

« FICHE CONTRADICTOIRE »

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

(*For details on the recommendations please refer to the main report)

Recommendations	Response of EU services	Follow-up (one year later)
<p><i>1) Review the 11th EDF strategy of disengagement from the transport sector.</i></p> <p>This recommendation includes reviewing the following issues during the mid-term review of EDF-11 in 2017-18, in close and open consultation and dialogue with sector partners (partner country governments, RECs, donors, IFIs) while taking into account the SDGs:</p> <ul style="list-style-type: none"> • the criteria for disengagement or continuation of support; • transport sector situations in all countries (including influence of ‘third countries’ and assessment of sustainability, maintenance and operation of transport infrastructure, especially roads) and identify consistently and coherently the countries which should or should not continue to receive EU support to the transport sector. 	<p>Partially accepted.</p> <p>The question by the end of 2015 was how to apply this recommendation in practical terms. The NIPs and RIPs were approved in 2013-2015. Management decisions were taken in order to merge the infrastructure section with other sections in some delegations. The Medium Term Reviews of the Programming exercise in 2017-18 were seen as an opportunity to review this disengagement strategy in some countries, but the Agenda for Change was a major constraint to this review.</p>	<p>The EC has set up the new European Consensus on Development as a new policy framework for its development cooperation. In this new European Consensus transport is not considered as a priority. However, the major shift to blending modalities and the approval of the EIP give the possibility to implement this recommendation.</p>
<p><i>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 major ‘backlog’ or ‘emergency’ maintenance</i></p> <p>Renewed support to the transport sector could include:</p> <ul style="list-style-type: none"> • Financing of major ‘backlog’ or ‘emergency’ maintenance (in principle ‘blending’ could be appropriate for major ‘periodic’ or ‘emergency’ maintenance); 	<p>Partially accepted.</p> <p>See the comment above: the question by the end of 2015 was how to apply this recommendation in practical terms, taking into account the major constraints to this review.</p>	<p>The EC has not considered re-entering the transport sector at national levels to support backlog maintenance with 100% grants. This maintenance is supported in the framework of the AfIF instrument for some projects with regional interest.</p> <p>For Africa and the Neighbourhood there will be possibilities created by the EIP and its three pillars.</p> <p>Institutional strengthening (TA) and support to</p>

Recommendations	Response of EU services	Follow-up (one year later)
<ul style="list-style-type: none"> • Institutional strengthening (TA for planning, programming and implementation management of road network maintenance); • Support to improving sector governance and policy dialogue in general. 		<p>improving sector governance and policy dialogue in general has been prepared at regional level (11th EDF RIPs). In some countries, the Technical Cooperation Facility has been applied to reinforce management of road network maintenance and axle load control.</p>
<p>3) Promote ‘blending’ as the preferred modality for EU support to capital investment in transport infrastructure</p> <p>There is evidence that the blending modality can deliver added value. However, it is not suggested that blending can immediately resolve problems of non-delivery of commitments by partner country governments and institutions which have been encountered during decades of grant-funded support. Estimation of economic viability is based upon capital costs, usage of the infrastructure (expressed as reduced costs and/or revenues) and assumptions of economic life and service levels of the infrastructure. These assumptions depend upon delivery of commitments by the donor government and sector institutions to adequately operate and maintain the infrastructure asset. Such commitments are often not delivered.</p> <p>The challenge is thus ensuring that assumptions are robust, risks (of failure of such assumptions and other external factors) are identified and mitigation or avoidance measures are put in place. It is not clear to what extent risk management measures have adequately addressed such risks of blending projects. Moreover there are uncertainties about the capability of IFIs for engagement in the sector dialogue. The role the EUDs can play in promotion and preparation of blending projects needs to be further clarified, because less than 10% of the EUDs reported having adequate in-house capacity to contribute to preparation and monitoring of</p>	<p>Accepted.</p> <p>The Africa Investment Facility AfIF created on 29.7.2015 is the blending financing instrument where mitigation measures have to be defined project by project to reduce blending risk.</p>	<p>Conditions, assumptions and mitigating measures in AfIF projects presented to the technical assessment meetings are still general, but more detailed conditions and mitigation measures to reduce blending risks are formulated in the PAGODAs, to be prepared after the project approval at the AfIF Board. Uncertainties about the capability and engagement of IFIs in the sectoral reforms remain (funding of maintenance, fighting axle overloads, etc.).</p> <p>The promotion and preparation of blending projects is more effective in the EU Delegations, where this role depends on the existence and staff of the Infrastructure Sections. Monitoring of blending projects remains an issue because of insufficient in-house capacity.</p> <p>Disbursement conditions have to be defined in the PAGODAs, and this needs the involvement of the EUDs. Targeting of the EU contribution remains a problem to be solved for a certain number of projects.</p> <p>Training of EUDs in contribution to preparation and monitoring of implementation</p>

Recommendations	Response of EU services	Follow-up (one year later)
<p>blending projects. All such issues including cross-institutional collaboration should be addressed when promoting the ‘blending’ concept.</p> <p>Support activities should include:</p> <ul style="list-style-type: none"> • formulation of procedures for clear identification of risks arising from incorrect assumptions and non-delivery of beneficiary commitments and identification of proactive mitigation measures (which may include disbursement conditions) including coverage of cross-cutting issues; • clarification of the complementary roles of the EUDs and IFIs in policy dialogue, institutional collaboration, identification and monitoring of implementation of blending projects; • further, more detailed training of EUDs in contribution to preparation and monitoring of implementation of blending projects. 		<p>of blending projects has been scarce.</p>
<p>4) Introduce systematic ex-post evaluations of all EU transport sector support to capital investment for infrastructure provision in the cycle of operations</p> <p>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 promotion of trade, economic and social development and poverty alleviation are derived almost entirely from independent studies of development support undertaken by other funding agencies. Given the quantum of EU sector support during the evaluation period (€5 billion) more effort could and should have been made to gain directly relevant feedback, lessons</p>	<p>Partially accepted. This recommendation was accepted with reserves:</p> <p>- There is very scarce availability of reliable data on traffic and road conditions, therefore ex-post evaluations of road infrastructure investments are problematic. Furthermore, reliable data on economic and social variables are rare. Measuring the impact of transport investments on economic and social development is a very difficult exercise, full of statistical problems, with a high degree of</p>	<p>In general, for all EC financed projects ex-post evaluations are not compulsory. But this is an obligation for the projects financed through blending.</p> <p>Evaluations of transport projects have been carried out in wider frameworks or geographical areas (evaluation of blending projects, evaluation of Regional Cooperation in West and Central Africa).</p> <p>The constrained human resources allocated to the transport sector have prevented the Delegations from engaging in project evaluation exercises.</p> <p>On the other hand, it has to be observed that the quantum of EU sector support during the evaluation period (€5 billion) has dramatically</p>

Recommendations	Response of EU services	Follow-up (one year later)
<p>learned and replicable good practises.</p>	<p>incertitude for its results.</p> <p>- Besides these reserves, the new effort requested by the evaluation report would take place in a more difficult context, with less human resources, disengaging from the transport sector in many countries.</p>	<p>decreased in 2013-2017.</p>
<p>5) Continue and intensify support for SMEs engaged in national road construction industries</p> <p>National road construction industries, especially small and medium sized businesses have a key role to play in maintenance of the national road network. These firms have low technical capacity and limited access to credit and financial services. Previous support to such SMEs (provided by the EU and other sector donors) has had only limited success – few firms having received such support have thrived or even survived. Governments have more interest in larger companies, most of them international firms and increasingly Chinese, which successfully tender for the larger value contracts. Measures to facilitate access of smaller national firms to works by specifying that a proportion of the total contract value had to be subcontracted to such SMEs has, in some countries, been subverted by major (international) firms establishing small national firms which are awarded the sub-contracts. In the future, support should not concentrate only on technical issues but also include facilitation of access to finance (e.g. guarantees), preferential contract award criteria and better classification procedures.</p> <p>Support should consider:</p> <ul style="list-style-type: none"> • facilitation of better access to finance and credit; 	<p>Accepted.</p> <p>However, the question by the end of 2015 was how to apply this recommendation in practical terms, taking into account that blending modalities do not target local SMEs. Simplification was seen as a possibility to apply this recommendation.</p>	<p>Financing through blending does not target this kind of support, because major international companies are usually involved in blending projects.</p> <p>However, for small projects financed 100% with grants, the simplification of works contracts under 300.000 € (published in the PRAG approved on the 1st of January 2016) reduced financial & administrative burden imposed upon the local SMEs, both during award and implementation phase. The main simplification measures were:</p> <ul style="list-style-type: none"> -Guarantees are no more needed (retention, performance, pre-financing) -The small contracts are lump-sum, payment are made through tranches -There is no price revision -More subcontracting possibilities

Recommendations	Response of EU services	Follow-up (one year later)
<ul style="list-style-type: none"> • review of conditions of contract, especially regarding payment conditions (advance and interim payments), guarantees, insurances and warranties; • intensification of policy dialogue on support to SMEs in accessing road maintenance and construction contracts including national contractor registration categories and eligibility thresholds for contract values. 		
<p>6) Continue support for strengthening governance and programme management capacities of RECs</p> <p>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: (i) the ‘governance envelope’ of RIPS managed by the RECs (or other regional entities), and (ii) an envelope managed by DEVCO for infrastructure financing with indirect management of implementation by the NAOs. But, capacities of 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 the approval of regional transport sector projects, because regional integration is a key priority of EU development policy. Trade cooperation and adoption of common standards as well as infrastructure are essential components of regional integration. Whilst ‘new’ donors (such as China) and ‘new’ modalities (such as blending) will meet at least some of the financing needs for infrastructure at national levels, there are continuing needs for support to strengthening institutional frameworks and organisational aspects of regional integration.</p> <p>Consideration should be given to further support to:</p>	<p>Accepted.</p> <p>We highlighted that the RECs would not be involved in the management of 11th EDF projects financed by the blending facilities, only in the approval of the projects pipeline. The RECs would be in charge of managing the "governance envelope" of the RIPS. This support would involve capacity building, studies, technical assistance, joint customs posts, transport observatories, etc.</p>	<p>The "governance envelope" of the 11th EDF RIPS is in process. The formulation phase is concluded in some regions (West Africa), and being finalized in the rest (Central, East and South Africa). Traditional indirect management with national authorities has been selected to implement many components of transport facilitation, especially in West Africa. Other components related to transport governance will still be implemented by the RECs.</p>

Recommendations	Response of EU services	Follow-up (one year later)
<ul style="list-style-type: none"> • harmonisation of regional procedures, regulations and standards; • management of support programme implementation; • familiarisation with EU modalities (e.g. ITF, NIF, AITF) including blending 		
<p>7) Further strengthen and monitor comprehensive application of the methodology and tools for integration of governance into EU support for the transport sector.</p> <p>Governance issues (including identification and definition of cross-cutting 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 transport sector support. They include institutional capacity, management ethics, political nepotism, clientelism, erosion of professional ethics and standards, inefficiencies, corruption and practises which encourage frustration and 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 apprehension or penalty even in clear cases of overt corruption. ‘Less’ serious transgressions (such as the final example noted above) are very difficult to identify.</p> <p>With a view to further strengthening governance in the transport sector and in order to address common transport sector governance issues, it is proposed that the concepts, methodologies and tools set out in ‘Governance in the Transport Sector (EC, ALAnet Global, Feb 2014, EuropeAid/127054/C/SER/multi) should be applied in all countries where the EU continues to support the transport sector.</p>	<p>Accepted.</p> <p>Strengthening good governance in the transport sector was seen as an essential part of the "governance envelope" of the 11th EDF RIPs. However, the Agenda for Change and the disengagement in many countries was seen as a major obstacle to strengthen governance at national level.</p>	<p>The concepts, methodologies and tools set out in 'Governance in the Transport Sector' (2014) remain a main reference. However, as the EU has withdrawn from its support to the transport sector in many countries, the application of this study has been quite limited. Blending modalities do not allow implementing the application of these guidelines on governance issues. In blending projects, procurement and works implementation are in the hands of the main financier and the beneficiary country.</p>