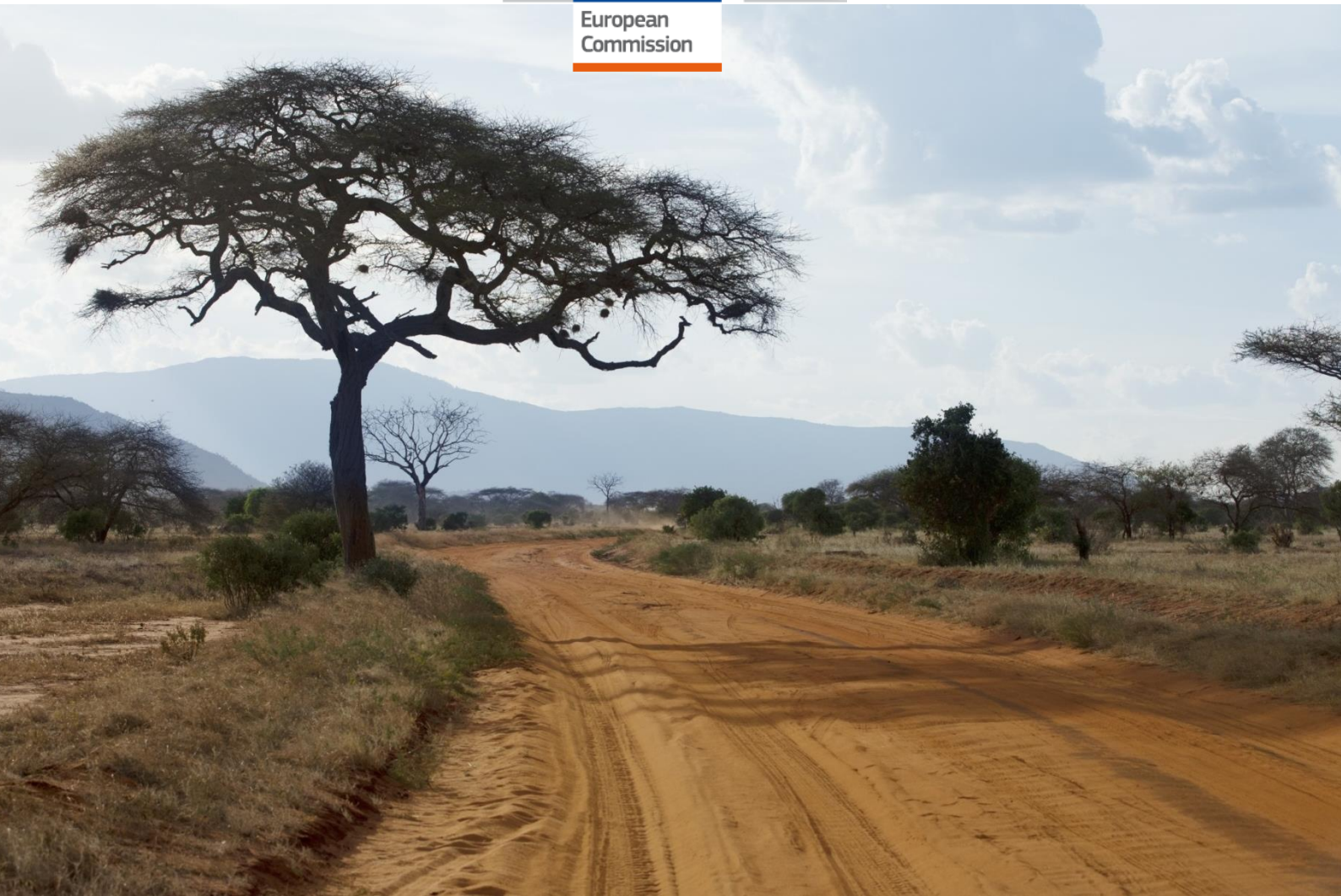




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Evaluation of EU support to the transport sector in Africa 2005-2013

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Evaluation of EU Support to the Transport Sector in Africa 2005 – 2013

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***The opinions expressed in this document represent the authors’
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Executive Summary

Purpose of the evaluation

This evaluation studies EU strategies and interventions in support to the transport sector in Africa during the period 2005-2013 taking into account EU's legal instruments and official communications, international agreements, regional and national cooperation frameworks, other official commitments and institutional changes in the EU. All modes of transport sector support are considered including provision, operation, management and maintenance of transport infrastructure, institutional strengthening, capacity development and regulatory activities.

The main objectives of the evaluation are to provide an overall independent assessment of EU's past and current support and to identify key lessons learned in order to improve current and future EU strategies, programmes and actions of the EU external cooperation services.

Methodology

Methodological guidelines developed by DG DEVCO's Evaluation Unit form the basis for the evaluation methodology used for this Transport Sector Evaluation. A set of 10 Evaluation Questions (EQs) together with a limited number of judgement criteria (JCs) and indicators were established for each EQ in order to facilitate collection of information and analysis. Linkages of answers to the EQs, findings and conclusions arising from analysis of collected information were assessed by peer review complemented by scrutiny by the Reference Group and the Evaluation Unit. Collection of data and information involved documentary sources, a web-based questionnaire filled in by 31 EU Delegations and interviews complemented by direct observation site visits and interviews with stakeholders during the desk and field phases.

Further information was collected during field visits to 10 countries¹, when also preliminary answers to EQs, assessments and hypotheses were tested and refined. During the synthesis phase all analyses undertaken in previous phases have been reprised such that findings based upon analysis of qualitative and quantitative data have been identified and confirmed,² conclusions derived from value judgements based on findings and recommendations developed from these conclusions.³

Main findings

Over forty findings were identified, clustered by EQ themes. The main findings are summarised below.

EQ1: Policies and strategies in response to needs.

Changing EU sector policies have been appropriate for transport sector needs in Africa but were not exactly responsive to national sector policies and strategies. Rather, national sector policies and strategies, mostly prepared by donor-funded Technical Assistance (TA), reflected donor policies and international consensus (F1.1).⁴ EU transport sector policies were also coherent (and compliant) with wider EU development policies, including 'Division of Labour' of which the EU has been a strong advocate amongst transport sector donors (especially the EU Member States) during the implementation periods of EDFs 9 and 10. EU transport sector support did also respond to expressed national needs for

¹ Morocco, Uganda, Mauritania, Benin, Senegal, Mozambique, Cameroon, Ethiopia, Madagascar and the DRC

² Findings are based on qualitative and quantitative data, facts, information and analysis.

³ Recommendations are derived from and related to conclusions (and lessons learned) and should not normally involve further value judgements.

⁴ Refers to Finding 1.1, see chapter 3.

capital investment in transport infrastructure, strongly advocated by national governments (i.e. predominantly roads).

EQ2: Move from a project-based to a sector-wide approach and to using the SBS financing modality

The move from a project-based approach to Sector Policy Support Programmes (SPSP) was not a response to expressed partner government needs, which almost unanimously wished for a continuation of the purely project based approach. However the change was sound producing overall efficiency gains despite institutional capacity deficits in many countries. Eleven African countries having adopted a sector wide approach received sector budget support (SBS) focussed on the transport sector. In these countries these capacity deficits contributed to problems in implementation of SBS, which was accompanied by high expectations for predictability of funding, improved public finance management (PFM) and better sector governance, but effectiveness was impeded by poor appreciation of SBS procedures for disbursement of the variable and fixed tranches. Structured donor coordination, policy dialogue and consultation were essential components of the SPSP approach but whilst such frameworks were initially effective, there is now a weakening of such cooperation as 'new' bilaterals operate independently.

EQ3: Transport sector management

Many countries now have transport sector policies, strategies and programmes (at least for the road sector), but in many cases they are not regularly updated, which contributes to a disconnect between programmed and actually implemented works. This disconnect, the lack of updating of the policy documents and the insufficient quality of base information decrease the utility of such documents.

EU support to *institutional change* bringing clearer definition of functions, has been more effective than *institutional capacity building*. There are still substantial capacity deficits including not only weaknesses in planning, programming and programme implementation noted above but also sector governance deficits (including dilatory axle-load control and enforcement of traffic regulations) and outright corruption. Such concerns also negatively impact on road safety which is a growing concern across Africa although not always identified as a priority issue in all countries.

EQ4: Infrastructure operation and maintenance

Road maintenance is deficient in many African countries and serviceability (and affordability) of road networks continues to be in doubt. Few countries recognise the need for timely maintenance such that funding is deficient compared with maintenance needs. This situation is compounded by the capacity deficits noted above such that even these limited funds may not be disbursed whilst quality of maintenance works is often poor. National Small and Medium scale Enterprises (SME) should play a major role in road maintenance but despite support by the EU and other sector donors, SMEs continue to be denied access to such works due to a combination of capacity shortfalls and lack of access to finance. Most works are carried out by large international contractors (increasingly Chinese) in whom national governments have greater interest.

EQ5: Economic and social development

EU transport sector support has almost completely comprised of provision of road transport infrastructure, equipment and technical assistance. Transport costs have reduced as an outcome of EU-supported road rehabilitation, but transport prices (freight haulage rates and passenger fares) often have not fallen due to the operation of cartels.

Virtually no ex-post evaluation of cost effectiveness, outcomes and economic and social impacts of EU's transport sector support have been undertaken. Most EU sector policies (together with national and regional sector programming documents) link improved

road infrastructure to economic and social development and poverty alleviation. However, such 'intuitive' positive linkage is supported only by independent studies of similar analogous support provided by other donors elsewhere. EU support to infrastructure investment at national levels was focussed mainly on main roads, many of which were sections of regional transport corridors. External studies show that such improved infrastructure reduces the 'transport cost penalty' of landlocked countries thus contributing to intra-SSA trade, economic development and thus to poverty alleviation (F5.3).

EQ6: Poverty alleviation

The expected poverty alleviation impacts resulting from EU support to the transport sector relied on the assumption that benefits 'trickle down' to the poorest and most vulnerable. The only explicit targeting on those most vulnerable persons was by inferred targeting by locating some EU support to rural roads in geographic areas with high concentrations of poverty.

EQ7: Regional integration

Despite previous EU support to improving capacities of regional institutions to adequately manage some transport sector operational and development issues, capacity of the Regional Economic Communities (RECs) continues to be weak. Such concerns affect the effectiveness of EU support to facilitate movement of people and freight by preparation of revised regulatory frameworks at regional levels.

EU's decisions to focus the EDF-11 transport sector support on regional programmes and strengthening regional integration, while disengaging from the transport sector support at national levels, came as a surprise to national and international sector partners, whose reaction as regards disengagement from national level support has been almost unanimously negative, in part due to a lack of consultation and communication by the EU. Inconsistent application of the grounds for countries for continuing transport sector support has further confused (and irritated) sector partners. Also the disengagement appears to distance the EU from some of its claimed added values and the 'Division of Labour' objectives for which the EU had been an advocate during the implementation periods of EDFs 9 and 10.

EQ8: Selection, planning and prioritisation of EU support for infrastructure investment

Selection of EU's transport sector support interventions has been subject to feasibility studies and economic and social justification of investment although few risk assessments have been carried out. No 'vanity projects'⁵ have been identified. However, most feasibility studies were not an analysis of different options but rather a demonstration of viability of a pre-selected intervention. Also in some cases flawed assumptions cast doubt upon stated viability whilst an 'optimisation bias' is noted in preparatory documents. Such optimism has resulted in over-estimation of partner countries capacities and performance in delivery of commitments. Where such doubts on partner capacity have been recognised there has been increasing recourse to technical audits of design and implementation of support projects. However, despite the increasing use of such controls, contractual complications (including cost and time over-runs) were common in construction contracts, which is not unique to EU support; other sector donors report similar issues.

⁵ In this context taken to be a project of dubious or minimal cost effectiveness or value undertaken at the whim of (usually) a national leader for motives of personal or political aggrandisement.

EQ9: Support modalities, cooperation frameworks, implementation mechanisms and legal instruments

Delays in implementation of EDF programmes resulted in concurrent implementation of different strategies. This was the result of EU aid strategies being changed for each EDF cycle and also at other intervals when new EU transport sector policies were issued by the EU. However pragmatic management of the resultant mix of programmes, modalities and strategies by the EU Delegations (EUDs) has been effective. Linkages between different support modalities and the pros and cons of available modalities have been discussed with the partner governments.

There are reports that EDF procedures were difficult to handle for less capacitated users and/or in countries with weak governance structures. The EDF procedures did not facilitate rapid mobilisation of funds in response to emergency situations.

Despite the doubts about ‘bankability’ of road projects blending has demonstrated potential in the transport sector but there is only limited familiarity with blending in African countries (including EUDs).

EQ10: Procedures and resources

EUD capacities to manage transport sector projects and programmes improved during the EDF 9 and 10 implementation periods. Currently some 60% of the EUDs consider that staffing is adequate for management of the transport sector support under EDF 10. However technical staff levels in the EUDs are now being reduced including re-assignment of technical staff away from the sector, which, combined with a 50% reduction of transport sector staffing at EU Headquarters since 2008 signals a weakening of technical capacity that is impacting upon the preparation of EDF 11 in some countries. An overall human resources strategy appears to be lacking with directorates having distinct strategies (F10.2). Operationally 60% of the EUDs reported having limited budgets for management and monitoring of the transport sector support portfolio.

Main conclusions

A total of 17 main conclusions have been formulated, ‘clustered’ by ‘Relevance of policies and strategies’, ‘Implementation and efficiency’, ‘Effectiveness and impact’, ‘Sustainability’, ‘EU added value’ and ‘Cross-cutting issues’.

Relevance of policies and strategies

EU support to the transport sector in Africa has been highly relevant and has largely responded to expressed needs at national (and to a lesser degree regional) levels in concentrating on provisions of infrastructure, equipment and technical assistance (TA), predominantly to the roads sub-sector. Most national sector policies and strategies were prepared by donor-funded TA but many governments did not fully subscribe to such policies which were perceived as a conditionality for donor support and thus were more tolerated rather than whole-heartedly embraced. A further factor is that EU transport policies were and are standardised across Africa irrespective of very different country situations as regards capacity, governance, economic situation and social stability.

Whilst, generally, EU transport sector policies are coherent with wider EU development policies and the sector policies of the EU-MS, sector donor coordination has weakened. However, some other EU policies have complicated the implementation of the EU support to the transport sector (e.g. EPAs, Sugar Protocol). As regards sector coordination, a number of factors have been identified that reduced the scope and incentive for coordination and undermined coordination i.e. the increasing level of operations of new bilateral donors not taking part in the donor coordination processes often

operating outside national sector policy frameworks (often with the active involvement of the partner government), coupled with the departure of some of the traditional transport sector donors. Attempts to engage these new bilaterals in the coordination processes have failed.

Implementation and efficiency

EUD capacities and capabilities for adequate management of transport sector support have fluctuated during the evaluation period. They improved during the 9th EDF implementation, were considered adequate for the 10th EDF but deteriorated as the 11th EDF programme was prepared (C4.2.1). During this period EUDs effectively managed EU aid strategies and modalities that changed with each EDF programme, while delayed programming resulted in concurrent implementation of different modalities and strategies. EDF procedures gave rise to complaints about complications and length of time taken for programming and decision making. The procedures were and are inadequate for rapid response actions and difficult to apply for users with limited capacity and experience. On the other hand there is recognition that these procedures exemplify objectivity, rigour and probity. However, EDF procedures applied by decentralised management and related procurement processes do not adequately take into account specific risks arising from institutional weakness, governance of entrepreneurial contexts of high-value infrastructure construction and maintenance works contracts.

Effectiveness and impact

Effective implementation of EDF-9 and EDF-10 sector support is now followed by the proposed disengagement from the transport sector in most African countries under the EDF-11. Unsure application of the programming rationale and ineffective communication in preparation of EDF-11 (rather than the precepts upon which the EDF-11 strategy was based) are initial constraints upon effectiveness of EDF-11. The current situation is characterised by inconsistency – some countries have had transport sector support reinstated after initial disengagement; other countries in a similar situation do not get transport sector support under EDF-11. Whatever the merits of the new strategy, programming has resulted in puzzlement among sector partners whilst principles of coordination and ‘Division of Labour’ seem to have been ignored.

Outcomes and impacts of EU support to the transport sector upon trade, economic and social development and poverty alleviation are estimated to be high, in view of conclusions from independent studies of similar development support activities in analogous country situations. However, virtually no monitoring or ex-post evaluations of such outcomes and impacts having been carried out, which could support this overall appreciation. Given the huge value of EU support to the transport sector in Africa during the evaluation period (2005-2013) – approximately €5 billion – such a lack of attention paid to identification and quantification of benefits and application of lessons learned is incomprehensible.

Blending of financial instruments has demonstrated potential in the transport sector but it is not a universal panacea as conventional measures of financial viability of many transport sector projects in outside urban and peri-urban areas are low. A further issue is lack of familiarity with the concept of blending on the part of governments and EUDs. Regardless of the financing modality, estimation of viability of all capital investments is dependent upon assumptions of delivery of beneficiary commitments to implement specified activities or measures (such as adequate maintenance, axle load control or impose tolls or tariffs). However, experience shows that in many cases the delivery of commitments of partner governments and sector institutions is, at best, partial.

The move from a project-based to a sector-wide approach was sound with some efficiency gains although such a move did not respond to expressed needs.

Commitment of most partner governments to such an approach, imposed by donors, was half-hearted. The sector-wide approach was accompanied by SPSPs and, in some countries, by SBS; the latter with limited success. SBS has only succeeded in countries with adequate sector governance frameworks combined with procedural, managerial, technical and monitoring competence and a clear understanding of SBS principles and procedures.

Despite equivocal government commitment, the EU's and other donors' support to institutional reorganisation (including via the policy dialogue) at national levels has been moderately effective (less so at regional levels), and was in fact more effective than the support to institutional capacity building as TA (concentrating on technical rather than management issues) have usually delivered limited long term capacity building gains. The EU's and other donor's efforts to persuade partner governments to undertake institutional reorganisation were made over decades, in particular via the policy dialogue. However, partner governments and sector institutions have shown only limited (political) commitment to implement such transport sector reform measures, whilst capacity issues and opportunism are other complicating factors.

Sustainability

EU support has not succeeded in developing and implementing appropriate ways of tackling and progressing in solving the greatest single threat to outcomes, impacts and sustainability: road maintenance. Road maintenance is deficient and network conditions are deteriorating in almost all African countries. If such maintenance neglect continues unchecked, it will negatively impact upon wider development goals. Paradoxically, substantial donor support to major roads, which has increased the size of the national network, has in some countries expanded the network beyond what can be maintained by that country, whilst simultaneously being insufficient for national development aspirations. Maintenance funding is conventionally considered to be the responsibility of national governments using tax revenues. However, some years ago donors stepped in to support 'backlog' and 'emergency' maintenance of roads when increasing maintenance deficits seriously threatened network serviceability and rural access. History now seems to be repeating itself. The continuing deterioration of road network conditions and potential negative impacts on national development goals and regional connectivity raises the question whether EU should re-enter to again offer such support.

EU added value

EU has brought and developed real added values during the support to the transport sector (sector expertise, political neutrality, involvement in policy and strategy development, in-country presence, focus on cross cutting issues, flexibility in seeking to cooperate with other sector donors and size of the financial support), **but some of them are cyclical.** Overall, EU's added values have made sector support management more transparent, thus providing a strong demonstrative example of improved sector governance to the partner governments and sector institutions, and counteracting forces of nepotism, interference by vested interests and corruption. Such exemplary sector governance is notably absent in the activities of some 'new' donors. On the other hand no evidence has been identified supporting the assertion that the consensual nature of EU coordination and dialogue with EU MS has resulted in EU possessing unique skills bringing special value to transport sector coordination and dialogue.

Coherence and coordination

Generally, EU transport sector policies are coherent with wider EU development policies and the sector policies of the EU-MS sector, but donor coordination has weakened and some other EU policies have complicated the implementation of the EU support to the transport sector (e.g. EPAs, Sugar Protocol).

Cross cutting issues

The most commonly identified cross-cutting issues of the 9th and 10th EDFs (environment, HIV/AIDS, social issues, road safety and gender) have not all been fully mainstreamed. It should be noted that what constitutes a cross-cutting issue varies from country to country and between different EDF cycles. Whilst not actually identified as a cross-cutting issue, capacity building is as close to being mainstreamed as any of the formally identified cross-cutting issues. Governance (specifically corruption) has been little addressed in EU sector support but there are good reasons to consider sector governance also as a cross-cutting issue.

Main recommendations

Recommendation 1: Review the 11th EDF strategy of disengagement from the transport sector.

The current situation as regards transport sector support under EDF-11 is confusing. Criteria for disengagement or continuing transport sector support have not been consistently applied. Support is withheld from some countries whilst continuing in other countries with analogous developmental situations. The changed transport sector support strategy came as a surprise to many sector partners and is opposed by most countries where support has ceased. Lack of communication has been cited by various partners. Unilateral centralised decision making has set aside principles of coordination, division of labour and responding to expressed needs, and appears to distance the EU from some of its 'added values'.

Recommendation 2: Consideration should be given as to whether the EU should, and if so, under what circumstances re-enter the transport sector at national levels specifically to support 'backlog' or 'emergency' maintenance.

Maintenance neglect of road networks in Africa is resulting in premature deterioration, loss of capital value, increased whole life costs, higher vehicle operating costs, longer journey times and reduced (or even denied) accessibility. Such decay negatively affects economic and social activities, regional integration and stability. Should such neglect continue to be unchecked, wider development activities and objectives are threatened.

Recommendation 3: Promote 'blending' of financial instruments as the preferred modality for EU support to financially viable capital investments in transport infrastructure.

There is evidence that the blending modality can deliver added value in terms of mobilising additional funds for financially viable transport sector projects. At the same time the amount of grant funding needed for such projects will be reduced and can be used for transport projects which are economically but not financially viable (even not with interest rate subsidies), or in other sectors. However, it should be noted that projects funded on the basis of blending will be confronted with the same sector level deficiencies as the traditional grant-funded projects (institutional weaknesses, insufficient maintenance, etc.). Moreover, the financial viability of transport sector projects is influenced by government commitments as regards implementation of costs recovery mechanisms, road maintenance and sector management. Non-fulfilment of those commitments will negatively affect the financial viability of the project financed through blending of financial instruments. The challenge is thus ensuring that the assumptions as regards fulfilment of the Government commitments are robust, risks (of failure of such assumptions) are identified and mitigation or avoidance measures are put in place.

Recommendation 4: Carry out ex-post evaluations of all EU's support to the transport sector

Virtually no ex-post evaluations of outcomes and impacts of EU support to the transport

sector have been carried out. Similarly no studies have been undertaken comparing the impact and cost effectiveness of EU support to the transport sector with support to other sectors (e.g. health, education, rural development, agriculture). Grounds for claimed benefits of EU transport sector support in terms of trade, economic and social development and poverty alleviation are derived almost entirely from independent studies of transport sector support undertaken elsewhere by other funding agencies. Given the quantum of EU's transport sector support during the evaluation period (€5 billion) more effort could and should have been made to gain directly relevant feedback, lessons learned and replicable good practise.

Recommendation 5: Continue and intensify support for SMEs engaged in road maintenance and construction.

National road construction industries, especially small and medium sized businesses, have a key role to play in maintenance of national road networks. These firms have low technical capacity and limited access to credit and financial services. Previous support to such SMEs (by the EU and other sector donors) has had only limited success – few firms having received such support have thrived or even survived. Governments are more interested to cooperate with larger companies, most of them international firms and increasingly Chinese firms, which successfully tender for larger value contracts. Measures to facilitate access of smaller national firms (SMEs) to works by specifying that a proportion of the total contract value of a large project has to be subcontracted to local SMEs have, in some countries, been subverted by major (international) firms establishing small national firms which are then awarded the sub-contracts.

Recommendation 6: Continue support to RECs for strengthened governance and management capacities of transport sector programmes and projects.

Under the 11th EDF it is proposed that support to the transport sector should be considered in the context of regional programmes aimed at strengthening regional integration. Such regional programmes should comprise two components one of which should be managed by RECs (or other regional entities) the second managed by DEVCO (for infrastructure financing (e.g. ITF, NIF). But, capacities of the RECs to manage projects are widely perceived to be weak. So far regional implementation of EDF transport sector support has resulted in delays and serious under-achievement of objectives with eventual re-allocation of EDF funds to the energy sector. However, RECs should play a role in managing regional transport sector projects, because regional integration is a key priority of EU development policy including regional coordination and development of transport infrastructure.

Recommendation 7: Implement the methodology and tools for integration of governance into EU support for the transport sector

Governance issues in the transport sector have been little acknowledged and even less addressed. And yet such issues have a significant influence on efficiency, effectiveness and impact of sector support. Governance issues in the transport sector include insufficient institutional and management capacity, political nepotism and clientelism, erosion of professional ethics and standards, inefficiencies, corruption and practises which encourage subversion of due process (such as intentional delays in anticipation of payment to 'oil the wheels', collusive tendering, false certification of quantities of work). A feature of such practises in this sector is the rarity of apprehensions or penalties even in clear cases of overt corruption. 'Less' serious transgressions (such as the final example noted above) are very difficult to identify given the reliance on professional integrity upon which contract supervision relies.