria, as well as a maturity model (including a partnership strategy) and a rolling out business plan. External advice to develop these documents may be needed.

Recommendation 5. The Secretariat, with support of donors, partners and consultants, should continue to promote that the Fund learns from other initiatives. The Secretariat should strengthen the institutional links with the urban teams of IDB and ADB. At the city level, the Secretariat should continue to define the details of the support of the Government of Brazil for peer-to-peer learning between Latin American and Caribbean and African cities. In parallel, through its networks, the

⁸⁶ It should be brief, linked to the SUDAP and with a focus on the strategic vision and ToC, rather than a narrative document. It should clearly reflect Bank's policy on climate and inclusivity, comprising gender.

⁸⁷ The RF should reflect the outcomes that can be expected, such as investment in key infrastructure or improvement of the capacity of cities to finance themselves, not impacts that are too long term and where attribution becomes extremely difficult. Concepts (outputs versus outcomes) should also be fixed. The economic dimension should be included.

Secretariat should explore ways of establishing exchange mechanisms with Asian cities. Likewise, the Secretariat should further promote exchanges between African cities, within and outside the UMDf and CP networks (including more exchanges between the CP, PPF and SGI cities). In addition, the Secretariat should continue to promote exchanges between cities of UMDf CP network and these cities and European cities. This should consider both general and topic-targeted study tours, but also events, seminars and a dedicated space in the UMDf webpage, as well as the dissemination and use of spaces organized by others. Regional (e.g. Magreb) and national knowledge exchange should also be explored.

In addition, the UMDf Secretariat and the OC should promote internal learning, by finalizing foundational documents (ToC, RF, operational guidelines) (see recommendation 4), hiring an MERL expert (see recommendation 6), doing upstream bank integration (see recommendations 2 and 7), and finalizing and implementing the communication strategy (publishing all relevant documents). Furthermore, the Secretariat should continue to standardize methodologies, expanding the work conducted for CP to the PPF. Independent evaluations should be conducted every two or three years.

Recommendation 6. UMDf should increase staffing, with a focus in the short term on the climate change and MERL experts, followed by the governance experts and the municipal finance expert. To that end, the Secretariat should finetune the staffing plan presented in the Business Plan (p. 25), developing detailed profiles, and breaking up the “governance” position. Secondment opportunities should be explored. Gaps on specialists should be otherwise covered by UMDf core funding. Moreover, the Secretariat should further explore if additional administrative support from AfDB is required now. In addition, the Secretariat should better structure existing staffing, with more clear roles. Furthermore, AfDB should find ways to further train its staff, including senior management, PICU and PICU 2 staff, on urban management. This should be funded by AfDB but seizing opportunities brought by UMDf.

Recommendation 7. Senior Bank management and PICU 0 should strengthen their involvement in the management of the Fund and their leadership in the integration of urban development upstream in the Bank, including the corporate strategy and corresponding RF (see Recommendation 2), but also in coordination groups and country dialogues, where deals are made and priorities are set. Senior management and PICU 0 should also help further clarify the distribution of roles between the UMDf Secretariat and PICU 2. The UMDf Secretariat should focus more on the CP (upstream work) and oversight and follow up of downstream work (PPF). This should include a more direct contact with the Bank’s regional and country offices, across departments and divisions. The Secretariat should also strengthen its relationship with other relevant AfDB TFs, beyond the space of the TRC. To that end, the Secretariat, in coordination with the OC, should consider requiring the involvement of at least two Bank departments or at least divisions to approve a project, at least with part of the PPF funding. The Secretariat should also explore the creation of a space in the Bank for the different sectors to speak about integrated urban development and undertake map-based conversation, a sort of an innovation and experimentation Lab space. In turn, PICU 2 should be more and better engaged in downstream,

ensuring project preparation (PPF) and especially follow up stages (financing and implementation) are adequately delivered.

Recommendation 8. The Secretariat, following a clear request of donors in this regard, should further promote leveraging of resources within and outside the Bank. To that end, it should include specific indicators (one for AfDB resources and one on non-AfDB resources) in the Fund and project RFs and monitor and report on them. It should also strengthen linkages with relevant financial institutions, including development partners and the private sector at city level, promoting PPP, although the agenda should be driven by public interests. The Secretariat should further promote the Fund as an instrument to support cities and not just to support the Bank through more and new lending.

Recommendation 9. The UMDf Secretariat should further explore the Climate Finance Window at the same time it continues to work to ensure that all UMDf activities within and outside that window are climate informed. Once this has been better defined, the CFW should be discussed with stakeholders, not just the OC, but also the TRC, and the Technical Advisory Committee to be created (see recommendation 11) to finetune it and ensure understanding and ownership and thus effectiveness of the window.

Recommendation 10. To improve the governance of the Fund, the OC should create a Technical Advisory Committee involving beneficiaries, other relevant development partners and other stakeholders. That said, the OC and the Secretariat could continue to invite development partners, which are potential donors, to OC meetings as observers, which has had very positive results in resource mobilization. The OC should also define a mechanism for agreeing on donor priorities for the Fund, which may involve, depending on the number of donors, distinguishing between cash and in-kind donors or even between cash donors depending on their cash contribution. In parallel to involving a sample of them in the governance structure, the Secretariat should strengthen its communication with beneficiary countries and cities.

Recommendation 11. The Secretariat should continue to deliver, increasing however its delivery rate, given the scale of new funding (probably moving from USD 2 m to 5 m expenditure). To that end, the Secretariat should continue to assess how efficiency could be increased, particularly regarding the approval processes, at the same time that due processes are ensured, and corners are not cut. Recommendations 1-11 will help the Secretariat deliver faster and better and, likely, raise additional funding. In any case, donors, AfDB and the Secretariat should not try to spend and grow too fast. The Secretariat should make sure delivery is robust and expenditure wise, and progress towards impact is achieved. Likewise, fundraising should not be overambitious, ensuring the Secretariat has capacity to absorb it.

6. ANNEXES

6.1. Evaluation Matrix

Table 4. Evaluation matrix

Dimension	Specific questions	Indicators	Information source	Data collection method
1. RELEVANCE: To what extent does the Fund respond to the needs and priorities of its beneficiaries?				
1.1 Relevance of the development problem the fund addresses	1.1.1. Is the UMDF overall objective still relevant since its development and launch in 2019, especially in-light of the ongoing urbanization trend and Covid-19 recovery?	<ul style="list-style-type: none"> - Evidence of the relevance of the problem the fund addresses and the objective it seeks to achieve to the fund's stakeholders (cities and countries in Africa) - Level of alignment between the fund and global and African strategies and priorities (e.g. SDGs, Urban Agenda, African level priorities) - Level of clarity of the problem analysis in the project document, including identification of root causes - Extent to which a clear and evidence-based relationship is established 	<ul style="list-style-type: none"> - Project document - Project Information Memoranda (PIM) - Global and African strategies and priorities (e.g. SDGs, Urban Agenda, African level priorities) - Interviews with UMDF Coordinator (FC), UMDF Consultant, Bank group board members, donors, partners 	Desk Review Interviews

Dimension	Specific questions	Indicators	Information source	Data collection method
		in project documents between the problem and fund objectives		
1.2 Relevance to key stakeholders' priorities and demands	1.2.1. To what extent are UMDF interventions aligned with the policies and strategies at the: (i) AfDB level (strategic, national, regional and sector priorities), (ii) the national level (development and sector focused priorities), (iii) the city level, and (iv) the private sector (MICs)? To what extent did the design of UMDF interventions align with the beneficiaries' demand? ⁸⁸	<ul style="list-style-type: none"> - Level of alignment between the fund and AfDB's strategic, national, city and sector priorities - Level of alignment between the fund and the development and urban development priorities, demands and needs of partner countries - Level of alignment between the fund and the development and urban development priorities, demands and needs of partner cities - Level of alignment between the fund and the private sector strategies 	<ul style="list-style-type: none"> - Project document - PIM - AfDB strategies and policies at strategic, national and cities levels - Development and urban development policies, strategies and plans of partner countries - Development and urban development policies, strategies and plans of partner cities - Private sector (MICs) strategies - Interviews with the FC, UMDF Consultant, Bank group board members, national and city-level beneficiaries - Direct observation 	<ul style="list-style-type: none"> Desk review Interviews Field visit

⁸⁸ It is understood that countries and cities, and potentially the private sector, are the fund's beneficiaries.

Dimension	Specific questions	Indicators	Information source	Data collection method
1.3 Relevance of the Fund design	1.3.1. To what extent did the design of UMDF interventions align with the purpose and objectives of the Fund?	<ul style="list-style-type: none"> - Consistency between the designed interventions (outcomes, outputs and instruments) and the purpose and objectives of the Fund 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with the FC, TC, Bank group board members, donors 	Desk review Interviews
	1.3.2. How robust are the design of UMDF interventions with regard to assumptions, risks, and mitigation measures?	<ul style="list-style-type: none"> - Nature and quality of identified risks and mitigation measures - Nature and quality of adjustments made to address these and other risks or changes during implementation 	<ul style="list-style-type: none"> - Project documents - Interviews with the FC, UMDF Consultant, TC, Bank group board members, donors 	Desk review Interviews
1.4 Linkages with ongoing operations (external partners)	1.4.1. How complementary are UMDF interventions with ongoing operations at the regional, country and city levels by other development partners?	<ul style="list-style-type: none"> - Linkages with other development partners working on urban development at the continental, country and city levels 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with TC, FC, UMDF Consultant, external partners, donors - Interviews with organizations with whom the project has established collaboration /synergy - Direct observation 	Desk review Interviews Field visits
2. Effectiveness: To what extent is the Fund achieving its objectives?				

Dimension	Specific questions	Indicators	Information source	Data collection method
2.1. Objectives, outputs and outcomes	2.1.1. To what extent were UMDF strategic objectives as a Fund achieved, through effective implementation of its interventions?	<ul style="list-style-type: none"> - Progress towards objectives, outcomes and outputs Timeliness of outputs delivery against the work plan - Perceived level of success at the continental, national and city levels and potential gaps 	<ul style="list-style-type: none"> - Project documents - PIM - Interviews with the OC, TC, FC, UMDF Consultant, Bank group board members, Bank's staff, beneficiaries, donors - Direct observation 	Desk review Interviews Field visits
	2.1.2. To what extent has UMDF grants contributed to the identification of new business opportunities for the AfDB in RMCs?	<ul style="list-style-type: none"> - Number of new businesses opportunities identified for AfDB in RMCs 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with the FC, UMDF Consultant, Bank group board members 	Desk review Interviews
	2.1.2. To what extent have the interventions funded by the UMDF been technically sound?	<ul style="list-style-type: none"> - Evidence of use expert teams and good practices - Examples of unintended results 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with the OC, FC, UMDF Consultant, Bank group board members, beneficiaries, external partners, donors 	Desk review Interviews
2.2. Barriers and opportunities	2.2.1. What factors have influenced positively or negatively the achievement of the UMDF objectives?	<ul style="list-style-type: none"> - Evidence of barriers or enabling conditions towards achievement of objectives 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with FC, UMDF Consultant, Bank group board members, beneficiaries, external partners, donors - Direct observation 	Desk review Interviews Field visits

Dimension	Specific questions	Indicators	Information source	Data collection method
3. Efficiency: To what extent is the Fund implementation timely and cost-effective, and its governance adequate?				
3.1. Fund implementation and execution	3.1.1. Were AfDB processes and procedures, as well as the internal coordination adequate?	<ul style="list-style-type: none"> - Level of coordination and communication internally - Extent and quality of interaction/ exchange between project implementers 	<ul style="list-style-type: none"> - AfDB processes and procedures requirements - Operational guidelines for the 2022-2026 period - Interviews with FC, UMDf Consultant, bank board members, Bank's staff, beneficiaries, donors 	<ul style="list-style-type: none"> Desk review Interviews Field visits
	3.1.2. To what extent has the UMDf continued improving its performance – at the level of timeliness, process, implementation progress and cost effectiveness?	<ul style="list-style-type: none"> - Coordination between the UMDf, Bank's staff and government and cities authorities - Perceived effectiveness of UMDf in implementing the project and maintaining productive partner relationships 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with FC, UMDf Consultant, bank board members, Bank's staff, beneficiaries, donors 	<ul style="list-style-type: none"> Desk review Interviews Field visits
	3.1.3. If any, how does the UMDf perform compared to similar funds in other multilateral institutions?	<ul style="list-style-type: none"> - Management costs compared to similar funds in other multilateral institutions 	<ul style="list-style-type: none"> - Interviews with FC, UMDf Consultant, bank board members, Bank's staff, beneficiaries, donors, external partners 	<ul style="list-style-type: none"> Desk review Interviews

Dimension	Specific questions	Indicators	Information source	Data collection method
3.2. Governance	3.2.1. To what extent has the UMDF developed a coherent Results-based Monitoring and Evaluation (M&E) System?	<ul style="list-style-type: none"> - Quality of the M&E plan - Use of SMART indicators - Examples of change in the results framework - Evidence of collection of monitoring data - Timeliness and quality of reporting - Evidence of good practices in disseminating lessons to relevant stakeholders 	<ul style="list-style-type: none"> - Project document - PIM and other monitoring and reporting documents - Interviews with OC, FC, UMDF Consultant, bank board members 	Desk review Interviews
	3.2.2. What is the effectiveness of the Governance and management structure of the UMDF?	<ul style="list-style-type: none"> - Inclusiveness and effectiveness of governance and coordination mechanisms in the UMDF - Perceived effectiveness of the governance mechanisms 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with FC, UMDF Consultant, bank board members, Bank's staff, beneficiaries, donors 	Desk review Interviews
4. Sustainability: To what extent are Fund's results likely to continue after its end?				
4.1. Long-term impacts	<p>4.1.1. To what extent have these interventions contributed to long-lasting, urban governance, planning and institutional capacity strengthening, improved quality of life and resilience in the targeted cities?</p> <p>How sustainable are the funding mechanisms of the fund?</p>	<ul style="list-style-type: none"> - Existence of risks to, as well as opportunities for, the sustainability of project results <ul style="list-style-type: none"> o Level of dependence of the funds results on issues relating to the legal and policy framework, and the institutional framework and governance 	<ul style="list-style-type: none"> - Project document - PIM - Interviews with FC, UMDF Consultant, bank board members, Bank's staff, beneficiaries, donors, external partners - Direct observation 	Desk review Interviews Field visits

Dimension	Specific questions	Indicators	Information source	Data collection method
		<ul style="list-style-type: none"> ○ Level of political and social ownership and technical capacity among government and city-level stakeholders ○ Level of dependence of the project on future funding for the benefits they bring to be sustained and existence of funding opportunities to pursue/ support project results in the long term ○ Existence of environmental risks <ul style="list-style-type: none"> - Scalability potential - Replication potential 		

6.2. List of documents reviewed

- **AfDB strategies and policies**
 - AfDB's 10 Year-Strategy (2013-2022)
 - Bank High-5s (2015)
 - AfDB Guidelines for Subnational Finance (2019)
 - AfDB's Urban Development Strategy (2011)
 - The Sustainable Urban Development Action Plan (SUDAP) (2022-2026)
- **Fund design documents**
 - AfDB proposal for the establishment of the Fund
 - NDF's planning document
 - UMDF's ToC and Results Framework, June 2022
- **Fund documents⁸⁹**
 - UMDF Operational Procedures and Guidelines, July 2020 and June 2022
 - UMDF Strategy and Business Plan 2022-2026, June 2022
- **Financial data including disbursements and payment requests**
- **OC and TC Meetings minutes**
- **Fund monitoring and reporting reports**
 - Project Information Memoranda (PIMs) at cities project level and program levels,
 - Annual report 2020 and Work Program 2021 (June 2021)
 - Annual Report 2021 (April 2022)
 - Interim Reports 2021 (2021) and 2022 (2022).
 - Annual Work Programme 2022
 - UMDF Brochure
- **Fund outputs, including knowledge reports**
 - Cities Diagnostics and action plans
 - AfDB, Cities Alliance, The Dynamics of Systems of Secondary Cities in Africa, 2022
 - OECD, AfDB, UNECA, Africa's urbanization dynamics, 2022
 - AfDB, ADB, EBRD, IDB, Creating livable cities, 2019
 - Traffic Impact Assessment (TIA) Guideline for Cities in Africa

⁸⁹ To date, project documents for Tunisia, Municipal Finance Program, Green Cities Facility, Cameroon, Sheger, SUDAP have been provided.

- **Websites and articles**

- AfDB website
- IIED, What lessons can we learn from COVID-19 responses in African cities?
UNCTAD Statistics 202

6.3. List of interviewees

Table 5. List of interviewees

No. interview	No. interviewee	Organization	Role	Contact person	Type of stakeholder (and priority)	Interview
1	1	Nordic Development Fund (NDF)	Fund manager	Aage Jørgensen	Donor - OC	15/07/2022
2	2	Switzerland State Secretary for Economic Affairs (SECO)	Program Manager	Daniel Menebhi	Donor - OC	25/07/2022
3	3	AWEX	PM Entry point	Patrick Heinrichs	Donor - OC	03/08/2022
4	4	Danish Government	Program Manager	Tine Anbaek	Donor	14/07/2022
5	5	Spanish government	Program Manager	Jose Angel Molero González	Donor	21/07/2022
6	6	Cities Alliance	Program Manager	Julian Baskin	Partner Service Provider	2/08/2022
7	7	Ellis Juan Consulting (former manager of IDB Cities Program)	Principal Advisor	Ellis J. Juan	Service Provider	1/08/2022
8	8	Jexium (former manager of ADB Cities program)	Consultant	Michael Lindberg	Service Provider	11/08/2022
	9	Jexium	Director	Joe Lufkin	Service Provider	11/08/2022

		(former support to ADB Cities programme)					
9	10	Urban Development Division (PICU2)	Manager	Stefan Atchia	AfDB	07/07/2022	
10	11	UMDF Secretariat	Coordinator	Marcus MAYR		28/07/2022 and 17/08/2022	
	12		City Diplomacy	Ole Stubdrup			
11	13		Administrative Assistant	Yene Ouattara Coulibaly			21/07/2022
12	14	Delivery, Performance management & Results	Principal Results Specialist	Rudolphe Petras			29/07/2022
13	15	Water and Sanitation Department	Chief water development officer	Emmanuel Olet			29/07/2022
14	16	Bizerte	Mayor	Kamal Ben Amara	Beneficiary		01/08/2022
15	17		Architect, Sub-Director, Direction of Works, Responsible for the Urbanism Service	Mr. Oussema Ben Jeddou		02/08/2022	
16	18		Tunis	Head of cooperation and international affairs		Ms. Sassi SOUAD	03/02/2022
17	19	(Tunisia)	Chief Water and Sanitation Engineer / Regional Coordinator for the North, AHWS Development and Service Delivery Regional Office for North Africa	Mr. Belgacem BENSASSI	AfDB	03/08/2022	

18	20	(Tunisia)	Architect and urban planner, consultant, Tunis - conducted one study for Bizerte within the framework of UMDf	Ms. Narjes MKACHER GAIES	Service Provider	02/08/2022
19	21	Kisumu	City Manager	Abala Wanga	Beneficiary	03/08/2022
20	22	Djibouti	Secretary General- Djibouti Municipality	Mr. Mohamed Bogoreh Abdillahi	Beneficiary	10/08/2022
	23		Technical Director of Technical Services – Djibouti Municipality	Mr. Osman Abdi		
21	24	Antananarivo	Director of International Cooperation, Antananarivo Urban Commune President, Decentralized Cooperation Managers Network- ULCG Africa	Mandresy Rakotoarison	Beneficiary	11/08/2022
22	25	Ivory Coast	Director National Office of Technical Studies and Development (BNETD) Urban Planning and Territorial Development Department (DUDT) Building and Territorial Development Unit (PBAT)	Vincent Badie	Beneficiary	03/08/2022
	26		Project Chief BNETD/ DUDT/ PBAT	Axel Yoboue		
23	27	Kenya	National Director Urban Development	Konyango Charles Otieno	Beneficiary	12/08/2022

			State Department for Housing and Urban Development			
24	28		Ag. Deputy Director Urban Development & Head of Urban Environment and Climate Change; & UNDAF Focal Point (Housing & Urban Development); State Department for Housing and Urban Development,	Robert Sangori		03 and 12/08/2022

6.4. Reconstructed Theory of Change

The evaluation team has developed a reconstructed ToC based on the information on the fund provided in the ToR, the proposed ToC and results framework for 2022-2026 and the 2022 interim report.

The key development problem that the Fund addresses is limited liveability and resilience in cities in Africa. Five barriers explain this problem: i) limited urban planning, ii) limited urban governance, iii) limited capacity of cities to mobilize and manage financial resources, iv) low and weak resilient and low carbon urban infrastructure investment, and v) limited knowledge and technical capacity amongst relevant stakeholders (cities, AfDB, regional players) to manage urban development.

In this framework, in the medium term, the Fund seeks to achieve increased and improved resilient and low carbon infrastructure and service provision, based on increased capacity and access to knowledge, resulting in better planned, well-governed and financially managed African cities. In the long term, this will contribute to build more liveable, prosperous and resilient cities in Africa.

Five outcomes are expected to contribute to these medium- and long-term objectives:

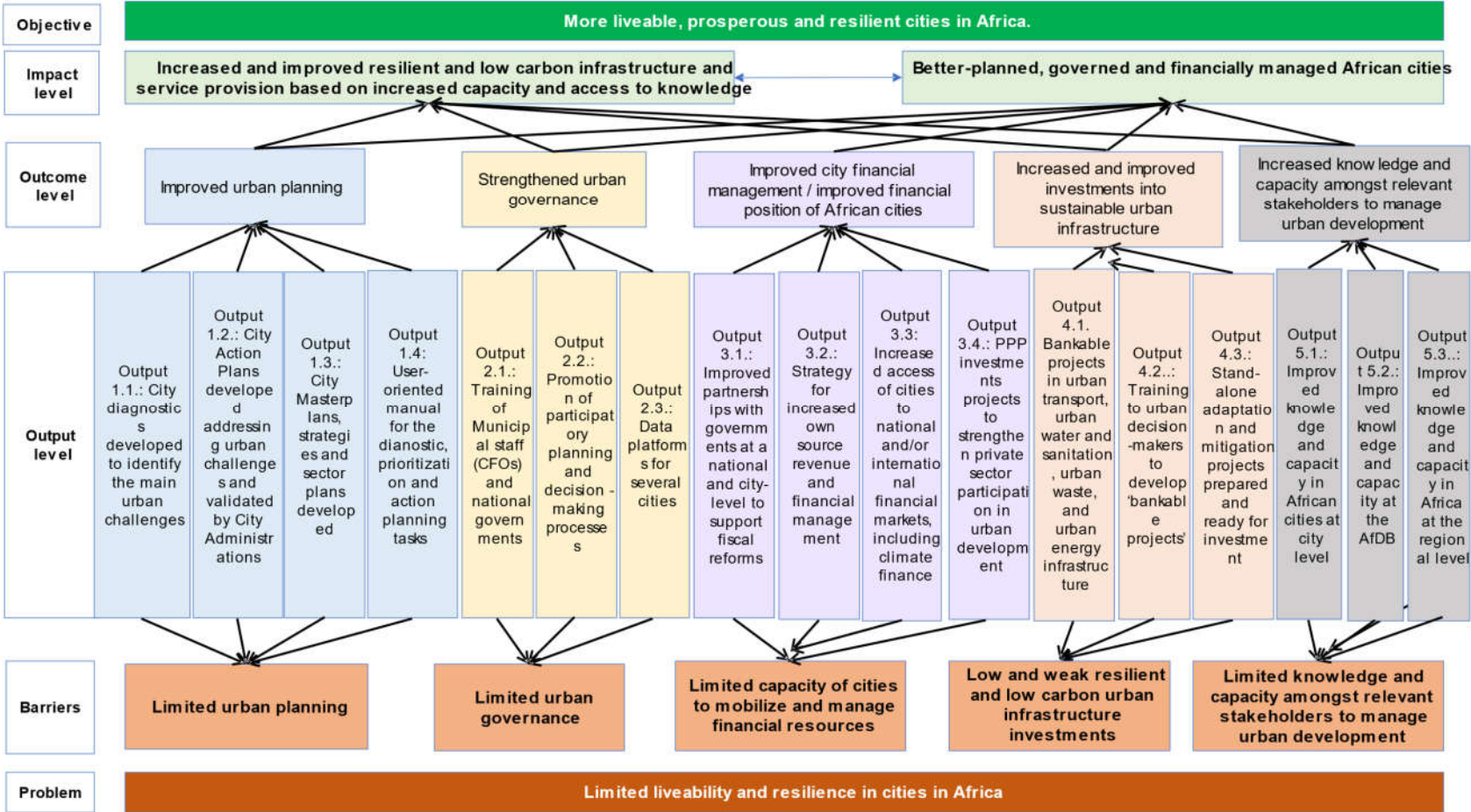
- i) Improved urban planning, by developing City Diagnostics, Action Plans and Master plans, strategies and sector plans, and a manual to help these processes;
- ii) strengthened urban governance by promoting participatory planning and decision-making processes, including through training and the development of data sharing platforms;
- iii) improved city financial management/ improving financial position of African cities, through fiscal reforms. an increased access of cities to different streams of financing (domestic revenues, national and international markets, private sector), and improved financial management;
- iv) increased and improved investments into essential, risk-reducing, low-carbon and sustainable urban infrastructure, by preparing bankable sustainable urban development projects for investments; and
- v) increased knowledge and capacity amongst relevant stakeholders to manage urban development, at regional, AfDB and city-levels, mostly through training, peer-to-peer learning and publications.

The following assumptions are identified, i.e., the conditions that, while not under the control of the project, need to hold true for the project objective to be achieved:

- A1: Relevant stakeholders are active and willing to support and participate in the establishment of improved and sustainable urban development
- A2: Project activities are not compromised by changes in the context (political change, COVID-19, extreme climate events)

- A3: The disseminated knowledge is used and acted upon by project stakeholders and other relevant audiences.

Figure 3: Reconstructed Theory of Change



6.5. Changes between the evaluation questions in the ToRs and the proposed evaluation questions

Table 6. Changes to the evaluation questions

Question	Change
Relevance	
1. Is the UMDf overall objective still relevant since its development and launch 2019, especially in-light of the ongoing urbanization trend and Covid recovery?	This question has not been changed. For all questions, a column “dimension” was added to facilitate the classification of evaluation questions under each criterion. This question relates to Dimension 1.1. Relevance of the development problem the fund addresses.
2. To what extent are UMDf interventions aligned with the policies and strategies at the: (i) AfDB level (strategic, national, regional and sector priorities), and (ii) the national level (development and sector focused priorities)?	For this question addressing the level of alignment with policies and strategies, the city-level was inserted in addition to AfDB and the national level.
3. To what extent did the design of UMDf interventions align with the purpose and objectives of the Fund, and beneficiaries' demand?	This question has been changed to be half incorporated under the 1.2. Relevance to key stakeholders' priorities and demand section (question 1.2.1. in the evaluation matrix), and half under the 1.3. Relevance of the project design section (1.3.1.).
4. How robust are the design of UMDf interventions with regard to assumptions, risks, and mitigation measures?	This question has not been changed.
5. How consistent and complementary are UMDf interventions with ongoing operations in the country (AfDB and/or other development partners)?	To avoid duplication with the question on efficiency (3.1.3 in the evaluation matrix), this question has been changed to deal with external partners exclusively.

6. To what extent do UMDF interventions contribute to developing AfDB urban action and portfolio?	This one was deleted, considering the duplication with the question on alignment with AfDB policies (question 2 in the ToR) and with questions on effectiveness.
Effectiveness	
7. To what extent were UMDF strategic objectives as a Fund achieved, through effective implementation of its interventions?	This question has not been changed.
8. To what extent has the UMDF continued improving its performance – at the level of timeliness, process, implementation progress and cost effectiveness?	This question was moved under Efficiency criteria (question 3.1.2.) as it relates to the Project implementation and execution.
9. To what extent has UMDF grants contributed to the identification of new business opportunities for the AfDB in RMCs?	This question has not been changed.
10. To what extent has UMDF been able to respond to needs and demand from RMCs and their cities?	This question has been removed to avoid duplication. It is related to the second question of ToR on relevance.
11. To what extent have the interventions funded by the UMDF been technically sound?	This question has not been changed.
12. What factors have influenced positively or negatively the achievement of the UMDF objectives?	This question has not been changed.
Efficiency	
13. How responsive has the UMDF been in responding to funding requests from users (MICs, the Bank, and the Private Sector)?	This question has been removed and integrated under Relevance criteria, question 1.2.1., as it is related to relevance.
14. Were AfDB processes and procedures, as well as the internal coordination with other partners adequate?	This question has not been changed.

15. If any, how does the UMDF perform compared to similar funds in other multilateral institutions?	This question has not been changed. About two or three other multilateral institutions will be considered as a comparison to the UMDF (also see section 3.3.2. in the inception report: IDB, ADB, WB initiatives).
Sustainability	
16. To what extent have these interventions contributed to long-lasting, urban governance, planning and institutional capacity strengthening, improved quality of life and resilience in the targeted cities?	This question has not been changed.
17. How sustainable are the funding mechanisms of the fund?	This question has not been changed.
Governance⁹⁰	
18. How is the governance framework for the UMDF assessed in the context of other similar funds at the AfDB and in other multilateral institutions?	This question has been removed: the first part of this question is covered by the question below. The other part is already covered in question 3.1.3 on efficiency.
19. To what extent has the UMDF developed a coherent Results-based Monitoring and Evaluation (M&E) System?	This question has not been changed.
20. What is the effectiveness of the Governance and management structure of the UMDF?	This question has not been changed.
21. What lessons can be learned for the improvements of the governance and management framework, and the Operational Guidelines for the 2022-2026 period?	The aspect of the question related to lessons learned has been removed as it is part of the evaluation report section on lessons learned.

⁹⁰ All questions on Governance of the Fund have been moved under the Efficiency questions (section 3.2. of the evaluation matrix).

6.6. Interview protocols

The interview questionnaires are indicative and will be adjusted as needed during the interviews. The identified categories of stakeholders are the following:

- AfDB: UMDF Secretariat, PICU, PICU 2, UMDF/PICU Communication, Technical Review Committee
- Existing donors: NDF, AWEX, SECO
- Potential new donors: Spanish government, Danish Government
- Partners (Basque Trade, C40) and Service provider (Cities Alliance)
- UMDF Cities:
 - Four of the five pilot cities: Antananarivo, Bizerte, Dodoma and Libreville,
 - Two of the five new cities: Djibouti and Kisumu

UMDF Countries: National level stakeholders in Ivory Coast, Tunisia, Kenya.

Table 7. Interview protocols

	AfDB	Existing donors	Potential donors	Partners and service providers	UMDF Cities	UMDF Countries
General						
How long have you been involved with the Fund and what is the nature of your involvement (specific activities)?	X	X	X	X	X	X
Relevance						
To what extent is the problem addressed by the Fund relevant?	X	X	X		X	X
Is the Fund's objective still relevant, especially in-light of the ongoing urbanization trend and Covid-19 recovery?	X	X	X	X	X	X
To what extent is the Fund aligned with global and African strategies and priorities (e.g. SDGs, Urban Agenda, African level priorities)	X	X	X			
To what extent is the Fund aligned with AfDB's strategic, national, city and sector level priorities?	X					
To what extent is the Fund aligned with national level priorities in the partner countries (development, urban development and sectoral priorities)?	X				X	X

	AfDB	Existing donors	Potential donors	Partners and service providers	UMDF Cities	UMDF Countries
To what extent is the Fund aligned with city-level priorities in the partner cities (development, urban development and sectoral priorities)?	X	X	X	X	X	X
To what extent is the Fund aligned with private sector priorities?	X	X	X	X	X	X
Are the designed interventions (outcomes, outputs and instruments) aligned with the purpose and objectives of the fund?	X	X	X		X	X
Is the design of UMDF interventions robust with regard to identified risks and mitigation measures?	X	X			X	X
Were adjustments made to address these identified risks and other risks or changes during implementation?	X	X				
Were relevant interventions done by other development partners clearly identified at the project design phase?	X	X	X	X	X	X
How does the Fund coordinate with other relevant initiatives?						
To what extent does the project complement and build synergies with other development partners working on urban development at the continental, country and city levels?	X	X	X	X	X	X
Effectiveness						
To what extent do you consider that the Fund is successfully progressing towards objectives, outcomes and outputs as initially planned?	X	X	X	X	X	X
To what extent is the Fund achieving its outputs in accordance with the work plan?	X	X			X	X
To what extent did the Fund's grants contribute to the identification of new business opportunities for the AfDB in RMCs?	X					
To what extent has the Fund used expert teams and good practices during implementation?	X	X		X	X	X

	AfDB	Existing donors	Potential donors	Partners and service providers	UMDF Cities	UMDF Countries
Have there been any unintended results (positive or negative)?	X	X		X	X	X
What factors are enabling and hindering the achievement of expected outputs and outcomes?	X	X		X	X	X
Efficiency						
To what extent were AfDB internal coordination and communication adequate?	X	X				
What was the quality of exchanges and interaction between the project implementers?	X	X	X	X	X	X
To what extent has the UMDF continued improving its performance at the level of timeliness, process, implementation progress and cost effectiveness?	X	X			X	X
What are the main particularities and characteristics of the UMDF's performance compared to similar funds in other multilateral institutions?	X	X	X	X	X	X
What are the differences in the UMDF's management costs compared to similar funds in other multilateral institutions?	X	X	X	X	X	X
Can you describe the UMDF M&E processes and plan? To what extent has it been implemented and were there any adjustments made to the M&E plan and to the results framework?	X				X	X
Are the indicators SMART?	X	X			X	X
Has the information generated by the M&E system collected in a timely manner? Were they used during project implementation?	X	X			X	X
Did the fund effectively communicate project results with relevant stakeholders?	X	X	X	X	X	X
Have the governance and coordination mechanisms in the UMDF been inclusive and effective?	X	X	X	X	X	X
Sustainability						
What are the main risks for the sustainability of the fund's results (legal and policy	X	X	X	X	X	X

	AfDB	Existing donors	Potential donors	Partners and service providers	UMDF Cities	UMDF Countries
framework, institutional capacity and governance systems, political and social ownership, technical capacity, financial sustainability, environment risks)?						
To what extent is the Fund promoting long-term scaling-up and/or replication?	X	X	X	X	X	X
Lessons learned and recommendations						
What are the lessons learned and good practices from the UMDF's interventions that should be shared with other cities/ countries/ stakeholders in the continent?	X	X	X	X	X	X
Do you have any recommendation for the potential future interventions of the fund?	X	X	X	X	X	X



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