Report Number : ICRR0021398

1. Project Data

Project ID P122478	**Project Name** ACBF Regional Capacity Building Project	
Country Africa	**Practice Area(Lead)** Governance	**Additional Financing** P127549
L/C/TF Number(s) IDA-H6470,IDA-H8760,TF-99645	**Closing Date (Original)** 31-Dec-2015	**Total Project Cost (USD)** 117,076,876.41
Bank Approval Date 17-Mar-2011	**Closing Date (Actual)** 31-Dec-2017	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	25,000,000.00	29,000,000.00
Revised Commitment	118,956,692.83	28,999,992.38
Actual	117,076,876.41	28,999,992.38

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The project development objectives (PDOs) were to contribute to: (a) enhanced capacity for effective policy formation and management in the countries of the Sub-grantees; and (b) improved and sustained management of the Recipient’s (the African Capacity Building Foundation, ACBF) operations. (Financing Agreement, p. 6).

The project followed two decades of IDA support to ACBF that commenced operations in 1991.

There was a level 1 restructuring, which became effective on December 5, 2013, involving Additional Financing and an expansion of the project's scope. The revised PDOs were: (a) to improve the capacity of the ACBF's clients to deliver and measure their development results; and (b) to enhance the ACBF's organizational effectiveness and efficiency (Amending and Restating Original Financing Agreement p. 6). As these modifications involve no substantive changes, a split evaluation will not be undertaken.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

05-Dec-2013

c. Will a split evaluation be undertaken?

No

d. Components

There were two components.

Component 1: To provide capacity building sub-grants in selected Sub-Saharan African countries and regional organizations that assisted those countries to finance technical assistance (TA). Appraised amount US$30 million ;Restructured amount US$74 million; Actual amount US$67.6 million.

This component aimed to improve institutional capacity in 4 areas: (i) the analysis of economic policy and development management; (ii) improved financial management, transparency and accountability; (iii) improved national statistical systems and the production of national statistics; and (iv) promotion of regional economic cooperation and integration, and the provision of regional public goods.

Component 2: Institutional Development: This component financed the strengthening of the operations and institutional capacity of the ACBF. Appraised amount US$24 million; Restructured amount US$45 million; Actual amount US$49.5 million.

This component consisted of activities in four areas: (i) continued implementation of ACBF's 2009 Management Action Plan; (ii) the development of a medium-term strategy, including the upgrading of a monitoring and evaluation system (M&E) for the ACBF; (iii) the appraisal, supervision and evaluation of sub-projects; and (iv) the enhancement of skills and peer learning in economic and public sector management.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The original project cost was US$49 million The actual cost was US$117.08 million.

Financing: The project at appraisal was to be financed by a US$25 million Regional International Development Association (RIDA1) grant and a US$29 million Recipient-Executed Multi Donor Trust Fund (RE-MDTF) grant. As noted, Additional Financing of US$65 million (RIDA2) was approved in December 2013 bringing the total funding to US$119 million.

Borrower/Recipient Contribution: The ACBF did not contribute to the project cost.

Dates: The project was approved on March 17, 2011 and became effective on August 1, 2011. The first restructuring was approved on December 5, 2013 and involved an expansion of the mandate of the ACBF as mentioned in Section 2a above. A level 2 restructuring occurred on February 6, 2017, which extended the closing date by 11 months to December 31, 2017 and reallocated some expenditure items.

3. Relevance of Objectives

Rationale

The project’s original and modified objectives were relevant to a key aim of the World Bank Group’s Africa Region’s strategy -- strengthening institutional capacity of African countries, regional economic communities and public sector entities. Bank support under the project aimed to enable the ACBF to implement this strategy effectively, monitoring the impact of its support, while enhancing its managerial and operational efficiency. The objectives remained relevant at closure, reflected in the Bank’s continued support for capacity building for the African Union Commission and the preparation of a regional capacity building project to strengthen civil service and public administration through regional and international networks.

The original objectives were less relevant to the situation in which the ACBF found itself at the time of project preparation, but this was corrected in their revision during the restructuring in December 2013. At appraisal, the Project Appraisal Document (PAD) noted the need for careful management of expenses (p. 20) but few actions were contemplated to reduce them. The 2013 restructuring specified enhancement of the Foundation’s organizational effectiveness and efficiency, and the project began to support actions to reduce costs directly and significantly through drastic cuts in staff.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

To improve the capacity of the ACBF's clients to deliver and measure their development results

Rationale

The theory of change underlying the first objective was that grants to ACBF-supported programs and sub-projects would strengthen ACBF clients' ability to deliver, and measure results. The grants funded economic policy research in ministries, departments and agencies supported by policy institutes, think tanks and university programs, and students studying for post graduate degrees or undertaking training in economic policy and related fields.

Outputs

Under RD1:

- The number of research projects completed by closure was 119 (target 30);
- 446 ministries, were provided with technical assistance or training by the policy institutes that had received funding, (target 220);
- 326 students (target 180) received post graduate degrees, and 842 (target 450) received training certificates, in the targeted disciplines;
- 6,684 requests for ACBF products and services were received (target 1,200);
- 100% of clients' products were peer reviewed (target 80%);
- 83% of ACBF clients were judged to have functional M&E systems (target 80%);
- There were 2,111 engagements and interactions between ACBF clients and policymakers (target 360);
- 310,171 documents were downloaded from the ACBF website (target 55,000);
- There were 1,719 requests for knowledge and learning products (target 300); and
- ACBF knowledge and learning products were cited 27,469 times (target 12,500).

Outcomes

Under RD1, the number of recommendations submitted by ACBF grantees that were used in policy formation by governments as measured by the ACBF increased from a baseline of zero in 2010 to 39 in 2013--more than double the target of 15. The zero baseline casts doubt on the usefulness of the indicator as do the self-measured data. Furthermore, this outcome was measured only for RIDA1, so that results at project closure were not available.

For RIDA2, assessment of outcomes relied on satisfaction surveys conducted during the 2014-2017 period involving 14 sub-projects and 1,400 respondents. User satisfaction with ACBF clients' products was reported to be 92% (target 90%) in December 2017, and with client services 91% (target 80%). The percentage of sub-projects in the ACBF portfolio rated satisfactory or above was reported to be 90% (target 77%) in December 2017. Again, no data had been collected previously on which to base comparative changes. Moreover, survey techniques and biases were not analyzed. The percentage of the total universe represented by the sample is unknown.

The absence of reliable baseline data weakens evidence of enhanced capacity for effective policy formation and management in the recipient countries, although the client satisfaction was reportedly high. Furthermore, in some cases, output targets were exceeded by wide margins, suggesting that they may have been set too low. An additional question is the extent to which self-reported data can be relied upon in the light of the ACBF's governance problems.

Rating
Modest

Objective 2
Objective

To enhance the ACBF's organizational effectiveness and efficiency

Rationale
The theory of change rested on administrative restructuring under RIDA1 to improve M&E and accountability and under RIDA2 on measures to reduce costs.

Outputs

According to the ICR (page 16), the intended outputs related to this objective comprised: (a) continued implementation of the activities under the MAP; (b) development of a forward-looking medium-term strategy by and for ACBF, including enhancement of the M&E system; (c) systematic appraisal, supervision and evaluation of subprojects, and (d) implementation of knowledge and learning activities designed to enhance skills and peer learning in economic and public sector management in Africa.

There is little information concerning those project-financed activities that were expected to contribute to these outputs. The reforms were internally driven and did not appear to benefit from the infusion of project-financed consulting expertise, equipment, training or other assistance. Implementation was largely to be the responsibility of the Foundation, and it is noteworthy that operating expenses, including ACBF staff salaries, were eligible for financing under the component related to this objective.

Outcomes

Under RIDA1, there were three targets related to ACBF's internal efficiency. Results fell short of expectations:

- The ratio of the total budget to the value of the total active portfolio value fell from 8% in 2010 to 6.5% at the end of 2013. The target was an increase to 12.4%, since enhanced control and audit functions, foreseen under the MAP, were expected to expand the budget.
- The ratio of non-staff administrative costs to the total budget fell from 16% in 2010 to 14.7% at the end of 2013. Here, also, the ratio was expected to increase as a result of MAP implementation.
- The ratio of total staff costs to the budget rose from 60% in 2010 to 70.2% at the end of 2013, whereas the target was a reduction to 57.7%. New staff positions were introduced; salaries were benchmarked at international levels (in accordance with the recommendations of a consulting firm retained by the Foundation); and "Bank-like processes and controls were introduced where they may not have been appropriate" (ICR, p. 8).

Under RIDA2, there was a stronger emphasis on cost reduction, especially of staff costs. This was because the level of financing available to the Foundation was considerably less than had been anticipated. According to the Restructuring Paper, 2013, US$35 million of non-IDA donor financing was expected. This turned out to be only US$22.9 million. The financing that had been suspended in 2009 was not subsequently reinstated to the extent foreseen. Sweden withdrew its support, and the African Development Bank and other donors contributed significantly less than they had originally indicated. The ICR (p. 46) suggests that an unintended impact of the decision to utilize IDA funds for the project may have been to drive away potential bilateral donors, who saw contributing to the ACBF as double dipping in the sense that they were already contributing to IDA. In addition, the impression had been given by World Bank staff that Additional Financing from IDA for RIDA2 would be US$100 million, rather than the US$65 million actually approved by the Board. Fund shortages were exacerbated by delays in presenting RIDA2 to the Board because of concerns on the part of some shareholders regarding the speed of governance improvements, and delays in approving new IDA contributions.

The following results had been achieved by project closure in December 2017:

- The ratio of total disbursements to cash outflows for activities (including knowledge and learning products) and sub-projects was 80%, in accordance with the target. This signals that a significant proportion of resources was spent on programmed activities rather than on internal administration.

- The ratio of total staff costs to cash outflows fell from a baseline of 22.3% to 14.6%, bettering the target of 17%. The manner in which staff cost reductions were carried out was, however, controversial and led to disagreements between the IDA and ACBF teams. The Foundation's ICR states that "the requirement to reduce staff costs to 17 percent of cash outflows within one month, which resulted in an immediate reduction of ACBF staff by almost half and a significant reduction in the salaries of remaining staff, led to plummeting staff morale, high turnover, and anonymous letters from disgruntled former staff" (p. 30). A subsidiary aim was to ensure that, by January 2017, "core" staff costs would be fully covered by contributions from African member states. It is not known whether this was achieved.

Rating
Modest

Rationale

The efficacy for both objectives is rated modest.

Overall Efficacy Rating
Modest

Primary reason
Insufficient evidence

5. Efficiency

Neither an ex ante nor an ex post economic rate of return (ERR) was calculated. ACBF's role as an intermediary between donors and ultimate recipients essentially rules such a calculation out, although a financial analysis of the Foundation's operations would have been possible.

The ICR (pp. 23-25) assesses efficiency on the basis of total project costs, which were within appraisal and restructuring estimates, and project performance with respect to the second objective. However, neither of these is an adequate gauge of efficiency, which should be a measure of the extent to which the project's benefits exceeded its costs. The second criterion (project performance) is already assessed as part of efficacy. In this case, it would have been necessary to rely on qualitative assessments of project benefits.

Operational inefficiencies were largely reflected in the delays associated with the Additional Financing, which led to a 24-month extension of the closing date. There were also some delays caused by the Ebola epidemic in a number of recipient countries, though their extent is not recorded.

Given the lack of any quantitative analysis and of identified qualitative benefits, combined with evidence of operational and administrative inefficiencies, efficiency is assessed as negligible.

Efficiency Rating
Negligible

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐Not Applicable
ICR Estimate		0	0 ☐Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives was substantial. According to the ACBF’s self-assessments, and surveys of client satisfaction, the objective of enhanced capacity for effective policy formation and management in the countries of the Sub-grantees appears to have been substantially achieved. However, there were serious deficiencies in the indicators, many of which were of doubtful reliability because of the absence of baseline data, the extent to which poorly defined targets were achieved, and the near universal reliance on self-collected information and. self-assessment. Under the second objective - improved and sustained management of ACBF’s operations and enhanced effectiveness and efficiency of its organization – results under RIDA1 were mixed, but significant cost reductions were achieved under RIDA2, consonant with the reduced external financing available to the Foundation. However, while the outcome targets were met, the reach and quality of the evidence is limited. There is no way to objectively determine the value of the advice provided to ultimate beneficiaries, or its impact on policy-making and implementation. Client survey techniques and biases were not analyzed. The consequences of drastic staff reductions and curtailment of external financing on ACBF’s operational effectiveness was reported by the Executive Secretary of the ACBF to have undermined staff morale and efficiency.   There is no independent external assessment of the internal structural reforms undertaken. Efficiency is rated modest, since no evidence is presented as to whether the project provided value for money. On balance, shortcomings are considered to be significant, and outcome is assessed as unsatisfactory.

a. Outcome Rating

Unsatisfactory

7. Risk to Development Outcome

The extensive cost cutting measures, restructuring and changes in governance practices achieved with the support of the project has reduced ACBF costs significantly. . However, there is a high risk to development outcome stemming from the sharp curtailment of external donor financing, and the consequent reliance on income from client governments. Donor contributions remain markedly short of their pre-suspension levels, and the decision (ICR, p. 36) not to provide further IDA funding beyond the project may reduce such contributions further.

Should the Foundation's financial position remain precarious, it is likely that this will undermine the standard of its services. Higher quality staff, with better alternative employment opportunities, would probably be the first to leave, thereby contributing to declining standards.

The extent to which the viability of the sub-projects would be compromised without continued high quality ACBF assistance is unclear. The ICR (p. 46) states that many ACBF-supported think tanks are now financially sustainable, but this statement is not backed by evidence.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project was consistent with IDA's strategic priorities in the Africa Region (see Section 3 above). Initial project financing in 2011 was relatively modest. It aimed to assist the Foundation in initiating the implementation of its MAP following the 2-year suspension of IDA funding in 2009-2010. However, further, more substantial additional financing was foreseen in the PAD. This would be contingent on approval of the IDA replenishment, the process for which coincided with project preparation.

Implementation was to rely heavily on the ACBF itself, and there were few if any technical assistance, external training activities or provision of equipment foreseen that would be financed by the project. By design, evaluation was to be based largely on self-assessment, with the project supporting the implementation of the ACBF's own Management Action Plan.

Although IDA had provided decade-long financial support to the Foundation, there was no close working relationship that might have assisted preparation of the project. ACBF staff had little familiarity with Bank procedures, and this contributed to RIDA1's slow start. The principal risks were identified as fiduciary, and project design incorporated changes to ACBF's fiduciary systems. The most important involved modifying the previous pass-through arrangements for sub-grants, and the adoption of World Bank procurement procedures (see Section 10 below).

The ICR does not discuss any preparatory studies or other analytical underpinnings that might have assisted project conceptualization and preparation.

M&E design and management arrangements relied on the strengthening of ACBF's own M&E, which was a project activity (see Section 9 below).

Quality-at-Entry Rating

Unsatisfactory

b. Quality of supervision

The supervision team established a good working relationship with the ACBF, especially following the 2013 restructuring, although disagreements did arise on the cost-cutting methods adopted under RIDA2. Regular supervision assisted the ACBF with adjustment to the new fiduciary systems and the Foundation adopted and applied the modified arrangements that were conditions for the project. Several shortcomings identified in RIDA1 were addressed in the RIDA2. This was especially the case with some of the initial indicators, which were not closely related to ACBF sub-projects. RIDA2 focused more on cost reductions, which were necessary given the curtailments in external financing.

A Bank team visited sub-projects in 4 four of the recipient countries to assess performance under ACBF grants. It concluded (ICR p. 40) that there had been significant improvement in ACBF sub-grantee M&E capabilities, which, inter alia, had resulted in the sub-grantees being able to access funding from other sources.

The Bank team followed progress on cost cutting measures and internal processes, but technical assistance to monitor and assist in the enhancement of internal governance does not appear to have been financed by the project. If technical assistance had been provided at an early stage, some of the internal issues would have been identified and outside expertise could have contributed to dealing with them. The Bank project team carried out their supervision diligently given the design shortcomings, but as the following paragraph indicates, management involvement was limited.

According to the ICR (p. 43), "[Bank] management attention to this sensitive, high-risk and potentially high reward project appears to have been episodic." The ICR (p. 47) quotes the ACBF Executive Secretary as saying, "The feeling at the ACBF is that the Bank's leadership, especially at the Africa Region, showed little interest in ACBF's work and its achievements." The Foundation also complained that it had received assurances from senior Bank staff that the additional financing for RIDA2 would be US$100, not US$65 million as approved by the Board, and that no official notification was given that there would be no further financial support from IDA following project closure.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The Financing Agreement (p. 9) required that the ACBF formalize its M&E system (it had established an Operations and Evaluation Department for the first time in 2008), submit M&E reports yearly (adjusted to twice yearly under the 2013 restructuring), and that grant recipients' M&E systems be assessed prior to any financing approval. Sub-projects were required to submit quarterly M&E reports (PAD p. 5).

The results framework encompassed 2 sets of variables. The first related to the effectiveness of the ACBF sub-grants. These were measured by a set of output indicators that recorded such items as the number of pieces of policy research, the number of ministries and departments in recipient countries supported through ACBF TA, and students on ACBF scholarships receiving masters degrees and training. The outcome indicators for RIDA1 were the recommendations submitted to governments that were used in policy formation. For RIDA2, the intermediate results indicators consisted of the number of requests for products and services, of peer reviewed clients' products, of engagements between ACBF clients and policy makers, of ACBF knowledge and learning products cited, and the percentage of ACBF clients with functional M&E systems. Outcome indicators for the first objective were self-assessed sub-project ratings, and client satisfaction survey results (survey techniques and biases were not analyzed). The severe shortcomings in the design of the indicators, particularly the lack of any baseline data, casts doubt on the veracity of the results that were achieved.
The indicators for the second objective focused appropriately on financial ratios such as the ration of staff costs to budget.

b. M&E Implementation

The ACBF improved its reporting during implementation and complied with enhanced submission requirements under RIDA2. All progress reports were submitted in a timely fashion.

A "retrofitting" was carried out of sub-projects initiated before 2011, and which did not conform to the M&E arrangements in the project covenants. The ICR (p. 39) reports that nearly 70 sub-projects in 2011 and nearly 40 in 2013 were retrofitted. Furthermore, the documentation of evaluation of sub-projects increased with the regular production of project completion reports, mid-term reviews and special evaluations for selected sub-projects although as the M&E Design section points out, the information may at times have been of questionable value.

c. M&E Utilization

By closure, the ACBF was using the M&E system at both the corporate and the sub-project level. The system in place produced "accurate, validated data on all project indicators" (ICR p. 40). The effectiveness of the ACBF M&E system was noted at regional conferences, and as a result, the ACBF was invited to join a task force to develop an M&E training curriculum for the whole of Africa.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as category C for environmental assessment purposes, and no safeguard policies were triggered. The ICR reports that there were no environmental or social compliance issues.

b. Fiduciary Compliance

Design incorporated important changes in ACBF internal practices to reduce fiduciary risk. The Foundation was required to comply with Bank fiduciary policies for the first time. The previous pass-through arrangements for donor and DGF grants to the ACBF, which limited the Bank’s contractual fiduciary oversight both as donor and trustee were deemed inadequate. Instead, the Bank and ACBF agreed that

RIDA financing required the application of standard Bank fiduciary policies and technical supervision to provide better assurance that Bank and donor funds were spent for intended purposes. The use of Bank procurement guidelines would be mandatory for all contracts financed under the project. At sub-grant level, these requirements, and the particular procurement methods to be used and institutional arrangements to be maintained by the sub-grantees, were elaborated in ACBF's Procurement Guidelines, which were updated and finalized as part of the updated Operations Manual, as a condition of project effectiveness. During implementation, contract management was systematized. Improved procedures at both the ACBF and sub-grantee levels enabled the Bank to reduce the fiduciary risk rating from moderate to low.

There were several instances of 'questionable expenditures' during 2015-2016. The Bank claimed reimbursement of 'ineligible expenditures' following a February 2015 Travel Audit Report. Following an independent and verification by the Bank's Financial Management Specialist, US$182,854 remained a subject of non-agreement between the Bank and ACBF; however, the Bank withdrew its demand for a refund in September 2017 (ICR, p. 42).

c. Unintended impacts (Positive or Negative)

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d. Other

The project had a positive impact on gender related issues. The ICR (p. 25) points out that its support for the Women's University in Africa epitomizes this impact. The Women's University in Africa has graduated more than 4800 women students. The ACBF also conducted numerous regional workshops that provide training for African women.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Unsatisfactory	Although outcome targets were met, there were deficiencies in the quality of some supporting evidence. Survey techniques are not analyzed and sample is unknown. Both objectives are

			rated modest for efficacy. Efficiency is rated negligible.
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	There were major shortcomings in quality at entry: no preparatory studies are mentioned, there was little or no technical assistance planned, and evaluation was to rely largely on self-assessment.
Quality of M&E	Substantial	Modest	Many indicators lacked baselines, much data were unverifiable, and there was a lack of discussion of survey methodology.
Quality of ICR		Modest	The ICR is far too long. It does not discuss several critical issues related to the project

12. Lessons

Among the lessons presented in the ICR (pp. 45-46) two are of particular importance (presented here with some adaptation of language):

- **Timely notification and the formulation of an agreed exit strategy can be expected to increase an institution's chances for sustainability after longstanding support is curtailed**. In this case, discontinuing IDA support to the ACBF in the absence of clear communication and a road map towards independence has placed the institution's viability at risk.
- **Avoiding perverse incentives can increase a project's impact.** In this case, the requirement that ACBF sub-projects be limited to 15 countries provided an incentive to select projects where the likelihood of success was high, rather focusing on countries with the greatest need.

IEG adds two additional lessons:

- **Linking the sub-projects of a Bank-supported capacity-building institution to other Bank operations in the countries concerned can produce important synergies**. In this case, forging such linkages does not appear to have been considered.
- **Bank initiatives at regional and sub-regional levels frequently encounter difficulties in attracting necessary resources for supervision and adequate managerial attention**. This, in turn, reflects the country-oriented structure of Bank operations and incentives. In this case, the ACBF complained of Bank

managerial neglect. Moreover, Bank financial support to the Foundation prior to the project was not accompanied by adequate supervision.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is comprehensive and informative over the complex issues surrounding the genesis of the project and the issues that arose as it evolved. It is frank in its discussion of Bank support, both prior to and during the project. It is internally consistent, with a logical structure, and the lessons are evidence-based.

There were shortcomings. With 43 main text pages (in smaller-than-normal font) and over 200 pages in total, the ICR is far too long and dwells at too great a length on minutiae. At the same time, the decision to cease financial support from IDA after project closure could have been discussed in more detail. Greater clarity on project-financed activities would have been useful, especially with regard to the second objective.

a. Quality of ICR Rating

Modest