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**Mid-Term Review SADC Project
Preparation Development Facility, Botswana**

Final Report

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PART V - ANNEXES

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ACRONYMS LIST

ADB	Asian Development Bank's
AfD	Agence Française de Développement
BFS	Bankable Feasibility Study
DAC	Development Assistance Committee
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
EIB	European Investment Bank
EIP	External Investment Plan
EUD	European Union Delegation
EUMS	European Member States
FMO	Netherlands Development Finance Company
GiZ	Deutsche Gesellschaft für Internationale Zusammenarbeit, GmbH
KfW	Kredietanstalt fuer Wiederaufbau
KPIs	Key Priority Indicators
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MoZISA	Mozambique Zimbabwe South Africa Interconnector
NEPAD	New Partnership for Africa's Development
NSC	North South Corridor
PPDF	Project Preparation and Development Facility
PPFN	Project Preparation Facilities Network
PPP	Public Private Partnerships
PSC	Project Steering Committee
RDF	SADC Regional Development Fund
REIP	Regional Economic Infrastructure Projects
RIDMP	Regional Infrastructure Development Master Plan
RISDP	Regional Indicative Strategic Development Plan
ROM	Result Oriented Monitoring
SADC	Southern Africa Development Community
SAPP	Southern African Power Pool
SIPO	Strategic Indicative Plans for the Organ
WD	World Bank

EXECUTIVE SUMMARY

ES.1 EVALUATION CONTEXT AND OBJECTIVES

The creation of the SADC Project Preparation Development Facility (PPDF) was a logical follow-on from the development and publication of the *SADC Regional Infrastructure Development Master Plan (RIDMP)* to provide a regional benchmarking for rapidly increased investment in the infrastructure sector in line with SADC spatial development plans, and in particular the growing realisation that a lack of expertise in developing quality bankable projects was acting as a significant brake on attracting investment into the infrastructure sector. Following the signature and adoption of the Protocol on Finance and Investment in August 2006 by the SADC, the RIDMP was completed and the PPDF was established to address the perceived lack of expertise in project preparation as well as to help leverage financial resources from multiple sources. In this respect, the operationalisation of the PPDF was considered as an essential step in the implementation of the RIDMP. To support this vision, the European Union (EU) signed a Contribution Agreement with the SADC Secretariat to provide a financial support of EUR 11.75 million to the PPDF, while Kredietanstalt fuer Wiederaufbau (KfW) has provided EUR 10.8 million in funding support under KfW's 1st and 2nd Commitments.

The specific objective of the PPDF is to ensure a long-term and sustainable flow of technically, economically and financially viable infrastructure projects prepared and/or financed for the SADC region. The PPDF is centred around three result areas: i) identification and preparation of a pipeline of regional economic infrastructure projects; ii) investment proposals successfully marketed; and iii) development of a human capacity within the region for the identification, project preparation, evaluation and marketing of economic infrastructure projects.

The mid-term evaluation's purpose is to provide the relevant EU services and interested stakeholders with an overall independent assessment of the PPDF's past performance, paying particular attention to its intermediate results measured against its objectives. Within this, the evaluation will serve to understand the performance of the Programme, its enabling factors and those hampering a proper delivery of results, and provide recommendations on how to improve the Programme during its residual duration in order to achieve the expected objectives, taking into account problems and opportunities. In terms of evaluation scope, the evaluation covers the EU Contribution to the PPDF, while in terms of temporal scope, the evaluation focuses on the assessment of achievements, quality and results of the PPDF from 13 December 2013 to end 2018. The evaluation approach involved the development of the evaluation framework, including evaluation questions, judgement criteria and indicators, while the work programme involved an Inception and Desk Phase, a Field Phase and a Synthesis and Reporting Phase. The Field Phase consultation involved missions to Botswana, South Africa, Zambia and Zimbabwe during November 2018.

ES.2 EVALUATION FINDINGS

Relevance

Regarding the **Action's relevance**, the PPDF is highly relevant to SADC regional policies in that it promotes the SADC-EU development cooperation as inscribed in the *SADC Common Agenda* goals. The PPDF is particularly relevant to the first policy that seeks to "*Promote sustainable and equitable economic growth and socio-economic development*", while the Facility is also aligned with the priorities defined in the long-term Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plans for the Organ on Defence, Politics and Security (SIPO). The PPDF is also relevant to SADC Member State policies – examples are i) Zambia's institutional reform to improve investors attractiveness through the Private Sector Development Reform Program (PSDRP) and the development of harmonized investment policy and tax

incentive systems, as well as a framework review for PPPs¹, and ii) Zimbabwe's latest Investment Policy statement which underlines the essential role of foreign direct investment as a main contributor to the country's development connecting domestic entrepreneurs to global economy².

Effectiveness

Regarding *Result Area 1 (Identification and preparation of a pipeline of regional economic infrastructure projects)*, the project has made solid progress in terms of first identifying and then preparing a pipeline of regional infrastructure projects. Following a PPDF Call for Proposals, nine proposals were retained in the assessment and selection process, and the PPDF has been supporting these projects since – of these proposals, six were supported under the EU's funding support and the remaining three under KfW's funding support. One of these projects is being jointly supported by both the EU and KfW (Luapula Hydropower). The projects are regional projects, focused on the improvement of electricity connectivity between SADC countries, improvement of road connectivity and improvement of rail connections, and cover five of the SADC Member States. While there is scope to improve the operational implementation of PPDF, a lot has been already achieved by a number of the projects, with some showing impressive dedication, risk-appetite and resilience in overcoming challenges.

Regarding *Result Area 2 (Investment proposals successfully marketed)*, it should be noted that the projects are primarily at the feasibility stage, with feasibility yet to be confirmed, and thus a full investor marketing effort will require project viability to first be confirmed, as well as decisions taken on project ownership, funding amount, funding mix and funding mechanisms. Some of the beneficiary projects have secured interim financing support in the meantime, such as the Kasomeno-Mwenda Toll Road Project, while the work and progress of the North South Corridor Project has made it closer to reach bankability and attract investors interest. However, most projects are not yet at a bankable status, and overall assessment is made more difficult given that there is a lack of clear, regular and transparent monitoring of bankability progress from DBSA³. Moreover, beyond the beneficiary projects' own efforts, there seems to be significant lack of a dedicated investment contact, promotion and outreach activity at the general PPDF level, with no overall investment approach and investor outreach plan having been made available to-date from DBSA. This is consistent with the general weakness of Facility (PPDF)-level functions and work processes (e.g. PPDF visibility, PPDF marketing, PPDF communication, project management, and programme/project reporting), and can for example be seen in the PPDF website pages. Overall, the progress under Result Area 2 is behind what would be expected in terms of results and in particular work effort, and needs to be addressed urgently.

Regarding *Result Area 3 (Development of a human capacity within the region for the identification, project preparation, evaluation and marketing of economic infrastructure projects)*, three training courses have been delivered by DBSA's Vulindela Academy, using externally-contracted training professionals, with exit feedback from participants showing positive response. Two new training events are planned for the remaining time of the PPDF. A major weakness (not linked to the Academy) relates to the organisation of this training effort without a wider strategic and management reflection from SADC and DBSA on how to best achieve results under this work area, in particular with a view to creating strategic and systemic change, and momentum. This has resulted in the delivery of "one-off" courses, with lack of a selection of candidates with a view to building a human ecosystem, and lack of sufficient use of local infrastructure examples. No further post-training impact assessment has been carried out, but the stand-alone manner in which training was delivered would suggest that medium and longer-term impact is likely to be low, or at least ad-hoc. In

¹ "Bureau of Economic and Business Affairs, 2017 Investment Climate Statements Report", in www.state.gov/e/eb/rls/othr/ics/2017/af/269795.htm

² "Investment Guidelines and Opportunities in Zimbabwe", p.3, Government of Zimbabwe, 2018

³ i.e. a lack of a detailed monitoring and reporting of progress towards bankability, in terms of stakeholder management, management of project preparation consultancies, investor relations).

this regard, an important opportunity to start building a supportive ecosystem of human capacity to support project identification and preparation and promotion has to-date been missed.

Efficiency

The PPDF has had a very mixed implementation performance in terms of management and efficiency. Significant delays have been encountered throughout the programme implementation, starting with the time required to put in place a working agreement between SADC and DBSA, including the development of the PPDF operational guidelines under SADC's leadership. The organisation of PPDF implementation and management within DBSA, where all PPDF staff and tasks were grouped in one unit (until late 2018), may also have contributed to an over focus on individual project preparation work and a corresponding lack of focus on PPDF programme-level tasks and functions. Despite the dedicated work of staff of many individual DBSA project preparation, and their support to their respective project(s), the PPDF has been constrained by the lack of strong Facility-level management functions (e.g. marketing, promotion, monitoring, ecosystem development, etc.) and of strong leadership. Similarly, it may be possible to do more to ensure that centralised DBSA processes, for example procurement⁴, do not unduly dictate the pace of progress of the PPDF infrastructure projects being supported.

DBSA has also not ensured satisfactory communication and reporting to all key stakeholders, including SADC and in particular to the PPDF funding partners, the EU and KfW. The poor quality of the reporting is even more surprising given the importance of good investor management and relations with fund providers in any such Facility as the PPDF, with an ambition to grow and diversify its funding sources. However, it is important to emphasise that DBSA has acknowledged that more attention needs to be given to reporting quality. There has been a significant improvement in progress reporting for Q4 2018, with a clear increase of quality. It is now crucial that this improvement is not only maintained, but further enhanced. PPDF governance has also exhibited significant shortcomings, in particular in terms of ensuring quality and transparent reporting, results-based monitoring against key KPIs, and in providing a sufficiently detailed basis to assess progress, understand challenges and quickly finding solutions.

It is important to state that significant efforts have been made in the latest Projects and Programmes reports, with improved Reporting format and more information provided, which is a step in the right direction. In addition, the Programme reports indicate that the Secretariat is considering setting up a secured website to share completed studies for PPDF SC members and SADC, which would be highly valuable for internal and external communication.

Still, the above shortcomings are the manifestations of a lack of clear leadership at the PPDF management level from SADC and DBSA, and a lack of detailed PPDF management to develop and evolve the Facility (this is addressed in Cat II Recommendations). The issues with progress reporting and reporting to the Funding parties also suggest weaknesses in terms of ownership within DBSA, in particular making one person responsible for overall relations with funders for a given facility.

Impact

It is difficult to gain a precise overall picture regarding investor interest. On the basis of the documentation review and stakeholder interviews, investor interest is related to specific projects supported by the facility, which can also vary on the current stage of project's advancement and on how close it is to becoming bankable. Beyond the level of the individual projects supported under the PPDF, there is little to no evidence that the PPDF is contributing to a systematic strengthening of the institutional and financing ecosystem for

⁴ While the evaluation remit has not included a detailed review of the procurement process, the evaluation feedback suggests at least that there is a need to review how a) time processes can be improved and delays reduced; b) secure improvements in the communication process to concerned project stakeholders and a more client-oriented approach for the procurement department; as well as c) considering how the procurement process might be made more user-friendly to projects being supported under a project preparation facility such as the PPDF. See recommendations in Part IV.

infrastructure projects identification and preparation across the SADC region. One reason is the weakness of the Programme-level (Facility-level) management functions and processes within DBSA, which includes investor outreach and communication, as well as other Facility-level functions such as PPDF promotion and communication.

A related factor is the very low visibility and promotional effort carried out to promote the PPDF and its supported projects. Furthermore, the fact that the capacity building has been implemented in a manner completely disconnected from any strategic reflection on how to use it to strengthen the PPDF and related human and institutional ecosystems, has meant that a valuable opportunity to start fostering the development of a stronger institutional ecosystem to support investment activity in (Southern African) REIPs has to-date been missed. Moreover, involving relevant government ministry stakeholders (e.g. in SADC Member State infrastructure, finance, energy, transport etc. ministries) in a more structured manner (as opposed to ad-hoc attendance at once-off training courses) would have not only helped to start developing an institutional ecosystem, but would have also provided some benefit for SADC countries, increasing their political support for the PPDF.

Moreover, there is no recurrent effort to connect with investors at the programme or systemic levels and to create a programme-level momentum. This has meant that no significant momentum or impact has to-date been generated by the PPDF in terms of developing a stronger financing and investment ecosystem to support investment activity in (Southern African) REIPs.

Even if some good work is being done at the project level, the lack of systemic outreach and engagement with investors and the lack of any discernible impact on general investor interest in the region and beyond is also due in part to the small pipeline, and to the lack of an investor/investment marketing and of an engagement strategy. Moreover, the lack of a strong results-based focus in the implementation of the projects, with significant delays being dealt with in a more administrative manner, would also make it more difficult to generate significant investment interest given the lack of a credible sense of urgency and momentum. Another constraint is the lack of not only a clear monitoring of project bankability status and prospects, but also a clearly documented investment strategy for each PPDF project, which could have been discussed at PPDF board level and gained wider buy-in with a view to support in the investment approach.

While it can be acknowledged that fully-fledged investment support may not be yet required for some projects, part of what makes a top-class project preparation facility is a strong Facility-level investment strategy and investor contract programme, to clarify the Facility's goals and its practice of supporting the development of investment-ready projects. In this regard, the PPDF is not only constrained by the lack of such an investor engagement programme, but also by the lack of a medium-term strategic vision and strategy. This appears as a clear weakness in terms of trying to communicate to investors that the region is developing a pipeline of potential projects beyond the current PPDF portfolio, that would foster investors to consider larger engagement with the region.

Sustainability

At present the sustainability prospects for the PPDF appear highly uncertain, and this is a further constraint to create a significant impact on increasing investor interest and appetite and building an institutional and financing ecosystem. Some stakeholders have also expressed their concern regarding the current status of the sustainability of PPDF. Indeed, if some projects have a high chance of being successful, there is no clear follow-up strategy. With this lack of longer-term vision and plans for the wider PPDF, stakeholders feared the significant risk that, after the end of the PPDF funding, some projects could fall by the wayside on the long road until project completion and bankability. To-date neither SADC nor DBSA have initiated any substantive steps to start a reflection process on the future of the PPDF, and if and how this might be continued beyond the current donor-financed contracting windows. It is particularly surprising that no substantive strategic reflection has been initiated by SADC, as there is a real need to define what is or could

be the value proposition of the SADC PPDF, and what strategic development scenarios could be contemplated.

Regarding financing sustainability, the current prospects for the PPDF do not appear very strong beyond the possibility of continuing with further donor funding. This would seem like a low-ambition strategy at best, and it might also prove challenging to secure further donor financing based on the relatively limited results and momentum achieved to-date. Thus, even for this low-ambition strategy, the project implementing partners need to ask what improvements would need to be made to the implementation performance of the Facility. A further financing (and institutional) weakness is the lack of real buy-in from the SADC Member States, reflected in the lack of financial contributions through the SADC Member States. When the PPDF was first designed, it was expected that SADC Member States would be using their own resources to further bolster the fund. This has not happened to-date and to some extent raises questions on the real level of ownership on the part of SADC countries, while the partially articulated expectation that the PPDF would later be rolled over into a new SADC Regional Development Fund (RDF) - and where very limited progress has been made to-date on setting up such an RDF – has created a sort of ‘vacuum’ and ‘strategic drift’ which has not helped DBSA in implementation of the PPDF. However, it should also be pointed out that the implementation weaknesses and the lack of a clearly articulated vision and strategy for the PPDF, and how it will add value for the SADC Member States, can also be considered a contributing factor.

Regarding **EU Added Value**, EU support to the PPDF has brought some added value to other EU Member States’ efforts, in particular KfW which has been a key financing supporter of the PPDF, by increasing the total funding and allowing for the development of a larger project pipeline, and by providing the PPDF with a multi-donor register of funding supporters. Similarly, EU PPDF support has added value for other EU Member State SADC regional and country support. However, the shortcomings in the implementation and the lack of ambition shown to-date have significantly constrained the potential for EU added value. Regarding the **Coherence of EU support**, EU PPDF support is highly coherent with other EU policies and strategies for the region, and in particular with wider support for infrastructure and the European Investment Plan (EIP), including past and present EU support for the Southern African Power Pool (SAPP).

Lessons learned

Regarding lessons learned, SADC needs to reflect on how it sets itself up to oversee the implementation of initiatives such as the PPDF, as the implementation experience to-date has identified serious shortcomings in how it is set up to implement, or oversees the implementation of such initiatives by third parties (DBSA). This reflection should *not* be seen as an exercise where to find fault or allocate blame, as the lessons to be learned are likely to be highly relevant (and beneficial) for implementation of other SADC initiatives such as the Regional Development Fund (RDF). While staff shortages have likely been a contributory factor, this should not be seen as the main excuse for the lack of providing a clear strategic framework for the PPDF (in which DBSA could have pursued operational implementation of the Facility) as this would not necessarily require significant staff resources but rather careful pre-launch-planning.

Other reflection points for SADC include taking action to ensure that there is a clearer line of overall responsibility within SADC, what it can expect to do given its own internal staff resource constraints, and how it can ensure that its unique ‘SADC value’ can be leveraged (for example in the case of the PPDF, playing a role to getting national governments involved in a more meaningful way and ensuring that they see benefits flowing from the PPDF). Secondly, there needs to be a real strategy and work plan to bring the RIDMP to a real operational status. A further learning and reflection point concerns the roles of the different PPDF stakeholders and whether too much was placed at the door of DBSA, in terms of what the role of implementing partner entailed and whether other organisations should also be involved in some of this work, for example in Facility marketing and promotion and investor contact.

Identifying lessons learned generated from the implementing stakeholders is even more difficult, as PPDF reporting (prior to Q4 2018) has been inadequate and has lacked any significant analytical and strategic dimensions. While a number of the PPDF beneficiary projects have praised their DBSA project preparation counterpart, there is also a perception that DBSA as an organisation can do more to better support the PPDF projects and the DBSA project staff, and to increase the transparency of communication and reporting. DBSA's internal re-organisation, to separate the project preparation support work from PPDF-management tasks by creating a new Programmes unit, is an important step in addressing the weakness of PPDF programme-level functions such as marketing, visibility, monitoring and reporting.

The PPDF implementation to-date has also generated no additional learning as to the type and quality of other investment project potential across the SADC region. The relatively lacklustre promotion of the PPDF Call for Proposals and their limited visibility, marketing and reach, led to a low response rate, and hence little additional insight was yielded as to their potential projects and their possible strengths or weaknesses or areas where they might require advice and support. For SADC itself, the implementation to-date raises serious questions about its organisation to oversee the implementation of such initiatives, or even whether it has the ambition to do so in the future. These are important questions, from which valuable learning can be extracted, as the shortcomings seen to-date in the PPDF implementation risk appear in future initiatives where SADC is the frontline lead, as well as in any possible launch of a future SADC Regional Development Fund.

ES.3 EVALUATION RECOMMENDATIONS

The evaluation recommendations can be divided into two broad categories. The first (Category 1) comprises recommendations to quickly improve the PPDF implementation performance and get the project 'back on track', while the second (Category 2) includes recommendations targeted at more strategic issues.

Category 1 Recommendations

A first recommendation (Recommendation 1) is that the governance and decision-making structure of the PPDF is overhauled by SADC and the Funding Partners, to address current shortcomings in terms of good governance, transparency, competence and independent expert advice. This should include, but not be restricted to i) bringing in 1-2 independent board members with deep infrastructure development and investment experience; ii) SADC Member States to be represented by a limited number of board (PSC) appointees who receive the requisite training for this role, and iii) a more in-depth preparation and PSC member briefing in advance of each PSC meeting.

A second recommendation (Recommendation 2) is that the PPDF monitoring and reporting is overhauled to provide much more in-depth reporting, including i) establishing a limited set of core KPIs for the PPDF and showing progress against them at each reporting milestone as well as on a regular basis (at both project and Facility levels); ii) providing access to this to all core PPDF stakeholders through a visual online tracking. A third recommendation (Recommendation 3) is that a new plan for strategic capacity development in the SADC region needs to be designed and implemented, to address the shortcomings of the work carried out under Result Area 2. Similarly, a detailed work plan with targets needs to be developed and implemented for investor communication, marketing and outreach, in particular relating the projects advance towards bankability, and thus improve the work performance relevant to Result Area 3 (Recommendation 4). This can also have some synergies with improving the long-term development of the PPDF and its wider sustainability prospects, if the recommendations under Category 2 below are implemented.

A fifth recommendation (Recommendation 5) is that DBSA needs to carry out a full review of PPDF processes with a view to improving the general operational performance of the Facility. This should include a review of core processes to create new ones as needed, including a fully mapped-out Facility processes for interaction with beneficiary projects (with a dedicated inception workshop/bootcamp), more management

policing of DBSA-wide processes to avoid delays, ensuring availability of relevant technical expertise, risk identification and management, support to project preparation specialists, general PPDF promotion and marketing, investor contact and outreach, as well as project-specific investment strategies. This work should also include comparison and benchmarking against other Facilities.

A sixth recommendation (Recommendation 6) is to work in a more creative and participative manner, including bringing the projects together at relevant intervals to exchange experience with presentation sessions to relevant investors, face-to-face review and trouble-shooting on challenges being faced. This could also be partly combined with PSC meetings and targeted training to relevant regional and national stakeholders under Result Areas 2 and 3, with a view to building more dynamism and urgency into the PPDF implementation.

Category II Recommendations

A seventh recommendation (Recommendation 7) is for SADC to urgently initiate a strategy reflection and scenario development exercise to consider options for the improvement, professionalisation and sustainability of the PPDF, where one of the scenarios should explore how regional dimension, added-value and impact of SADC can be optimised. The output of this should also be presented and discussed in depth at board level by a reconfigured and strengthened PDF board (PSC). This should be done in a comprehensive manner, with good participative consultation of relevant regional and national stakeholders, and it should be done quickly.

An eight recommendation (Recommendation 8) is for all core PPDF stakeholders (implementing and funding partners) to urgently consider how the PPDF implementation can start to help 'operationalise' the RIDMP in a much more systematic manner: an important part of creating a regional catalyst effect is moving the RIDMP forward from being a presentation of prioritised projects to a much more operational standpoint, where each project has undergone a preliminary assessment

Beyond the synergies that have to-date not been leveraged between the PPDF Results Areas work and target results, this recommendation is also highly linked to the fleshing out of a SADC-centric value proposition and scenario under the previous recommendation, as well as possibly strongly linked to the optimisation of the PPDF's impact and sustainability prospects.

PART I - INTRODUCTION

1. About the PPDF Mid-Term Review

1.1 About the PPDF

The creation of the PPDF was a logical follow-on from the development and publication of the *SADC Regional Infrastructure Development Master Plan (RIDMP)* to provide a regional benchmarking for rapidly increased investment in the infrastructure sector in line with SADC spatial development plans, and in particular the growing realisation that a lack of expertise in developing quality, bankable projects was acting as a significant brake on investment into the infrastructure sector. Following the signature and adoption of the Protocol on Finance and Investment in August 2006 by the SADC, the RIDMP was completed and the Project Preparation Development Facility (PPDF) was established to address the perceived lack of expertise in project preparation and to also help leverage financial resources from multiple sources. In this respect, the operationalisation of the PPDF was considered as an essential step in the implementation of the RIDMP.

The availability of sufficient, efficient and cost-effective economic infrastructure is pointed out by the RISDP as crucial to accelerating and sustaining national and regional economic development. The RISDP outlines the following strategies for achieving this goal: power pooling through the extension of grid interconnections; the joint exploration and development of oil and gas resources; cooperation in tourism; policy harmonisation and liberalisation of markets in all forms of transport; the development of regional transport networks and the establishment and strengthening of mechanisms for exploiting shared watercourse systems. The Project Preparation and Development Facility (PPDF) is thus considered as a key step in realising SADC's regional infrastructure development and regional integration goals.

The European Union (EU) signed a Contribution Agreement with the SADC Secretariat to financially contribute to the PPDF. Therefore, this mid-term evaluation focuses on the assessment of achievements, quality and results of the Action of the EU - Project Preparation Development Facility from 13 December 2013 to this point in time. The aim of this evaluation is to look for evidence of why, whether or how these results are linked to the EU intervention and identify factors driving or hindering progress.

The SADC strategy to promote economic growth and poverty reduction in the region places an important focus on regional infrastructure sector development. The current state of infrastructure is weak compared to other developed countries and the infrastructure gap creates a serious barrier to the region's production and completeness⁵. In order to address this concern, the SADC has created the Project Preparation and Development Facility (PPDF) as an instrument to facilitate the successful development of bankable projects for market presentation.

The PPDF seeks to create a more favourable environment for investment by financing the preparation of infrastructure projects based in at least one SADC Member State or those with a direct and positive impact on another Member State⁶. The PPDF focuses on projects with potential to enable regional integration (i.e. projects with a regional character) and provides technical assistance for project identification, preparation and feasibility studies with a view to presenting bankable projects to investors and financiers. The sectors of focus are⁷: i) Transport: including road, bridges, air, shipping, rail, ports, and border posts; ii) Energy: including generation, transmission and distribution, including projects supporting alternative and/or

⁵ SADC PPDF, 2016 in http://www.sadcppdf.org/?page_id=14

⁶ *Ibid*

⁷ *Ibid*

renewable energy; iii) Information and Communication Technologies, including Telecommunications; iv) Water and Sanitation; and v) Tourism related infrastructure as in Trans-frontier Conservation Areas (TFCA).

The specific objective of the PPDF is to ensure a long-term and sustainable flow of technically, economically and financially viable infrastructure projects prepared and/or financed for the SADC region. The PPDF is centred around three result areas, as described in the ToR and summarised below.

Table 1.1 – Overview of SADC PPDF Result Areas (EU Contribution)

Result Area	Overview SADC PPDF Result Areas
Result 1	Identification and preparation of a pipeline of regional economic infrastructure projects.
Result 2	Investment proposals successfully marketed.
Result 3	Development of a human capacity within the region for the identification, project preparation, evaluation and marketing of economic infrastructure projects

1.2 Implementation of the PPDF – Summary Overview

In August 2006, the SADC Heads of State adopted and signed the Protocol on Finance and Investment, under which it was agreed to establish a Project Preparation and Development Facility (PPDF). A Memorandum of Understanding was concluded in August 2008 between the SADC Secretariat and the Development Bank of Southern Africa (DBSA). Under the terms of the MOU, DBSA assumes responsibility for the administration, management, and disbursement of PPDF funds. All decisions are taken by the SADC PPDF Steering Committee (SC). This MoU has now been converted to a Memorandum of Agreement (MoA) which was necessitated when the Council of Ministers approved the dissolution of the PPDF Trust. The MoA makes provision for the SADC Secretariat to be the legal owner of the SADC PPDF.

Projects were selected through a Request for Proposals, which opened in September 2014, with assessment following a two-tier process, with the Tier One assessment being a check by the SADC Secretariat to ensure that applicant projects met the SADC regional criteria, followed by a full proposal assessment under Tier Two.

Table 1.2: PPDF Pipeline- Currently Committed Projects (EU Contribution)

Project Title	Location	Date Approved by SC	Date Committed	Facility Amount (USD)	Facility Disbursement to Date (Dec 2018)
2nd Alaska Sherwood Transmission Line	Zimbabwe	26/10/2015	31/03/2016	2.1 million	N/A
Kasomeno - Mwenda toll road project	Zambia	01/06/2016	30/11/2016	2.8 million	USD 1 432 222
Luapula Hydro Power Development	Zimbabwe	29/06/2016	03/11/2016	3.5 million	USD 254 176 (disbursement only from KfW)
Mulembo Lelya Hydro Electric Power	Zambia	06/06/2016	06/12/2016	2 million	N/A
North South Corridor (NSC) Rail Project	SA, Zimbabwe, Zambia, DRC	20/01/2018	13/03/2018	960 000	USD 718 788
ANNA Transmission Interconnector Project	Botswana, Zambia and Zimbabwe (Central Corrido) Namibia,	26/06/2016	12/12/2016	550 000	N/A

Project Title	Location	Date Approved by SC	Date Committed	Facility Amount (USD)	Facility Disbursement to Date (Dec 2018)
	Angola (Southern Corridor)				

1.3 Evaluation Objectives, Scope and Work Programme

The mid-term evaluation's purpose is to provide the relevant EU services and interested stakeholders with an overall independent assessment of the PPDF's past performance, paying particular attention to its intermediate results measured against its objectives. Within this, the evaluation will serve to understand the performance of the Programme, its enabling factors and those hampering a proper delivery of results, and provide recommendations on how to improve the Programme during its residual duration in order to achieve the expected objectives, taking into account problems and opportunities.

As per the ToR, the main users of this evaluation will be the EU, represented by the EU Delegation to Botswana, the SADC Secretariat, the DBSA as Fund Manager/Secretariat and KfW as participating Financing Institution in the PPDF. The evaluation was tasked with assessing the PPDF using the five standard DAC evaluation criteria (namely: relevance, effectiveness, efficiency, sustainability and [perspectives for] impact), as well as two EU specific evaluation criteria - EU added value (the extent to which the Action adds benefits to what would have resulted from Member States' interventions only) and the coherence of the PPDF, with the EU strategy in the SADC region and with other EU policies and Actions, and other donors, in particular KfW and the World Bank. Regarding the temporal scope, the evaluation focuses on the assessment of achievements, quality and results of the PPDF from 13 December 2013 to this point in time (When the EU joined the PPDF) to this point.

The evaluation approach involved the development of the evaluation framework, including evaluation questions, judgement criteria and indicators, while the work programme involved and Inception and Desk Phase, a field phase and a Synthesis and Reporting phase. The field phase consultation involved missions to Botswana, South Africa, Zambia and Zimbabwe during November 2018. In total, thirty-four persons were interviewed.

1.4 Evaluation Challenges

A number of challenges were encountered during the evaluation process. One challenge was setting up interviews, in particular with national government stakeholders and selected Project Steering Committee (SCP) representatives. Despite more than 200 emails and follow-up telephone calls being made by the team, numerous stakeholders were not reached, in particular those in national government services, in part due to numerous persons being on mission travel. The onset of the holiday period from mid-December made this even more difficult.

A second challenge was the lack of a comprehensive information and documentation repository at the PPDF Secretariat, which made it more difficult to gain access to all documentation from the outset of the evaluation. A third and more relevant issue was the relative lack of detail and results-based monitoring in the PPDF progress reporting, which made it challenging to build an understanding of progress across the PPDF activities and results areas. One partial solution used here was greater recourse to the Project Steering Committee (PSC) Minutes than from the Implementation or Progress Reports.

PART II - EVALUATION FINDINGS (ANSWERED QUESTIONS)

READERS' NOTE: To facilitate reading and comprehension of Part II (Evaluation Findings), please note that the Evaluation Findings are presented according to the Evaluation Framework (comprising the Evaluation Questions (EQs), Judgement Criteria (JCs), and Indicators). Judgement Criteria are written in bolden blue, while Indicators are highlighted in bold black font. Please refer to Annex 4 in Volume II of the Evaluation Report for an overview of Evaluation Questions and Framework, and to Annex 9 to read Evaluation Findings following the respective EQs, JCs and Indicators point by point.

2. Evaluation Findings – Relevance

EQ 1: What is the relevance of the PPDF to SADC Regional and Member State Policies and Needs?

2.1 PPDF Alignment with SADC Regional and Member State Needs

Regarding **PPDF alignment with SADC regional and Member State needs [JC1.1]**, and in particular the **PPDF relevance to SADC Regional Policies and Need**, the PPDF is highly relevant to the SADC regional Policies, as it promotes SADC-EU development cooperation inscribed in the *SADC Common Agenda* goals. These goals refer to a set of key principles and values that are translated into the policies and strategies of the SADC, and the PPDF is particularly relevant to the first policy that seeks to “*Promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration*”⁸.

The Programme is also aligned with the priorities defined in the long-term Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plans for the Organ on Defence, Politics and Security (SIPO). PPDF is particularly relevant to the SADC Regional Needs given that its overall aim is to address the lack of expertise in project preparation in the region, which has been identified by SADC as a significant constraint to the development of regional economic infrastructure. The PPDF helps to address this capacity deficiency in bankable project preparation in order to leverage financial resources from Private-Public and international sources. Stakeholder consultations also showed that stakeholders consider that the PPDF is highly relevant and complementary with the SADC RIDMP, which is itself based on the SAPP regional master plan that focuses on national development planning.

Regarding the **PPDF's relevance to SADC Member State Policies and Needs**, the PPDF is relevant to SADC Member State Policies such as the Zambia's institutional reform to improve investors attractiveness through the Private Sector Development Reform Program (PSDRP) and the development of harmonized investment policy and tax incentive systems as well as a framework review for PPPs⁹. The PPDF is also particularly relevant to the Zimbabwe's latest Investment Policy statement where the Government of Zimbabwe recognizes the essential role of foreign direct investment as a main contributor to the country's

⁸ SADC Common Agenda in <https://www.sadc.int/about-sadc/overview/sadc-common-agenda/>

⁹ “*Bureau of Economic and Business Affairs, 2017 Investment Climate Statements Report*”, in <https://www.state.gov/e/eb/rls/othr/ics/2017/af/269795.htm>

development, connecting domestic entrepreneurs to global economy¹⁰. In the case of the Republic of South Africa, the PPDF is relevant to the government's focus on attracting foreign direct investment into infrastructure¹¹. The Investment Policy Review (IPR) of Botswana made concrete policy recommendations to improve business environment and maximise benefits from foreign direct investment according to the Botswana's national development objectives. These recommendations are relevant to the PPDF as they include the development of a competitive local private sector, the strengthening of human resources and a targeted approach to investment promotion to support economic diversification and sustainable development¹². The PPDF is also relevant to SADC Member State ambitions around the creation of a SADC Regional Development Fund, insofar as it may offer some relevant learning that could later benefit the implementation of such a regional development fund.

Regarding the **extent to which PPDF formulation and design has taken account of cross-cutting impacts (e.g. w.r.t gender, environmental sustainability, good governance etc.)**, these are in general absent from the PPDF formulation, or only discreetly mentioned. The PPDF Description of the Action and Description of Delegated Tasks makes no mention of cross-cutting issues such as gender or environmental concern, nor does the MoA SADC-DBSA or the Contribution Agreement between EU-SADC.

In the PPDF Operational Guidelines, several references are made to the possibility that *"PPDF resources will be applied to undertake the preparation of new studies, pre-feasibility or feasibility studies, update or additional analysis of existing studies, environmental and social impact assessments, design studies and other related studies in order to improve on the project quality and enhance prospects to attract financing for the physical/investment project"* (Studies, 4.1.1.3 p10) However, it is not clear whether they were considered in a meaningful sense, and the impression is more that they were not.

Regarding whether cross-cutting impacts have flowed during PPDF implementation, the PPDF Call for Proposals does make reference to "Support to environmental measures" as an Additional Priority Criteria. Moreover, the Template of the "Application Form" provided as Annex of the Operational Guidelines comprises a Section F "Environmental", which include the instructions *"Please indicate your organisation's capacity, skills and experience to implement the project in an environmentally responsible manner. This refers to project planning, implementation, (including construction) project operation as well as undertaking monitoring tasks as may be required by various environmental laws"*. In addition, it is not clear if gender was particularly considered during the registration to the training courses delivered by the DBSA Vulindela Academy. Nonetheless, it has to be recognized that 11 out of the 23 participants to the September training course were females.

Finally, the DBSA Project Progress reporting template used to not consider/put an emphasis on cross-cutting impacts and issues. Now this dimension is included in the latest to-date reports (December 2018), with the integration of environmental and social "indicators" to attain them (ex: job creation, diminution of CO2 emissions, etc.).

2.2 PPDF Relevance to EU and Other Donor Regional Policies and Initiatives

Regarding the Judgement Criteria **"PPDF is relevant to EU regional policies and initiatives, and to those of other key donors (in particular KfW and World Bank)" [JC1.2]**, and in particular the **PPDF relevance to EU Regional Policies and Needs**. The PPDF is relevant to the EU policy priorities for the SADC Region. SADC-EU relations are based on the Cotonou agreement, and the PPDF is particularly relevant for the Pillar "Development Cooperation". Under this framework, the 10th EDF Programme for SADC is directly linked to the goals of SADC Common Agenda and the priorities described in the long-term Regional Indicative Strategic

¹⁰ "Investment Guidelines and Opportunities in Zimbabwe", p.3, Government of Zimbabwe, 2018

¹¹ "Infrastructure development in South Africa" , Brand South Africa, 2017, in <https://www.brandsouthafrica.com/investments-immigration/economynews/infrastructure-development-in-south-africa>

¹² "Report on the implementation of the investment policy review Botswana", p.1, United Nations, 2016

Development Plan (RISDP) and the Strategic Indicative Plans for the Organ (SIPO). More precisely, the 10th EDF focuses on Regional Economic Integration as a priority for EU-SADC cooperation, and emphasises the *“availability of sufficient, efficient and cost-effective economic infrastructure as being essential to accelerating and sustaining national and regional economic development; expanding inter-, intra- and extra-regional trade; increased foreign and local investment; food security; and the eventual eradication of poverty.”* Other examples of ongoing EU-SADC cooperation programmes are Trade-related Facility, Regional Political Cooperation and Capacity Building of SADC Secretariat. Those programmes, including PPDF, aims for a deeper regional integration at SADC scale, to generate economic growth and to reduce poverty in SADC MS.

The PPDF is also relevant to the goals and vision of the European External Investment Plan (EIP) as adopted by the European Commission in 2017. The EIP sets out a coherent and integrated framework to improve investment in Africa and the European neighbourhood in order to promote decent job creation and inclusive and sustainable development, as well as to tackle some of the root causes of migration. With its focus on infrastructure creation, and *“to support the economic integration process as a means of enhancing economic growth, raising standards of living and eliminating poverty”*, the PPDF’s objectives are highly relevant to the EIP’s focus.

The PPDF is also highly relevant to the most recent orientation of the European Commission regarding the EU-Africa Partnership, such as the *Africa-Europe Alliance for Sustainable Investment and Jobs* vision set out in EU President Juncker’s 2018 State of the Union Address, for example with respect to its goals for the EU to ensure modern energy access: *“30 million people and companies will benefit from access to electricity thanks to the EU’s leveraged investment in renewable energy and a boosted generation capacity by 5 GW, while 24 million people will have access to all season roads through our leveraged investment in transport infrastructure”*. This implies significant upgrading and development of Africa’s energy-related and transport infrastructure, which is at the heart of the PPDF mandate.

Regarding **PPDF relevance to Key Donor Partners (in particular KfW and the World Bank) Policies and Needs**, The PPDF is highly aligned with the priorities and work of key donors’ partners. Regarding relevance to Germany and KfW’s priorities for Southern Africa, infrastructure development has central importance for KfW at both regional and country level across Southern Africa. This can be seen in KfW’s support for the SADC PPDF: KfW has provided EUR 10.8 million in financial support under KfW’s 1st and 2nd Commitments. KfW’s support has enabled the PPDF to support the preparation of the Luapula Hydro Power Development Project (co-funded with the EU); the Mozambique Zimbabwe South Africa Interconnector (MoZiSA); Africa GreenCo Project; and finally, the Development of Guidelines and Standards for Renewable Energy Projects and a funding and Incentive strategy in Mauritius Project.

The World Bank does not possess a specific framework for intervention for Southern Africa, but rather a strategy for Sub-Saharan Africa. This strategy places particular importance on priority areas similar to the ones tackled in PPDF, such as affordable and reliable energy access to Sub-Saharan development, where inadequate energy supply remains a key infrastructure obstacle to socio-economic development in Africa. The Bank also has an important focus on regional integration, which remains a critical emphasis of its strategy to improve connectivity, leverage economies of scale, and get collective action by countries to address shared challenges. The PPDF is therefore relevant to these priorities, which are further reflected in the WB intervention at project level in Southern Africa. Example of projects managed by the WB can be found in Section 7 on “Coherence”.

3. Evaluation Findings – Effectiveness

EQ 2: To what extent is the PPDF achieving its target results, and what is the likelihood of achieving these results by the project end?

3.1 Realisation of a Pipeline of Regional Economic Infrastructure Projects (REIPs)

Regarding the Judgement Criteria **PPDF pipeline of regional economic infrastructure projects (REIPs) created to-date (or by the end of the project) [JC2.1]** and particularly the *Extent to which a pipeline of regional economic infrastructure projects (REIPs) likely to reach bankable stage has been prepared*, the PPDF 2014-2017 Implementation Report¹³ from 1 March 2018 reported that seven regional projects have been approved for PPDF support and were in the final stages of procuring service providers and commencing disbursements. Of the seven projects approved and supported under the EU contribution, six were committed by the end of 2016. The National Railways of Zimbabwe (NRZ) project's sponsors facility agreement was not signed within the D+3 contracting period (12 December 2016) and thus the amount of EUR 851,715.00 had to be forfeited.

Delays have been frequent and relatively significant in the EU-supported projects under the PPDF portfolio. Regarding the 2nd Alaska Sherwood Project, the Inception Report and Feasibility Study were delayed, while for the North-South Corridor the Pre-Feasibility Study and the Institutional and Funding Framework Study have been completed. In the case of the ANNA Transmission Interconnector Project, the Pre-feasibility Study was delayed by approximately 4 months (due to lag times in obtaining responses from SAPP and relevant utilities, and translation requirements.), while the Kasomeno – Mwenda Toll Road project ran into delays for its Inception Report and Needs Analysis due to the political situation in DRC. Regarding the Mulembo Leyla Hydro Electric Power, some initial delays were encountered in the Feasibility Study work, which was however completed on time. In the case of the Luapula Hydropower project, the Feasibility Study work has also been significantly delayed due to deferment in the procurement of the consultants. This has resulted in a 12-month delay due to a completely new pre-feasibility study, involving a review of the previous study and the procurement of a separate advisor for the feasibility (creating delays of respectively 8 and 4 months). In addition to the consultants' procurement, other contributory factors to delays mentioned concern feedback from DFIs and later challenges with ESIA Consultants and SAPP in terms of communication. Regarding the ANNA project, the main causes cited for the delay in progress reporting were subject to obtaining responses from SAPP and relevant utilities, and to translation requirements.

Progresses in terms of reaching bankability are more difficult to assess as no overall monitoring is communicated by DBSA. Only a few projects appear to be broadly on track, with the majority of them having experienced major delays in their implementation. Out of 6 projects, the Kasomeno-Mwenda Toll Road Project and the ANNA Transmission Interconnector Project are currently undertaking feasibility studies, and the North-South Corridor project is currently conducting Due Diligence studies. All three of these projects have included Economic and Market analysis in their pre-feasibility phase.

Table 3.1 below provide an overview of the projects' progress to-date, challenges encountered and current state of play.

¹³ The 2014-2017 Implementation Report covered the period January 2014 to December 2017.

Table 3.1 – Overview of (EU-Supported) PPDF Projects Progress and Current Status

	2nd Alaska Sherwood Transmission Line	Kasomeno - Mwenda toll road project	Luapula Hydro Power Development	Mulembo Lelya Hydro Electric Power	North South Corridor (NSC) Rail Project	ANNA Transmission Interconnector Project
Date Committed	31/03/2016	30/11/2016	03/11/2016	06/12/2016	13/03/2018	12/12/2016
Facility Disbursement in December 2018	N/A	USD 1 432 222	USD 254 176 (disbursement only from KfW)	N/A	USD 718 788	N/A
On Schedule	NO	NO	NO	NO	YES	NO
Delays	N/A	6 months	10 months	7 months	None	8 months
Reasons for delays	Faulty management from ZESA project manager as a result of illness; Issue with consultant management.	Instability in DRC (delays in Visas for consultants); Project was scoped primarily from the DRC with little information on Zambia; Delays in sourcing traffic information from the Port of Dar es Salaam and Tanzania government.	Feasibility stage severely delayed as per KfW input, an environmental pre-feasibility was requested (resulting in 10 months delays); Change in SAPP project manager.	Seven months delays due to Project Sponsor not being able to pay Technical Consultant for Fatal Flaw Report.	None	The delay is attributed to a snowball effect from the pre-feasibility stage, whereby approval of reports had taken longer to be delivered (due to translations) and approved.
On budget	YES	YES	NO	YES	YES	YES
Comments on budget	Request for variation in budget has not been considered until a fundamental review has been done by PPDF.	None	14.9% contract variation resulting from the delays in environmental inputs and the reworking of the options assessment.	None	None	None
On target to meet objectives objectives (and why)	YES, even if SADC secretariat attendance is requested during the next SC to assist in	YES, even if important risks regarding new DRC government (leadership not accepted by International	YES the pre-feasibility study is still intended to provide a fatal flaw assessment of the site options in order to take a	YES, Technical Consultant is working on submitting a revised Project Implementation	YES	YES, even if de-mining process in Angola has hindered progress on the ESIA, the consultant is

	2nd Alaska Sherwood Transmission Line	Kasomeno - Mwenda toll road project	Luapula Hydro Power Development	Mulembo Lelya Hydro Electric Power	North South Corridor (NSC) Rail Project	ANNA Transmission Interconnector Project
	achieving the objective of the PPDF funds.	Community, excessive political pressure to implement project...)	decision whether to proceed to feasibility study.	Plan (PIP) with the focus of completing all work as per the time stated in the original PIP.		attempting to mitigate the delay by proceeding with the specialist studies.
DBSA mitigation measure (if needed)	Issue raised in SC as the facility agreement with ZESA expire in 2 months.	None, as most issues are caused by political uncertainty in DRC.	SADC Secretariat assistance is requested regarding separated ESIA consultant activity; There will be a gap in disbursement once the pre-feasibility is completed; should the project not proceed to this stage then there is a possibility that the remaining funds (USD 2.7 million) will be returned to the PPDF.	Monthly PSC meetings will continue to take place to ensure that there are no further delays to the project completion.	None	None
Latest Milestone Achieved	Draft Inception Report and Draft Feasibility Study submitted but not approved (substandard quality + missing LIDAR survey).	Ongoing Feasibility Study (including Final Solution Option, Final Value Assessment, Final Economic Model).	Ongoing Pre-feasibility study (including fatal flaw assessment).	Fatal Flaw Report and Inception Report submitted and under review.	Pre-feasibility study (including Market, Economic and Financial analysis) Due diligence study (Institutional, Legal and Funding).	Pre-feasibility study Ongoing Feasibility Study: Market Analysis Report; Draft Scoping Report (Environmental and Social) Network Analysis Report.
Marketing & Communication	None	None	None	None	NSC Rail promotional video shared in several conferences	None

Overall, the majority of projects are significantly delayed, with only the 'North South Corridor (NSC) Rail Project declared to be on schedule. Overall, 5 out of 6 projects have experienced medium to serious delays in their implementation, and the 2nd Alaska-Sherwood Transmission Line, the Luapula Hydropower and the Mulembo Leyla Hydropower projects are in direct need of strong support and close oversight by the PPDF Project Steering Committee.

Regarding risk assessment and mitigation, this crucial section was nearly absent from PPDF Reporting before December 2018. Indeed, despite projects were described to be encountering risks and issues (which was not always the case despite visible delays), the section "Planned Corrective or Preventive Action" was often left blank in the Progress Reports. As such, PPDF Secretariat's consideration of risks and related risk management and mitigation was unclear. In general, progress reports failed to give us an overview of the challenges encountered during the Implementation of the Projects and how the DBSA was working to overcome such challenges. This situation has however significantly improved in the latest reporting (Q4 2018), which now provides an assessment of the encountered/future risks and challenges for each project. It is important to have a clear vision of the projects' exact situation, which in many cases justifies the delays encountered (see table 3.2 below). The status of the identified risks/challenges varies, as in some case they pose a direct threat to the implementation of the project (ex: 2nd Alaska-Sherwood project) and require immediate mitigation; while in other cases they are assessed as more distant risks that request attention but do not pose per se a major threat to the present implementation (ex: North-South Corridor Project).

In the same way, the status of the mitigation measures is rather unclear, as some of the projects identify risks and state that they request assistance from DBSA/SADC Secretariat to solve them, while other projects seem to be mitigating risks/challenges on their own, and it is uncertain if they require any interventions from the DBSA/SADC Secretariat. In any case, all such risks have to be considered and closely monitored to ensure a better implementation of the projects in the current period of PPDF implementation.

*Regarding the **Quality and Quantity of regional economic infrastructure projects (REIPs) compared with initial targets***, the PPDF has selected and is supporting a quantity of six projects under EU contribution, and a further three projects under the KfW contribution. This compares with an initial target of seven projects under EU Contribution. In terms of progress, DBSA tracks project-level and programme-level performance based upon the percentage of fund commitment, with the targeted commitment targets being i) 25% of funds committed by end 2014; ii) 35% of funds committed by end 2015; and iii) 40% of funds committed by end of 2016. DBSA progress reporting for 2014-2017 showed no funds committed to projects in 2014, funding to only one project (The 2nd Alaska Sherwood project) committed in 2015 (accounting for 21.4% of the funds) and to five projects committed in 2016 (accounted for 84% of the funds). Thus, based upon only commitments, the progress of PPDF's supported progress had fallen more than a year behind the initial target commitment rates.

*Regarding the **degree of geographical balance across PPDF regional economic infrastructure projects (REIPs) pipeline***, the PPDF projects being supported cover six of the 15 SADC Member States (see table 3.3 below). Three of the projects are implemented in DRC and Zambia.

Table 3.2 – Overview of Risks and Mitigation Measures per Project

	2nd Alaska Sherwood Transmission Line	Kasomeno - Mwenda toll road project	Luapula Hydro Power Development	Mulembo Lelya Hydro Electric Power	North South Corridor (NSC) Rail Project	ANNA Transmission Interconnector Project
Challenges /Risks	<ol style="list-style-type: none"> 1. Deliverables (IR and Feasibility Study) are below standards and have been refused; 2. Resettlement Action Plan not properly identified in Feasibility Study; 3. LIDAR Survey not done; 4. Consultancy contract ending in March 2019. 	<ol style="list-style-type: none"> 1. New government in the DRC may have an impact on the project implementation; 2. Excessive political pressure to implement the Project, in lieu of political objectives; 3. If political leadership in the DRC is not accepted by international community, then there would likely be debt market for the Project 4. The route from Lumbumbashi to Kasomeno is currently tolled by the ACGT for 130km. The ACGT needs to commit to maintain this road in order not to deter traffic away from the Project; 5. Concessionaire for the Border Posts has not yet been appointed. This poses a risk that such a party, if appointed late, may not be in sync with 	<ol style="list-style-type: none"> 1. Alignment in the ESIA consultant activities will continue to hamper the technical consultant by nature of them being separate contracts; 2. EDF / Gibb sub-consultant is being subjected to paying taxes in Zambia. The Zambian Revenue Authority has yet to provide a tax exemption in order to release the relevant report pertaining to the gauging stations 3. Possibility that the environmental consultant is down-playing the environmental impacts to suit the need of the utilities to proceed with the feasibility study. 	<ol style="list-style-type: none"> 1. Non-payment or delays in payment to the Consultant have negatively impact the effective delivery of the project. 2. The challenges with the Project Sponsor not being able to facilitate the payment for the Fatal Flaw Report in time caused delays to the completion of key milestones by the Technical Consultant on the project. 	<ol style="list-style-type: none"> 1. Most of the rail operators along the NSC rail line have relatively weak balance sheets which will inhibit their ability to borrow to implement the infrastructure projects identified as part of the pre-feasibility study. Implementation of the identified initiatives have to be done in a programmatic manner. Failure to execute any part of the programme would undermine economic viability of the entire rail line. 	<ol style="list-style-type: none"> 1. Delayed scoping reports in anticipation of better certainty about demining to avoid a situation where the Scoping Report is completed and there is a long delay before fieldwork can begin; 2. Decision to not wait for the demining before commencing with the specialist fieldwork. The ESIA will have a limitation that some part of the study area could not be visited. This presents a risk of uncertainty on the identification of impacts and potentially affected environmental and social resources; 3. There is a gap in funding for the remaining Part 2 - feasibility study and Part 3 activities. This

	2nd Alaska Sherwood Transmission Line	Kasomeno - Mwenda toll road project	Luapula Hydro Power Development	Mulembo Lelya Hydro Electric Power	North South Corridor (NSC) Rail Project	ANNA Transmission Interconnector Project
		the development of the Project in other areas;				poses a risk to the outcomes and completion of the project should the work cease as a result of limited funding.
Proposed mitigation measure	<ol style="list-style-type: none"> 1. PPDF Secretariat has requested for deliverables to be aligned with ToRs and Contract to enable payment. 2. LIDAR specialist studies are under scrutiny. 3. The PPDF secretariat will be calling for a SC meeting to discuss the milestone status and review the consultant performance, as well as ZESA capacity to pursue project preparations activities. 	<ol style="list-style-type: none"> 1. N/A 2. The above issues have been presented to the ACGT and RDA for consideration, however, due to political uncertainty in the DRC, there is currently a delay in sourcing an outcome for the same. 	<ol style="list-style-type: none"> 1. Regarding Tax exemption, the SAPP and the DBSA have written letters with the ZESCO to seek an exempt considering that the funding (PPDF) does not pay for taxes / VAT; 2. Environmental risk mitigated by oversight of environmental specialists from DBSA and KFW to adhere to IFC, KFW and DBSA safeguards; 3. SC committee meeting requested regarding the decision to proceed with the project after feasibility study 	<ol style="list-style-type: none"> 1. This has already been mitigated by all CP's being met and signed off during December 2018 and for the Facility to disburse the funding for the completed and approved work carried out by the respective consultants 2. The Technical Consultant has confirmed their commitment to expedite their work to overcome these delays. 	<ol style="list-style-type: none"> 1. The rail operators have agreed in principle that a separate institutional and funding framework which is independent of their individual balance sheet need to be developed to enable long term private, public and DFI capital to be mobilized onto the project. 	<ol style="list-style-type: none"> 1. Regarding the demining risk, a proposed mitigation is that the ESIA reports indicate that an additional walk-down assessment is needed of the proposed route once the demining is done. This is an area for possible variation costs by the Transaction Advisor. 2. An application is presented to the PPDF for extension of the funding for USD 1.6 million.

Given that the selection process was via an open Call for Proposals, and the limited number of projects that could be supported, this seems a relatively reasonable degree of geographical coverage of SADC Member States. It might well be the case that a higher level of geographical coverage of SADC Member States might have been achieved if a more proactive promotion of the PPDF Call had been made and a greater number of project applications received, yet this is impossible to forecast. It should also be kept in mind that the PPDF is a regional, SADC-wide facility, and with a relatively limited number of projects it is unreasonable to expect full or near-full coverage of Member States, and other criteria such as the regional importance of the project and the project quality are of more important consideration.

Table 3.3 – PPDF Coverage of SADC Member States

Project Title	Implementation Countries
2nd Alaska Sherwood 400KV Transmission Line	DRC, Zambia, Zimbabwe
Kasomeno -Mwenda Toll Road Project	DRC, Zambia
Luapula Hydro Electric Power Plant Project	DRC, Zambia
Mulembo Lelya Hydro Electric Power	DRC, Zambia
North South Rail Corridor Project Feasibility Study	Zimbabwe (Mashonaland West and Midlands)
Angola Namibia Interconnector Transmission Project (ANNA)	Botswana, Zambia and Zimbabwe (Central Corrido) Namibia, Angola (Southern Corridor)

Overall, the PPDF had made progress in terms of first identifying and then preparing a pipeline of regional infrastructure projects, albeit with significant delays. Following the first Call for Proposals in 2014, six proposals were retained in the assessment and selection process, and the PPDF has been supporting these projects since. These are regional projects focused on improved electricity connectivity between SADC countries, improved road connectivity and improved rail connections, and cover six of the SADC Member States.

3.2 Human Capacities Developed for identifying, Preparing, Evaluating, Marketing REIPs

The judgement criteria **Human capacities for identifying, preparing, evaluating and marketing regional economic infrastructure projects (REIPs) developed to-date, [JC 2.2]** is targeted at assessing to what extent Result Area e of the PPDF - Development of a human capacity within the region for the identification, project preparation, evaluation and marketing of economic infrastructure projects - has been achieved.

Regarding the ***extent to which regional human capacity for identifying, preparing, evaluating and marketing regional economic infrastructure projects (REIPs) has been developed***, the indicators used to track PPDF performance were: the number of Member States invited for nominations for training; the number of institutions willing and able to provide the requisite training by the end of 2014; the amount of course materials and manuals developed relating to the identification, evaluation and marketing of regional economic infrastructure projects (before July 2015); and the number of persons from public and private sectors that successfully completed training in project identification, preparation and investment promotion by 2016¹⁴. All Member States received invitations for nominations for training, and the Pan African Capacity Building Programme (PACPB), an agency created on behalf of the Industrial Development Cooperation (IDC) of South Africa and the French Government’s AFD and managed by DBSA, was contracted by the PPDF Secretariat to undertake the training. Three week-long training courses were offered and 75 people

¹⁴ PPDF Implementation Report 2018, Section 3.

attended. The advanced project management course was designed to incorporate all critical elements of strategic project management in an integrated package, and tackled the following issues: Corporate strategy and corporate objectives; Project feasibility analysis and financial projections; Project planning and development techniques; Project progress and cost control mechanisms; Contracting strategies; Applied risk analysis and scenario planning processes. As we see, those topics are highly relevant for capacity development even if some insistence on marketing projects would have been appreciated.

DBSA's PPDF reporting on the training is mostly positive, with *"over 98 percent of the delegates indicating satisfaction with the level of the course"*. Comments point out that the time of the course should be extended (from two weeks up to a month), and that more step-by-step details are needed, including the provision of illustrative case studies. The Report on the "PPDF Advanced Project Management Course", that took place in September 2018 also state that the course be made available in the 3 SADC official languages, to facilitate its dissemination. Feedback on the training provided by stakeholders is mixed, with some positive and negative points highlighted. While most found the course relatively educational, the lack of linkage to SADC regional project preparation was one weakness identified, together with the lack of sufficient practical focus in areas such as marketing of projects. In particular, the lack of use of any local or regional projects as case studies was mentioned, with all case studies and project examples from other parts of the world. Stakeholders felt that the course should have been adapted to the current context and to the difficulties encountered by the PPDF pipeline, and that it could have been used to *"find out more about the participants' need and context"*.

Currently, two additional courses are planned for the next period: An Enterprise Risk Management (ERM) course set at the moment for the 25/02/2019-01/03/2019, and a Development Project/Finance Course scheduled for 18-22 March 2019. Details regarding those courses are not provided in December Programme Report, however their themes seem highly relevant for the PPDF pursued implementation.

Regarding the ***extent to which regional human capacity development has had a strategic and institutional and sustainability dimension***, the evaluation has not been able to detect any clear strategic thinking behind the implementation approach for Result Area 3. No strategic framework or guidance was given to the DBSA Academy / PACPB, and no strategic reflection process was carried out within SADC, nor surprisingly was SADC's own Development Finance Resource Centre (DFRC) involved in a meaningful manner. Moreover, within the delegation of the work to DBSA, even the operation design and delivery of the training was outsourced, which leads one to question what exactly was the added-value that DBSA brought to this work area.

The organisation of this training effort without a wider strategic and management reflection from SADC and DBSA on how to best achieve results under this work area, in particular with a view to creating strategic and systemic change and momentum, has resulted in the delivery of *"one-off"* courses, with lack of candidates' selection with a view to building a human ecosystem, and lack of sufficient use of local infrastructure examples. No further post-training impact has been carried out, but the stand-alone manner in which this training was delivered would suggest that medium and longer-term impact is likely to be low, or at least ad-hoc. In this regard, an important opportunity to start building a supportive ecosystem of human capacity to support project identification, preparation and promotion has to-date been missed. The lack of strategic reflection by SADC (and DBSA) on linking training to the development of a nascent ecosystem of human and institutional capacity across the SADC Member States is surprising, not to mention the lack of meaningful involvement of SADC's own DFRC, and this raises questions about the project owners' commitment to use the PPDF as a catalyst to creating systemic change in the region.

3.3 PPDF Marketing of Projects to Investors

The Judgement Criteria **process for marketing proposals to investors developed, [JC 2.3]** is focused on assessing the extent to which Result Area 3 - Investment proposals successfully marketed. Regarding the ***extent to which regional economic infrastructure projects (REIPs) have been successfully marketed to-date (and/or will be by end of the project)***, a number of indicators were set out by the PPDF Secretariat to measure the extent to which the REIPs has been successfully marketed: i) PPDF presence on the Web completed by December 2014; ii) the Conference/seminar/forum/plan agreed before the end of 2014; iii) Number of conference or forum hold in the first year of the action commencing; iv) Number of approved projects published on the website¹⁵.

The PPDF website was completed and launched in April 2015, and translated guides were published on it. Overall, the visibility of the PPDF on the DBSA website is reasonable, with a clear presentation of the PPDF objectives and areas of focus. However, there is no information on ongoing PPDF projects, nor on their current state of advancement. In other words, it would be impossible for any investor visiting the website, or any general visitor for that matter, to know what kind of projects is the PPDF supporting in their preparation, and when they expect to be investment-ready. There are no regular news updates, and limited promotion of relevant events (for example, the training courses were featured on the website).

No marketing strategy and plan - whether this a general marketing plan or a marketing plan targeted towards investors - has been made available by DBSA, and there is little evidence of any communications plan. For example, no credible attempt has been made to develop interesting communications and news items around the PPDF projects, nor around some of the people behind them, despite the field interviews showed that some of the project drivers' own stories are highly interesting. Similarly, the potential of social media and creating interest and noise around the PPDF has not been explored, not to mention leveraged.

Regarding the conference, the goal seems to have been reached as the Implementation Report state that an "Energy Investor Conference" was planned and held in Swaziland in 2016. However, no more information is provided on the contents of this conference, and on why this particular subject was selected. The PPDF Website does not mention this conference. As to the marketing and communication activities carried out, the PPDF reporting provides no meaningful detail. The 2014-2017 Implementation Report (Section 5.5) mentions a "current market and communication investment" of EUR 32,018,40 but no further information is provided regarding the activities on which the amount was spent.

In the latest (Q4 2018) PPDF Progress reporting, some efforts have been made to include marketing and communication as a separate section. However, the section only mentions the necessity of inserting EU & KfW logos on all marketing but gives no indication of a PPDF wide marketing plan.

More encouragingly, at least some of the projects have been engaging in marketing and communication, in line with DBSA's contractual obligations. The most striking is the North-South Corridor project, where the NEPAD Business Foundation has been engaged in promotion work and has developed two quality communications videos promoting the project that are available on YouTube. These videos communicate a well-articulated narrative about the project, as well as the opportunities offered (employment, increased customer satisfaction, increased mobility, facilitated commercial exchange) and the relevance of the project to Southern Africa's regional infrastructure plans, such as RIDMP. The videos display both direct examples and maps of the evolution of the project, as well as stakeholders' interviews presenting their interest and their vision of the North South Corridor Project, and also clearly conveys the pioneering nature of the project's intra-regional collaboration between the national railway companies. This should be taken as reflection by

¹⁵ See for example the 2018 PPDF Implementation Report (Section 3).

the PPDF Secretariat, as an example of what could be done at the PPDF Level, as well as what other projects might also individually consider¹⁶.

Regarding the ***extent to which regional economic infrastructure projects (REIPs) are of the requisite quality and relevance to foster investor confidence and interest***, the current state of advancement of most projects makes it difficult to assess this conclusively. Based on the available data and the state of advancement of the projects, it is too early to form an opinion on this particular aspect. However, it is of concern that there appears to be no established work programme for investor communication, contact and outreach at the Facility level. A related weakness of the approach to-date seems that at the time of the PPDF funding support decision, no preliminary investment strategy and plan was formulated, so that at least initial thinking and assumptions could be put on paper as to the strengths, weaknesses and risks of the project and the type of investor that would be the target.

There seems to be no outreach strategy to discuss it with project as an ecosystem or a Pipeline, and no attempt to approach the projects with an investor strategy in mind since their beginning. Having such preliminary investment strategies and assessments, even if they need to be changed later, would help bring focus to the investor marketing and help increase the clarity as to what the financing end-goal is, creating a sense of results orientation and urgency. It is noticeable that the PPDF Secretariat does not communicate or publish data against KPIs on its website, in contrast to other similar facilities such as the NEPAD Infrastructure Project Preparation Facility (IPPF). Going forward, it is important that much more focus is placed on a clearer PPDF-level investor promotion and outreach approach and work plan, and that projects are more proactively supported in this regard.

Regarding the extent to which SADC, DBSA and other relevant networks and institutional 'assets' have been leveraged in a systemic approach, there is little evidence to suggest that this has happened. In the case of the PPDF capacity building, the rather stand-alone delivery of training courses with any thinking of ecosystem development has already been discussed in this Chapter, including the failure to consider how SADC's own DFRC could have been centrally involved in this work. Similarly, there is little clarity or transparency as to what assets and networks DBSA is bringing to the PPDF work effort, nor has there been any clear discussion on how SADC and its contact and networks with its Member State governments could be leveraged. Some networks and new collaboration are being stimulated at the project level, for example between the North South Corridor project's national railway companies, and between these companies and the NEPAD business foundation, but such collaborations are being driven by the projects and has not been created directly by the PPDF.

¹⁶ The only minor criticism that might be made of the videos is that the funding support of the EU is not mentioned when reference is made to PPDF support.

4. Evaluation Findings – Efficiency

EQ 3: Has the PPDF been efficiently implemented?

4.1 PPDF Management

Regarding the Judgement Criteria “PPDF is being managed satisfactorily, allowing it optimal prospects to achieve its objectives” [JC 3.1] and in particular the *Quality of Programme Management (work planning, troubleshooting etc.)*. Regarding work planning and timely achievement of objectives, PPDF reporting does not allow a direct comparison of progress against initial deadlines, as the reporting does not indicate whether delays have been encountered compared to this planning. At the Projects level, delays are common across the 6 projects, with the partial exception of only Mulembo-Leyla compared to the initial deadlines.

Moreover, it becomes increasingly clear when reading progress reports that these are not part of a systemic management system, rather they are used to report to the PSC. The 2014-2017 Progress report notes that DBSA “in its capacity as the Implementing Agent of the PPDF as well as in the normal course of business, has encountered numerous challenges/constraints during implementation which are not unique to the DBSA or the PPDF.” A list of potential challenges and risks is provided, and how the PPDF Management will address those issues, but to at least some extent the proposed solutions are hypothetical and there is no indication they have been successfully implemented in real-time to solve encountered challenges and difficulties, and what past experience of each project suggests as to where the challenges may arise during the next reporting period.

During the initial contract phase delays were not so significant, and most of the PPDF projects acknowledged the efficiency and commitment of their counterpart project preparation specialist at DBSA. However, delays have been much more significant with regard to procurement, and this has also created frustration among at least some DBSA project preparation staff. What is clear is that PPDF staff do not control this process, but what is less clear is whether management has tried to improve it, although no evidence was provided that any steps were taken to try to address the delays experienced. One project questioned whether it would be better to forego any future preparation support in order to carry out their own procurement process and avoid the anticipated time delays that working through DBPSA’s procurement processes would entail.

While acknowledging the professionalism of the counterpart staff at DBSA, some PPDF project owners also considered that there was room for improvement in the presentation of the PPDF management system and what was expected from beneficiary projects at each stage, standard turnaround times etc. One stakeholder that was also receiving project preparation support from the NEPAD IPPF noted the difference of the latter, where all successful applicants attended an initial inception workshop in which the rules and expectations were clearly explained, and felt that this avoided significant potential for delays and communication misunderstandings during subsequent project preparation stages.

One of the messages that emerges from field interviews with PPDF-supported projects is a perception of insufficient communication and transparency in how the PPDF is working. As mentioned earlier, there is a clear sense that communication and transparency are lacking with regarding to procurement-phase work, but this perception is not confined to procurement, with project teams complaining about a lack of feedback on progress reporting, or on any deliverables or work outputs requested. What is clear is that there is no standardised communication process at the PPDF Secretariat. One project recounted that in all of the time working with PPDF support that they only received one email explaining procedures.

Some projects also struggled to understand some decisions. For example, in the case of the Mulembo-Leyla project, whose funding was not disbursed until the execution of a Fatal Flaws Study, which was not requested at the beginning (was perceived as an unexpected cost). For the Luapula Hydropower Project, a 6-month delay was encountered to finalize the ToR.

Overall, The PPDF has had a very mixed implementation performance in terms of management and efficiency. Significant delays have been encountered throughout the implementation of the programme, starting with the time required to put in place a working agreement between SADC and DBSA, including the development of the PPDF operational guidelines under SADC's leadership. Within SADC, one challenge also appears to have been that different persons and units had at least partial responsibility at different stages, with leadership passing de facto to the Infrastructure Department after beneficiary projects were selected and project preparation support started. In any case, it would appear that the SADC Secretariat could usefully reflect on its own structures and capacities to manage such facilities, which is an important question in any context where it is asked to carry out a similar role for a future SADC Regional Development Fund.

The structuring of PPDF implementation within DBSA would also seem to have been given insufficient management reflection, with a key weakness in the operational implementation of the PPDF having been insufficient differentiation between PPDF-level tasks and processes (programme-level tasks) and project-level activities of beneficiary projects being supported. Despite much of the dedicated work of many individual DBSA project preparation staff and their support to their respective project(s), the PPDF has been constrained due to lack of strong Facility-level management functions (e.g. marketing, promotion, monitoring, ecosystem development, etc.) and of strong leadership. Similarly, not enough has been done to ensure that centralised DBSA processes, for example procurement, do not dictate the pace of progress of the PPDF infrastructure projects being supported.

Regarding the **Quality of Programme reporting**, As shown in the Bibliography in the Annexes, the Evaluation Team was provided with numerous reports such as Implementation Reports, Projects Progress Reports and Steering Committee minutes. While DBSA has been responsive to the requests made to provide documentation, key issues appear to be delays in the reporting, for example w.r.t audit reports from DBSA (typically 4 to 5 months late, often after the SADC annual audit has been completed). This reduces the value of the reporting, as some of the issues are by then outdated. Another issue is the lack of sufficiently defined Facility-level management practices at DBSA, where many project-specific documents and reports are not centrally stored.

Secondly, the quality of the reporting provided by the DBSA and SADC leaves significant room for some improvement. Key stakeholders interviewed stated that "Reporting from DBSA often lack substance" (p1). This was verified by this Evaluation across most of the provided reports, as it is often difficult to find some information such as the timeline of the Request for Proposals. In addition, when relevant information is presented, it often lacks the detail that would allow a full understanding, especially in the context of a Facility where results-based monitoring is not in place. In this respect, it is astonishing that the first PPDF progress report for 2014 to 2017 comprised eight pages (excluding annexes).

The table below sets out the Projects Progress Reports that were received by the Evaluation Team, and shows the inconsistency in the numbering of the Projects Reports. The different reports for each of the projects are differentiated only by the No. of the Report and the Date of the Report, creating unnecessary confusion. Chronologically speaking, there are also gaps in the reporting, for example the 2nd Alaska Sherwood Transmission Line and the Kasomeno-Mwenda Toll Road present time gaps between the different reports provided.

Table 4.1 – Overview PPDF Projects Progress / Implementation Reports Received

Date	North South Corridor Rail Project	2nd Alaska Sherwood Transmission Line	ANNA Transmission Interconnector Project	Kasomeno – Mwenda Toll Road	Luapula Hydropower Project	Mulembo Lelya Hydroelectric Project
Jun-15				Appraisal Report		
Oct-15		Appraisal Report		X		
May-16		PPR No.1		X		
Jun-16	Appraisal Report	X	Appraisal Report	X	Appraisal Report	Appraisal Report
May-17	PPR No.3	PPR No.4	PPR No.2	PPR No.2	PPR No.2	PPR No.3
Sep-17	PPR No.4	PPR No.5	PPR No.3	PPR No.3	PPR No.3	PPR No.4
Feb-18	PPR No.4	PPR No.6	PPR No.4	PPR No.3	PPR No.4	PPR No.5
Jun-18	PPR No.4	PPR No.7	PPR No.5	PPR No.3	PPR No.5	PPR No.6
Sep-18	PPR No.4	PPR No.7	PPR No.6	PPR No.3	PPR No.6	PPR No.7
Jan -19	PPR No.7	PPR No.8	PPR No.7	PPR No.7	PPR No.7	PPR No.7

While this is being addressed by DBSA, it is presented here to simply make the point of inadequate monitoring and management practices within the PPDF Secretariat, with insufficient centralised monitoring of project reporting, and the need to strengthen the PPDF management system.

The quality of the Project progress reports is also falling short, with the project reports (averaging around 3 pages per project) providing a quick overview of key project information and project implementation milestones, but lacking real analysis and depth regarding reasons for implementation challenges and delays and planned corrective actions. Furthermore, the completeness and quality of the content varies significantly from one project to another. It is also likely that the shortcomings in Project reporting is one contributory factor the deficiencies in overall PPDF reporting to the PSC and the Funding Partners. A strength of the PPDF Reporting has been the consistent use of clear templates While some of the indicators are interesting and rather informative to assess the project’s progress, however they are often not completed or lacking important details. The most striking example is the indicator “Planned Corrective or Preventive Action” that is often left blank despite critical delays observed for most projects. This either indicate the absence of corrective measure from the Project and PPDF management team, or a failure in the project’s reporting.

In general, reports fail to give us an overview of the challenges encountered during the Implementation of the Programs and the Projects and how the DBSA worked to overcome them. A flagrant example is the Annexure III of the PPDF Progress Report from September 2018 “PPDF Challenges and Lessons Learnt” that offers an interesting overview of potential risks and challenges, although it does not to give real time examples of challenges encountered in the ongoing projects, and how they were solved. The numerous Projects Progress Reports allows to have an overview of the implementation each project, however it is difficult to have information regarding PPDF as a whole.

Overall communication and reporting to all key stakeholders by SADC and DBSA have not been satisfactory, in particular towards the PPDF funding partners EU and KfW. The poor quality of the reporting is even more surprising given the importance of good investor management and relations with fund providers in any Facility such as the PPDF, that has an ambition to grow and diversify its funding sources. PPDF governance has also exhibited significant shortcomings, in particular in terms of ensuring quality and transparent reporting, results-based monitoring against key KPIs, and in providing a sufficiently detailed basis to assess progress, understand challenges and quickly finding solutions. The above shortcomings point to a lack of

clear leadership at the PPDF management level with DBSA and at SADC and a lack of a detailed PPDF management and development plan.

However, some improvements are already visible in the latest to-date reporting (December 2018): compared to the previous reporting, the Progress reports are more detailed and significantly longer. They are divided in a Section A, providing general facts and milestones of the project, and a Section B “Project Update” that provides an Executive Summary of the Project, a summary of the Implementation Progress, a Summary of the Evaluation, of the Challenges and Risk Management, of the Key Stakeholders (Section named Engagement) and finally a Summary of the status of the Marketing and Communication process. Overall, this is much more complete and easier to read than previously provided reporting, as the information is presented in a clear and organised way. It is also appreciable that Challenges and Risk Management as well as Marketing and Communication now features as a clearly identified sub-section. In addition, the project reports now include a Preparation/implementation schedule against planned milestones, with corresponding amounts disbursed at each step. This is a significant improvement, as this visual presentation allows for a better understanding of the project implementation process, with a clear identification of relevant information such as delays encountered by the project. To complete this improvement, the Programme report indicate that “*these reports are in PPDF Secretariat’s files and can be shared on request. The Secretariat is currently considering setting up a secured website to share completed studies for PPDF SC members and SADC.*” This is welcomed by the evaluation as it would contribute to strengthening good governance and transparency of the PPDF.

Regarding the **Quality of Programme monitoring (including on cross-cutting issues)**, the quality of Programme monitoring evaluation including cross-cutting issues is limited as little information on the subject is provided. The *SADC RIDMP Monitoring, Evaluation and Reporting Framework and System from October 2015* is outdated and does not focus on PPDF. On the SC Meeting Minutes of the Monitoring & Evaluation dated of the 13 February 2018, the SADC Secretariat indicated that they were in the process of developing a monitoring and evaluation (M&E) plan which would include key performance indicators as part of the operational plan for the PPDF to evaluate the success of the programme.

The SADC Secretariat was tasked to look into these M&E reporting tools as per the agreement with the donors and liaise with the PPDF Secretariat, but there is no further indication of success or failure of this process. The 2018 IR states that “*The DBSA appointed external audit firm (Nkonki) to audit the PPDF financials. Both the Financial Years (FY) for 2015/2016 and 2016/17 received unqualified audits*”, giving no further details or information. In addition, Programme Monitoring on cross-cutting issues is rather poor or inexistent. There was previously no mention of cross-cutting issues monitoring in the Programme or Progress reports, with no indication that those themes were even being taken into consideration. The updated reports of December 2018 now consider the performance of the projects against environmental and social criteria (ex: for the Kasomeno – Mwenda Toll Road, there is identification of reduced level of carbon emission and job creation thanks to the project).

The Post Course Evaluation forms from the SADC PPDF and Pan African Capacity Building Programme (PACBP) Course completed by the participants to assess the quality of the course do not contain any gender question (female/male). This implies that a gender balance monitoring could not have been conducted on this issue. The same applies for other cross-cutting issues such as disabled and vulnerable people inclusion.

4.2 PPDF Management Performance

In terms of considering the **efficiency of the PPDF Governance in providing an adequate Leadership and Oversight [JC 3.2]**, a first consideration is **the quality of PSC Meetings preparation**, and a review of the PSC Meeting Minutes and agenda from 2015 to 2018 would suggest that from a process or administrative point of view, meetings were relatively well organised by the PPDF Secretariat. However, reviewing the agendas from an issues and content perspective provides a somewhat different point of view, as key strategic issues

do not seem to have either made the Agenda or even if they did were not fully discussed. Examples include the issue of the strategic vision and strategic development plan for the SADC PPDF, the quality of the reporting and detail level of the work planning, the level of delays experienced, and the approach on how to maximise the impact of the training.

Of concern also has been the revolving nature of SADC Member State participation. While the principle and rationale of having a number of SADC Member States is of course understood and accepted, the manner in which this has been implemented is not consistent with good governance. Firstly, there has been too much change and turnover in Member State representatives – as the PPDF is a project preparation facility supporting complex project preparation and with preparation support that stretches out over 2+ years, this role requires continuity of representatives. Moreover, most of the Member State representatives do not have a background in infrastructure project preparation, yet no training was provided to allow them to effectively fulfil their role. Notwithstanding SADC rules on SC composition, this weakness and others need to be addressed as a matter of priority.

Regarding the Quality of PSC strategic management and decision-making, the only documented information sources are the PSC minutes. Those minutes are the most informative documents provided by the DBSA, attesting the PPDF process and the problem-solving. They should serve as example of report, as generally minutes should not be considered as reporting. Analysis of those minutes attests a decent problem-solving capacity. For example, concerning the Mwambani Economic Corridor: *“On deeper investigation into the project, it was noted that the project developer (MWAPORC) does not have a clear legal mandate to develop the project and the costs were excessive. It was recommended that the project should not be considered further.”* This decision was submitted by the PPDF Secretariat and approved by the BOT.

Regarding the Strategic Management of the PSC, PPDF SC had undergone a significant shift during the programme implementation. The BOT Minutes of the 2 February 2015 stated that the PPDF BOT was a legal entity governed by a Trust Deed, and that membership consisted of two seats from the SADC Secretariat, one seat from the DBSA and three seats from the Troika Member States. Due to the Troika members circulating every year, the outgoing members needed to be deregistered while the new members needed to be registered and the Trust Deed amended accordingly. This involved an important administrative load including paperwork which caused important constraints and delays. Furthermore, it was a time consuming and labour-intensive exercise. It was acknowledged that the process was long and cumbersome and that the principle behind the BOT should be retained but without the hassle.

It was suggested that the Troika members serve three years on the BOT and the SC as a potential solution, i.e. a double Troika. The new governing structure proposed was that the BOT be delegatized and the SC and BOT be collapsed into one SC consisting of a double Troika of officials, one SADC Secretariat member who will serve as the Chairperson for continuity and institutional memory and the South African (SA) Department of National Treasury in its capacity as host of the PPDF at the DBSA, The DBSA and the donors would serve as observers at the SC meetings. The Board of Governor approved: (i) the dissolution of the PPDF Trust; (ii) the collapsing of the Steering Committee and Board of Trustees functions into a new enlarged Steering Committee comprising: (a) the Double Troika members, that is, six Member States; (b) one representative from the SADC Secretariat as permanent member; (c) one representative from the SADC Development Finance Resource Centre as a permanent member; (d) one representative from the Development Bank of Southern Africa as a permanent member; (e) the following institutions will have observer status: EU Delegation to SADC and KfW. As observed during the interviews, this important change in the Steering Committee’s organisation was welcomed by the stakeholders, as it simplified the process and augmented efficiency.

Still, one issue raised by the stakeholders during interview regarded the fact that it can still take long time to submit information to the PSC, which means that some problems encountered by the projects would reach

the SC too late to figure in relevant meetings. In addition, it is regretful that there are no “independent voices” present during PSC meetings. It is common in management team to have the presence of a non-executive director that act as an independent adviser, providing independent recommendations and vision. This help avoiding bottlenecks in decision making and provide an external vision on internal constrains.

Finally, as most of the PPDF management process, the PSC efficiency is hampered by the lack of efficient reporting and monitoring. While minutes clearly show that important issues are being raised during the meetings, communication about the decisions and/or potential solutions are not reflected in Progress Report/ Implementation reports, and this make the information very difficult to extract and be communicated efficiently. It is not clear is the PSC are addressing important and strategic issues as the information has to be found in the middle of administrative concerns.

This issue has to be seriously considered as the latest to date reporting clearly shows that ¾ of the projects are requesting Steering Committee Meeting to overcome their current issues (for example, the continuation of the 2nd Alaska Sherwood Transmission Line management under ZESA needs to be raised in a SC meeting as the project is severely delayed), and suggests that the PSC will need to be more efficient than ever to ensure the implementation of projects facing challenges.

*Regarding the **extent to which Operational Guidelines have been adhered to***, the implementation of the Programme has been guided by the Operational Guidelines (OG) approved by the PPDF Steering Committee (SC) in consultation with the European Union Delegation to SADC (EU), the Southern African Development Community (SADC), and the Logical Framework (log frame) for the Action. Both these documents are based on the Contribution Agreement between the SADC Secretariat and the EU. Overall, no significant breach of the Guidelines was observed. Following the streamlining of the PPDF governance, it was decided that the Operational Guidelines, Procurement Guidelines and Communication Guidelines should be revised to replace any references to the Trust Deed. However, at the SC Meeting of the 18 May 2018, the draft amended Operational Guidelines (OG) were considered by the SC and the donors but have not yet been approved for the following reasons: a) The EU did not agree with the inclusion of the clause that "the Guidelines can be amended from time to time" as any changes needed to be endorsed by the EU because they are part of the Contribution Agreement between the SADC and the EU. KfW confirmed this requirement for the KfW funding; b) The SC and the donors noted the concerns and recommendations around the inclusion of specific support to the Oceanic States raised in the last Ministers of Finance meeting. However, there was no consensus on whether to include this in the OG, as the EU and KfW felt that is was already covered by the general definition. It was also confirmed that the projects from Oceanic States were receiving support as indicated by the two projects in Mauritius and Madagascar and that these projects passed the Tier One assessment as they did have an impact on regional integration and therefore complied with the Tier One criteria. After consultation with between the PPDF Secretariat and the DBSA Supply Chain Management, the amended OG were approved after the round robin consultation. In addition, the management and decision-making are now more visible in the Progress Reports, which makes the PPDF management clearer.

4.3 PPDF Technical and Feasibility work

Considering the **PPDF technical and feasibility work quality [JC 3.3]** and in particular the **quality of technical work done on PPDF-supported projects**, assessment has been provided on the training engaged by the DBSA's Vulindela Academy (PACBP) under the Judgement Criteria *“Human capacities for identifying, preparing, evaluating and marketing regional economic infrastructure projects (REIPs) developed to-date”*. According to the PPDF's implementation Report, two more workshops are planned before the end of December 2018. Outside of the training provided by PACBP, there is no information regarding technical work done on PPDF project in the reporting (neither in Projects Progress Reports, nor PPDF Progress Reports/PPDF implementation Reports).

Regarding the **Quality of consultancy and advisory services engaged, Management of external advisory service providers and Timeliness and speed of external technical and economic services**, the DBSA engaged an external consultant to develop a website for the PPDF, as well as the Pan Africa Capacity Building Programme (PACBP) to provide short courses in project-related fields such as risk management, project finance and financial management. According to stakeholder feedback, the course quality was high and the few criticisms concerned the tailoring of the training, not the provided service. In addition, the DBSA appointed external audit firm (Nkonki) to audit the PPDF financials. Both the Financial Years (FY) 2015/2016 and 2016/17 received unqualified audits. However, no information is available on this process.

Overall, the interviews conducted highlighted many delays, from small to highly important. Those delays are not always directly caused by the external advisory service (ex: Luapula Hydropower Project had a 6-month delay to finalise ToR) but there is no indication that external advisory services were efficiently used as problem-solvers. This is once again due to the lack of result-oriented management, with delays seemingly too easily accepted/tolerated.

In general, before Q4 2018 there were little to no reported information on the consultancy process undertaken at each project level nor at the PPDF level, with information on consultancy and advisory services and their management missing. Luapula Hydropower Project reported “problems of liaison with ESIA consultants” which caused important delays, but provides no further details. However, the updated Progress Reports of December 2018 now lists the appointment of external service providers, identifying the name of external consultant firm and their function in each project. This is an appreciated improvement, but the quality of external consultant work seems to be a recurring issue in many projects (2nd Alaska Sherwood, Luapula Hydro Power Development) and will need important DBSA management.

As such, there is still a pressing need for more rigorous management by DBSA, on external services with the provision of clear monitoring of experts with regard to quality and timely delivery of reports etc. As mentioned above, there has been a significant improvement, as several Progress Reports now analyse and provide feedback on external consultancy work, with relevant action taken if necessary. This makes the engagement of DBSA in external consultant management clearer, such as the fact that DBSA was engaged in the selection of consultants (e.g. Creco Financial Advisor selected for the NSC Project), and is closely monitoring their actions and consultancy outputs and deliverables. As such, for the 2nd Alaska Sherwood Transmission Line project, the PPDF secretariat will be calling for a Steering Committee meeting to discuss the outstanding milestone status and quality and review the consultant’s performance. In the Luapula Hydropower Project, it was identified that the environmental consultant might have been downplaying the potential environmental impact. This was discovered and mitigated by oversight of environmental specialists from DBSA and KFW.

4.4 Adequacy of DBSA Technical, Management and Financial Expertise

Regarding the final Judgement Criteria under the Efficiency evaluation criterion (JC 4.1 - **DBSA’s technical, management and business/financial skills are adequate to ensure International-class management of the PPDF**), the first indicator is the **extent to which DBSA has the requisite technical skills**. As a leading Southern Africa development bank, DBSA is familiar with project preparation and specifically with the context of preparation of infrastructure projects in Southern Africa in the target sectors. The DBSA would appear to have most if not all the requisite technical skills, although some may need to be adapted to the demands of running a project preparation facility such as the PPDF, such as a bespoke procurement process. Other areas that may need to be reviewed are project planning and resource input allocation (time and cost planning).

Regarding the context of project preparation in the SADC region, DBSA project preparation specialists show a good understanding of the context and challenges. A number of projects have emphasised their understanding and flexibility, with one project giving an example of how their DBSA counterpart took a plane at one day’s notice to join them in a meeting with high-level government staff in one of the project countries,

and helped manage the risk of national government counterparts going back on previously agreed commitments.

Another area where ongoing technical assessment could be improved is the monitoring of the quality of PPDF consultants and services providers, with consultancy providers being ranked by the PPDF Secretariat on the performance of their work (quality, timeliness etc). While this initially might likely not make significant difference, it should in principle over time allow DBSA to have a view on which consultants provide higher-quality work. If information gathering was also extended to consultants working with other project preparation facilities, a relatively robust roster of consultants could be developed in a relatively short space of time. What does seem to be lacking with the PPDF Secretariat is a complete description of the Facilities rules and operating processes, and the evaluation team is not aware of DBSA having reviewed its PPDF procedures against well-renowned international project preparation facilities. This is also surprising, given that DBSA is a member of such network such as the Project Preparation Facilities Network (PPFN).

Regarding the extent to **which DBSA has the requisite management competences**, the evaluation's desk and field research suggests that the issue is not much that DBSA do not have the relevant individual management skills, but that sufficient interest and thought has not been given to defining good PPDF-level programme management practices and procedures. A mistake from the outset was that was the failure to create one organisation team or unit focussed on PPDF-level functions (e.g. PPDF Marketing, Call design, Call promotion, Programme monitoring, Programme Reporting, Relations with Fund Providers, investor relations and outreach etc.). The consequences of this failure can in part be seen by the fact that almost every PPDF Programme-level function has either not been sufficiently defined, under-resourced or under-severed, and has not performed to the standard one would expect from a regional facility such as the PPDF.

There has also been a lack of leadership and strategic thinking, and a lack of urgency in managing against a planned timeline, with significant delays too easily accepted. The PPDF would have significantly benefitted from an internal design reflection process and benchmarking against high-performing project preparation facilities. This is also particularly important in PPDF-level functions that have not yet been properly implemented but will be important to the success of the PPDF, such as investor marketing and outreach.

Regarding the **extent to which DBSA has the requisite financial/business/investment competences**, the evaluation work would suggest more can be done in terms of creating a fully-fledged PPDF-level investor marketing and outreach function. Ideally, this would mean identifying from the outset the targeted investment strategies and investor profile for each project, and creating customised investor marketing and outreach plans. From the business (and management) perspective, DBSA also needs to ensure there is clear separation between its project preparation facilitation role under the PPDF and its role as a potential downstream project investor at a later stage.

5. Evaluation Findings – IMPACT

EQ 4: What is the overall impact of the PPDF?

5.1 PPDF Attractiveness and Credibility for Relevant Stakeholders

This section considers the impact of the PPDF to-date, and tries to extrapolate from the results the prospects for the impact of the PPDF between now and the end of the project in late 2020 (i.e. at the end of the contract extension period).

Regarding the **number of projects in the pipeline**, there are 9 projects in the overall PPDF pipeline, comprising 6 projects funded under the EU financing contribution and 3 under the KfW contribution. It as to be noted that one project (Luapula Hydro Power) benefits from funding from both the EU and KfW. At present, none of the EU-funded projects has reached bankability, and there is no centralised forward planning at the PPDF Secretariat as to what is the target timing for each project to reach investment closure. Moreover, the projects vary significantly in type, scale, complexity and nature or risks.

Table 5.1 - Committed Projects of the PPDF Pipeline (as at September 2018)

Project Name	Date Committed	Funder	Sector
2nd Alaska Sherwood Transmission Line	31/03/2016	EU	Energy
Kasomeno - Mwenda toll road project	30/11/2016	EU	Transport
Luapula Hydro Power Development	03/11/2016	EU/KfW	Energy
Mulembo Lelya Hydro Electric Power	06/12/2016	EU	Energy
North South Corridor (NSC) Rail Project	13/03/2018	EU	Transport
ANNA Transmission Interconnector Project	12/12/2016	EU	Energy
Mozambique Zimbabwe South Africa Interconnector (MoZiSA)	10/01/2017	KfW	Energy
Africa GreenCo	09/01/2017	KfW	Energy
Development of Guidelines and Standards for Renewable Energy Projects and a funding and Incentive strategy, in Mauritius.	14/07/2016	KfW	Energy

Feedback from the Kasomeno - Mwenda toll road project has indicated that they expect the project to become bankable during Q1 2018. Regarding the North-South Corridor project, current PPDF support is expected to bring the project to a milestone where the next phase interventions can be prepared, including planning and organising procurement. It should be emphasized that the that the North-South Rail Corridor is a complex multi-country collaboration effort involving innovative collaboration between the national rail companies, and in this regard is not comparable to the majority.

Overall, the desk review work and field interviews suggest a significant lack of results-based planning and results-oriented implementation with respect to getting the PPDF projects to bankability or investment close. It has to be noted that the Kasomeno-Mwenda Toll Road, the North-South Corridor Rail and ANNA transmitter project included an assessment of the economic model and Market and Financial analysis in their pre-feasibility phase. This, along with general project stakeholder feedback during the field phase, underlined projects' commitment to reaching bankability, although it is not always clear from PPDF reporting the scale of PPDF Secretariat efforts to support the PPDF projects in general.

As seen in the review on the PPDF efficiency, significant delays have been encountered across the projects. The information and feedback available have suggested that the PPDF has for the most part let beneficiary

projects progress at the rate that they seemed willing or able to do. Moreover, insofar as areas where DBSA has more control, such as during procurement phases, limited effort was given to considering how internal processes could be streamlined or accelerated to improve PPDF (and possibly other Facilities) effectiveness and secure project-related impact more quickly through projects reaching bankable status more quickly. Moreover, as mentioned earlier, both current progress reporting from SADC and DBSA and reporting inputs for PSC meetings do not include reporting against a bankability milestone KPI.

Regarding the ***scale (and degree) and nature of interest among project developers/promoters***, the interest level of the beneficiary project developers and promoters seems generally high, which is what one would in any case expect. All beneficiary project stakeholders were appreciative of the PPDF support, in terms of its relative value in progressing their project. In the case of some projects, such as the Mulembo Leyla Hydro project, the level of existing project developer investment into the project, be this through direct financial investment or in-kind investment (i.e. time investment and opportunity cost of same, own financing of selected project preparation costs), has been at least highly promising if not impressive. Similarly, in the case of the North-South Rail Corridor, the project developers have shown real commitment, for example in advancing a somewhat pioneering collaboration effort between the national railway companies.

Beyond the beneficiary PPDF-supported projects, it is impossible to conclusively assess the ***scale (and degree) and nature of interest among the wider community of (existing and potential Southern African) project developers/promoters***, but it is likely that interest in the PDF among non-beneficiary donors is limited. This is for a variety of reasons discussed elsewhere, but is in particular due to the limited promotion of the PPDF Call to reaching a wider range of existing and possible project developers, and the lack of any consistent effort to develop linkages with, or support, other project developers beyond the PPDF beneficiary projects (for example as part of a more systematic capacity building effort than the ad-hoc training courses delivered to-date).

Regarding the extent of ***interest/perception of PPDF by regional and national government stakeholders***, it is hard to provide conclusive evidence on this, but the desk research and stakeholder consultation suggest that the PPDF has not generated significant interest across regional and national government stakeholders. Interest among regional stakeholders would appear to be higher, as some are involved in implementing PPDF projects or supporting the implementation of same.

Regarding ***interest in the PPDF from national stakeholders***, there is little clear evidence that interest in the PPDF is significantly increasing for a number of reasons. Firstly, SADC and DBSA have not given much thought on how to involve Member State governments more systematically (for example in a more strategic and systemic approach to building project preparation capacity in the region, thereby missing an opportunity to build the value proposition of the PPDF for SADC member state governments, and contributing an increased sense of interest and ownership on their part. Secondly, the visibility and promotion of the PPDF to national government stakeholders has been poor. A third factor, discussed under the PPDF's sustainability prospects in Chapter 6, is the lack of any clear progress in securing SADC Member State government financial contributions to the PPDF.

Regarding ***interest/perception of PPDF by regional, national and international investors***, it is impossible to accurately gauge their interest, as the PPDF does not have an ongoing and structured investment contact and outreach activity for the projects. At the projects level, stakeholder feedback suggests some investor interest in PPDF projects. For example, North South Corridor project stakeholders have been approached by international investors who had heard about the progress of the NSC project and wanted to understand more, as well as discuss other similar regional projects. In the case of the Kasomeno - Mwenda toll road project, the project has to-date received commitments from a European Company for EUR 250 million in equity, and USD 1.25 million in development dollars money.

Overall, the evaluation findings suggest that the PPDF is attracting some **increased interest from stakeholders**, but that this is limited and ad-hoc, and more typically due to the efforts of the PPDF projects rather than systematic efforts from the PPDF Secretariat and SADC. In this respect, the PPDF implementation effort to-date has been to a significant extent a missed opportunity to build important momentum and upward trajectory in investor and key stakeholder interests.

Regarding the **extent to which cross-cutting impacts have flowed** (e.g. w.r.t gender, environmental sustainability, good governance etc.), there has been some evidence of limited cross-cutting impact in some projects. For example, the Kasomeno - Mwenda toll road project has used an innovative soil stabilisation solution for road construction that entails significant environmental benefits, with a significant cost reduction compared to conventional road construction techniques. Another example has been the North South Corridor, where collaboration is opening up new thinking about good governance models, more specifically shared governance of common rail assets across the relevant countries. Again, impacts where they have taken place are related to specific PPDF projects, and no evidence has been found that there has been a PPDF-wide effort to mainstream gender or other cross-cutting issues.

5.2 PPDF Contribution to an Increasing Pipeline of Bankable REIPs

Regarding the extent to which the *PPDF is contributing to an increasing pipeline of (bankable) REIPs (at all stages) [JC4.2]*, the focus is only on projects selected through the Call, and this means that limited resources would in any case have been available for other support work. However, as mentioned earlier, there has been no real effort to-date as to who the PPDF could be a catalyst towards developing an increasing pipeline of (bankable) REIPs (at all stages). While some PPDF effort could have been devoted to developing a wider pipeline of regional economic infrastructure projects (REIPs), for example using the capacity development work as part of an integrated approach, this does not seem to have even been considered. Thus, at present, bankable projects will only emerge from some (or all) of the current portfolio of PPDF projects.

Is Investor interest in REIPs increasing due in part to the work of the PPDF and the PPDF is contributing to a strengthening of the institutional and financing ecosystem for infrastructure projects? [JC4.3] Under JC1 and the consideration of bankability of PPDF projects, the status of the individual PPD projects has been considered. The relatively limited portfolio size of the PPDF, as well as the very limited visibility and systematic contact with investors, makes it difficult to attribute any increased in investor interest for regional infrastructure projects to the work of the PPDF. The evaluation evidence suggests that the PPDF has not made any significant and systemic contribution to strengthening the institutional and financing ecosystem for infrastructure projects in Southern Africa. As mentioned, opportunities have to-date been missed to develop the institutional and human capacities through a more systemic approach to the capacity building component of the PPDF work programme, which for example could have systematically identified and targeted key relevant actors in SADC Member State governments, as well as other relevant stakeholders in the target sectors and either potential projects/project developers or those who could contribute to a more systemic project identification ecosystem. Similarly, there has not been a systemic linkage developed to the projects in the SADC RIDMP.

6. Evaluation Findings – Sustainability

EQ 5: What are the sustainability prospects of the PPDF?

6.1 PPDF Results and Sustainability Prospects

Regarding the Judgement Criteria *PPDF results and impact sustainability beyond the end of the project [JC.5.1]*, regarding the *prospects for the PPDF pipeline to continue to grow beyond project end*, the current picture is not very encouraging. As mentioned earlier in the report, PPDF support has focused on the six projects selected after the applications to the Call were assessed. To-date, at least, the PPDF has been implemented as a traditional donor-funded project in the sense that the project seems to have been implemented as a somewhat stand-alone set of work tasks. However, the rationale of the PPDF – and EU (and KfW) funding support for it – was that it would be an important part in the wider jigsaw of measures to respond to the challenges facing the SADC region in terms of bringing bankable regional infrastructure projects onstream. In other words, part of the PPDF rationale was that it would act as an initial launchpad or enabler from which develop and foster new momentum that could increase regional capacity to address these challenges and increase the rate of realisation of the RIDMP.

Similarly, and because of the above, the **prospects for PPDF investor/investment strategy and work plan to continue to produce results after project end** currently look at best mixed, and more likely somewhat limited. Individual projects will indeed record some successes, and the general support of the PPDF Secretariat for its portfolio should also be kept in mind. However, this support is general support, and no overall investment approach and investor outreach plan has to-date been made available from DBSA. While it can be acknowledged that fully-fledged investment support may not be yet required for some projects, part of what makes a top-class project preparation facility is a strong Facility-level investment strategy and investor contract programme, to explain the Facility's goals and how it is going about its business of supporting the development of investment-ready projects. In this regard, the PPDF is not only constrained by the lack of such an investor engagement programme, but also by the lack of a medium-term strategic vision for the PPDF: not having a clear vision and strategy for the PPDF is a clear weakness in terms of trying to communicate to investors that the region is developing a pipeline of potential beyond the current PPDF portfolio that would justify investment actors to consider more engagement with the region.

Regarding the **extent to which human capacities developed during the project to-date will continue to ensure a high quality PPDF system after project end**, again there is little evidence to suggest that this will be the case. The capacity development work carried under capacity development component of the PPDF has, as mentioned earlier, not been guided by clear strategy of how to go about strategically developing SADC-region capacities in a more systemic and sustainable manner, rather what has been done is more akin to three training courses delivered on a rather ad-hoc basis. This training has not been anchored in a wider contact and engagement with national and regional stakeholders, and no follow-up impact assessment of this training has been carried out (beyond exit feedback surveys). As mentioned earlier, this has been a missed opportunity by both SADC and DBSA, but again it should be emphasised that the contract extension offers the opportunity to at least partly recover the situation.

Regarding the extension to which the *PPDF pipeline will continue to grow in quality and quantity after project end [JC5.2]*, the implementation experience to-date suggests that any further growth in the size of the PPDF pipeline will be contingent on continued and increased donor funding. As the PPDF Call has been

on a once-off basis, and no wider engagement work has been done with existing project developers or would be project developers to build the earlier stages of a pipeline, there is therefore **no growth trend in PPDF applications and interest levels/expressions of interest**, and the only projects being supported are those in the PPDF pipeline.

Regarding **PPDF results in marketing REIPs to investors**, no centralised tracking is being maintained and communicated to key PPDF Stakeholders (e.g. SADC national governments) and the Funding Partners (EU, KfW). As mentioned earlier, to-date there has not been a PPDF-level marketing of the Facility and its projects to relevant stakeholders, and in particular investors, with most projects driving their own market and contact with investors depending on their current state of advancement and needs. Thus, at least to-date, no momentum or dynamic has been generated that would allow the PPDF pipeline to continue growing in quality and quantity after project end, but of course this could change if the implementation approach were to be modified.

6.2 PPDF Capacity to Adapt to Current and Future Challenges

Regarding whether the *PDF shows a capability to adapt to current and future challenges [JC5.3]*, the stakeholder interviews suggest that there is at least some acceptance among SADC and DBSA that the PPDF implementation needs to be strengthened. DBSA has also said that it is looking to start reviewing the RIDMP to develop a more detailed analysis of the types of projects, categorise them and start identifying their current needs. Thus, this might impact how the PPDF is implemented between now and late 2019, although it should be noted that at the time of the evaluation fieldwork, an established work plan with resourcing and timing for this action did not yet exist. At a more general level, DBSA has been carrying out some internal discussion on how PPDF implementation can be improved, and the future development of the Facility, but again no clear details on the boundaries of these discussions or future development ideas or scenarios were available at the time of the evaluation field interview programme in November 2018.

Regarding whether the **PPDF Investment target audience is being widened and increased**, given the lack of a clear forward planning as to whether a detailed PPDF promotion and engagement programme with investment actors is being considered, there is little evidence to state at this time that the PPDF Investment target audience is being widened and increased. Regarding the **extent to which REPIP applications to PPDF are considering current and future challenges**, this indicator is somewhat redundant as currently there are no plans to create new applications to the Facility under the current EU funding contract.

6.3 PPDF Sustainability Planning

Regarding *Post-Project Sustainability Planning is being pursued by SADC and DBSA [JC5.4]*, the evaluation work has explored the **Extent to which actions to ensure sustained impact are being considered**. The issue of PPDF sustainability was also raised in field interviews, where some interviewed stakeholders expressed their concern regarding the current state of the sustainability of PPDF. Indeed, if some projects have a high chance of being successful, there is no clear follow-up strategy. With this lack of a longer-term vision and plan for the wider PPDF, stakeholders feared that there is a significant risk that some projects could fall by the wayside on the long road until project completion and bankability, after the end of the PPDF funding. Interviews with SADC and DBSA have showed somewhat less focus on how to achieve sustained impact, beyond a narrower interest in securing further donor funding for the PPDF.

Regarding the **extent to which a sustainability framework/strategy/plan has/is being developed**, at a more general level DBSA has been carrying out some internal discussion on how PPDF implementation can be improved, and the future development of the Facility, but again no clear details on the boundaries of these discussions or future development ideas or scenarios were available at the time of the evaluation field interview programme in November 2018. However, this has been very much an internal DBSA discussion and

to-date there has not been a more formalised set of actions between SADC and DBSA to start a reflection process on the future of the PPDF and if and how it might be continued beyond the current donor-financed contracting windows. It is particularly surprising that no substantive strategic reflection has been initiated by SADC, all the more as there is a real need to define what is or could be the value proposition of the SADC PPDF and what strategic development scenarios could be contemplated.

Regarding financing sustainability, the current prospects for the PPDF do not appear very strong, beyond the possibility of continuing with further donor funding. This would seem at best a low-ambition strategy, and it might also prove challenging to secure further donor financing based on the relatively limited results and momentum achieved to-date. Thus, even for this low-ambition strategy, the project implementing partners need to ask what improvements would need to be made to the implementation performance of the Facility.

A further financing (and institutional) weakness is the lack of real buy-in to-date from the SADC Member States. When the PPDF was first designed, it was expected that SADC Member States would be using their own resources to further bolster the fund. This has not happened to-date and to some extent raises questions as to the real level of ownership on the part of SADC countries. However, it should also be pointed out that the implementation weaknesses and the lack of a clearly articulated vision and strategy for the PPDF and how it will add value for the SADC Member States can also be considered a contributing factor. From an institutional perspective, the implementation experience to-date does not suggest that the PPDF has been able to develop a sustainable institutional basis, nor is it clear that operational responsibility should be delegated to only one organisation. It may be expecting too much of DBSA as a development bank to be responsible for all aspects of a SADC regional facility, in particular some of the areas further away from the bank's core business, such as nurturing the development of a human and institutional ecosystem for facilitation project identification and preparation across the SADC Member States.

A further weakness with regarding to develop a credible and sustainable financing model for the PPDF is the lack of real Member State buy-in, due to at least some extent in tot the lack of meaningful engagement from the PPDF. When the PPDF was first designed, it was expected that SADC Member States would also be contributing their own resources. With the current design of the PPDF, some stakeholders considered that Member State commitment levels have (not surprisingly) dropped, with some regional stakeholders consider that Member States perceive a certain disconnect from the PPDF project portfolio.

With regard to SADC plans to establish a Regional Development Fund, there is some thinking within SADC that the PPDF could be used as “one of the windows” to implement it. However, for now the RDF is still a faraway vision due to the internal political conflicts inside of the SADC. SADC Ministers are aware that there have been numerous criticisms regarding the absence of financial participation of the SADC Member States to the PPDF. To proof their interest and commitment to the project, they now have decided that part of the SADC Reserve Fund will not go to the project allocation. For SADC, this is a symbolic step forward and demonstrates renewed commitment of the SADC Member States. However, implementation is still pending as the decision was only taken in July 2018.

Overall, therefore, regarding sustainability prospects, at present the sustainability prospects for the PPDF appear highly uncertain, in particular in the absence of a clear and credible strategic vision and development plan for the Facility. This in turn is a further constraint on creating a significant impact on increasing investor interest and appetite and building an institutional and financing ecosystem. However, it is even more important to emphasise that with the PPDF contract extension there is still time to significantly change the status quo and significantly improve those prospects.

Regarding **prospects for PPDF investor/investment strategy and work plan to continue to produce results after project end**, the EU External Investment Plan may be highly relevant in this regard, in terms of considering the EFSD (European Fund for Sustainable Development) and the EFSD Guarantee Funds: The

EFSD combines the new EFSD Guarantee, for a total of EUR 1.5 billion, with two regional investment platforms – the Africa Investment Platform and the Neighbourhood Investment Platform with EUR 2.6 billion corresponding to blending operations, currently under the two investment facilities. The EFSD Guarantee is managed by the Commission, in close cooperation with the European investment Bank (EIB).

The EFSD Guarantee seeks to mitigate investment risk and attract private investment to activities that would not take place otherwise. Within the African Investment Platform, a significant share of the EFSD Guarantee is foreseen for allocation to fragile and conflict-affected, landlocked and least developed countries, where the perceived risk is higher and there is a great need for private investment. If this is not the reality for all SADC countries, it could help some more at-risk countries such as the Democratic Republic of Congo, where for example political instability has contributed to implementation delays with the Kasomeno Toll Road project. Moreover, SADC and the DBSA are eligible for these funds as they are open to: “international organisations and their agencies¹⁷”.

¹⁷ Guide to the EU External Investment Plan, November 2017, European Commission

7. Evaluation Findings – EU ADDED VALUE

EQ 6: To what extent is EU Support to the PPDF bringing additional value for EU Member States?

Concerning EU added value, **(EU Support to the PPDF is bringing additional value, with a creation of a favourable environment for all EUMS) [JC 6.1]** and in particular *the extent to which EU Support to the PPDF alone brings additional value to other EUMS players in the region and in particular Germany's support*, it is important to highlight that the EU support to the PPDF has obviously increased the PPDF funding to allow for a bigger pipeline. If we compare to the current nine committed projects, six are funded by the European Union compared to three funded by KfW.

Furthermore, the presence of the EU as one of the major funders of the PPDF increased the credibility of the Program and by extension of the projects' Pipeline. It is always an added value to have multi-donor funding in a Facility, particularly when it includes a secure donor such as the EU. This unquestionably increases the credibility of the Project Pipeline toward potential future investors, as there is the certainty that at least as long as the project is ongoing, it will have a secure financing via the EU, which increase the odds of its achieving bankability. Sadly, this has been limited by the low visibility of the project as a whole and by the near-absence of visibility with the EU. For example, the website of the SADC PPDF makes a discreet mention of "with funding by the EU" under the EU logo, and the EU is absent of the only promotional video for the North-South Corridor Project. This issue is being addressed in the latest Progress Reports (December 2018) with the addition of the necessity to add EU logos on every promotion material.

This gives the impression that possible EU added value has not been appreciated to its full extent in terms of potential to attract investment and increase the bankability of the projects, and should be seriously considered in the future.

Regarding the **capacity of the EU Support to the PPDF to bring additional value to the external investment plan (EIP) to attract more investment from businesses and private investors**, the EIP sets out a coherent and integrated framework to improve investment in Africa and the European neighbourhood in order to promote decent job creation and inclusive and sustainable development, and tackle some of the root causes of migration. With the EIP, *"the EU will go beyond 'traditional' development aid based on grants and instead use innovative financial products such as risk sharing guarantees instruments and the blending of grants and loans to ensure that investments have a major development impact."*¹⁸

In this sense, the PPDF and the RIDMP are already highly relevant for the EIP and its objectives, particularly when it comes to inclusive and sustainable development. Indeed, Energy and Transports which are the majors focus of the currently committed are directly linked to inclusive and sustainable development. In that sense, the potential success of the PPDF increase the possibility for the EU to realise and achieve the long-term goals of the EIP in Africa, as projects will achieve the bankability stage and start to look for financing to secure the project' continuation and/or fallout.

However, some limitations have to be brought to this analysis as thus far most projects have had low visibility, and the PPDF as a whole has enjoyed very limited promotion, and by implication low visibility for investors outreach and potential future investments. There is a true lack of development of the PPDF as an "ecosystem", and each project seems to be left as their own to ensure their promotion and fallout. This obviously importantly constrain the additional investment.

¹⁸ Guide to the EU External Investment Plan, November 2017, European Commission

Overall, it can be concluded that value-to-date, and by extension added value of the presence of the EU as a donor, has been constrained from realising its potential by the relatively slow implementation progress and the lack of a results-focussed management in getting the projects to bankability in the shortest possible time.

8. Evaluation Findings – Coherence

EQ 7: Is EU Support to the PPDF Coherent with EU Policy and with other donor policies and support?

Regarding **PPDF coherence with EU Policy and with other donor policies and support [JC 7.1]** and in particular the ***Degree of coherence with EU Strategy and policies in infrastructure in the Region***, the PPDF is coherent to the orientation of the European Investment Plan voted in 2017 by the European Commission. The EIP focuses on supporting EU partners countries to meet the UN SDGs by 2030. It also sets out a coherent and integrated framework to improve investment in Africa and the European neighbourhood in order to promote decent job creation and inclusive and sustainable development, and tackle some of the root causes of migration. With its focus on infrastructure creation, and *“to support the economic integration process as a means of enhancing economic growth, raising standards of living and eliminating poverty”*, the PPDF strategy is perfectly aligned to the direction of the EIP.

The PPDF is also highly coherent with the most recent orientation of the European Commission regarding EU-Africa Partnerships. Indeed, in September 2018, President Juncker proposed a new Africa – Europe Alliance for Sustainable Investment and Jobs “to substantially boost investment in Africa, strengthen trade, create jobs, and invest in education and skills”, an Alliance which has set an initial target of creating up to 10 million jobs in Africa in the next 5 years alone.

The PPDF therefore responds to a real need of the African-EU Partnership, and will be more relevant than ever in the next years. It highlights the willingness of the European Union to deepen its commitment to Sustainable Investment and strengthen the partnership between European and African business, and development as a whole.

Regarding ***the Degree of coherence with other donor policies in the Region***, SAPP is the implementing agency for SADC (Subsidiary Organisation) that deals with all Energy Transmission (Interconnectors) in the SADC Region. Its objectives are to develop an efficient and reliable Interconnected Electrical system in the Southern African region, and harmonise relationship between member utilities. Moreover, the long-term vision is increase electricity access in rural communities and the fostering of a regional electricity grid connecting SADC Member States across the SADC region.

Due to the high coherence between the two, as the RIDMP and PPDF both seek to support energy and infrastructure development projects, when the Agreement for the PPDF was signed the SAPP was encouraged to propose projects under the PPDF Request for Proposals. Currently, SAPP is involved in managing 3 Interconnector projects under the PPDF: i) the ANNA Transmission Interconnector, which focuses on the development of an interconnector between Angola and Namibia, in order to trade excess power generated in Namibia. Electricity generated in the region (Zimbabwe and Namibia via ZIZABONA, DRC and Botswana) will be transferred through this line. This Interconnector project is very relevant for SAPP ambition of Regional connection and coherence for Power Trade, and this Interconnector will unlock the central corridor into Botswana, Zambia and Zimbabwe in the long term; ii) the Luapula Hydropower Project, which aims to develop several hydropower sites alongside the Luapula River Basin, bordering the Democratic Republic of Congo and Zambia. Again, this shows the coherence of the PPDF with SAPP’s regional coordination of electricity production; and iii) the MoZISA Transmission Line project, funded by the KfW targeting Mozambique.

Other PPDF projects which are not directly “sponsored” by the SAPP are still heavily relevant and coherent with its policies and ambition: the 2nd Alaska Sherwood Transmission Line wishes to increase the capacity of and strengthen the Central Transmission Corridor, and upsurge the wheeling of the SAPP grid.

These projects demonstrate the PPDF's coherence with SAPP's objectives of an improved regional interconnectivity to flow and trade electricity to under-served network, this bringing direct benefits to SADC member states and citizen.

Regarding the **AFD**, AFD is quite active in the SADC region, and particularly engaged in Energy and Infrastructure Development policies. In that sense, the PPDF is coherent to their work. This is particularly visible through AFD projects such as « Renforcer Le Réseau De Distribution Électrique Dans La Province Sud ». In partnership with ZESCO, the project aims to extend the electrical grid across four Zambian provinces, in order to increase the distribution of electricity in rural areas for the benefit of population, small enterprises and public institutions like Schools. Another project, still in Zambia, is *"Une Énergie Renouvelable pour Répondre à la Demande Croissante D'électricité"*, which proposes the construction of a Hydropower plant as well as the extension of the electrical grid, from Mumbwa to Lusaka. Moreover, the AfD is active in Mozambique through the projects *"Réhabiliter les Centrales Hydroélectriques De Mavuzi Et Chicamba"* and the *"Améliorer L'accès À L'électricité Dans Les Zones Isolées"* both aiming at the strengthening of the electrical grid and the facilitation of access to electricity in rural zones.

This shows the commitment of the AfD to help the extension of the electrical grid in Southern Africa, and echoes the PPDF's project of the Mulembo Lelya Hydro Electric Power in Zambia, or the Mozambique Zimbabwe South Africa Interconnector (MoZiSA).

Regarding the **Word Bank**, the Bank is amongst one of the most active donors in Southern Africa, particularly in the themes pursued by the PPDF such as Energy and Infrastructure. Examples of its activity in those areas are numerous, but some of the currently ongoing project in the SADC region are very coherent with the PPDF objectives and direction (and vice versa). One example is the Electricity Service Access Project taking place in Zambia from 2017-2022, that wishes to increase the electricity access in rural areas, with a specific focus on on-grid electricity.

Another example is the Power Efficiency and Reliability Improvement Project (PERIP) taking place in Mozambique from 2017-2022, building the rehabilitation and upgrade of the transmission and distribution network. Once again, this shows that the PPDF Pipeline is well aligned and coherent with the priorities identified by such an important actor as the Word Bank.

Regarding the **degree of coherence with other regional and pan-African infrastructure support policies in the Region**, in the case of coherence with NEPAD it should be emphasised that historically NEPAD and SADC priorities are closely linked. The PPDF is no exception to that, and it can be seen as particularly coherent with NEPAD's Programme for Infrastructure Development in Africa (PIDA). PIDA focus on energy priorities, through projects on hydro-electricity, the interconnection of regional power pools (including regional petroleum and gas) in order to create more efficient electricity production and facilitate access to power. A good example of the closeness and coherence between the PPDF and NEPAD policies is the North-South Power Transmission Corridor that aims to provide the infrastructure for an integrated East and Southern African power market, which will allow increased regional power trade.

9. Overall Assessment – Overview of the Evaluation

The evaluation findings show the PPDF to be highly relevant to both SADC regional policies, promoting SADC-EU development cooperation as set out in the *SADC Common Agenda* goals as well as being aligned with the priorities defined in the long-term Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plans for the Organ on Defence, Politics and Security (SIPO). The PPDF is also relevant to SADC Member State policies - one example is Zambia's institutional reform to improve investors attractiveness through the Private Sector Development Reform Program (PSDRP) and the development of harmonized investment policy and tax incentive systems¹⁹, with a second being Zimbabwe's latest Investment Policy statement which emphasises the essential role of foreign direct investment as a main contributor to the country's development connecting domestic entrepreneurs to global economy²⁰.

In terms of **achievement of PPDF target results**, regarding the *Identification and preparation of a pipeline of regional economic infrastructure projects (Result Area 1)*, the project has made progress in terms of first identifying and then preparing a pipeline of regional infrastructure projects. Following a PPDF Call for Proposals, nine proposals were retained in the assessment and selection process, and the PPDF has been supporting these projects since – of these proposals, six were supported under the EU's funding support, three under KfW's funding support, and one project was jointly supported by both the EU and KfW. The projects are regional projects focused on improved electricity connectivity between SADC countries, improved road connectivity and improved rail connections, and cover five of the SADC Member States. While there is scope to improve the PPDF's operational implementation, a lot has been achieved by a number of the projects, with some showing impressive dedication, risk-appetite and resilience in overcoming challenges.

Progress under *Result Area 2 (Investment proposals successfully marketed)* has been significantly impacted by the fact that PPDF projects are primarily at the feasibility stage, with feasibility yet to be confirmed, and thus a full investor marketing effort will require project viability to first be confirmed²¹. Related to this has been the significant delays experienced by most projects (see later in this Section). Some of the beneficiary projects have secured interim financing support in the meantime, such as the Kasomeno-Mwenda Toll Road Project, while the work and progress of the North South Corridor Project has made it closer to reach bankability and attract investors interest. However, most projects are not yet at a bankable status. Moreover, beyond the beneficiary projects own efforts, there seems to be significant lack of a dedicated investment contact, promotion and outreach activity at the overall PPDF level, with no overall investment approach and investor outreach plan having been made available to-date from DBSA. This is consistent with the general weakness of Facility (PPDF)-level functions and work processes (e.g. PPDF visibility, PPDF marketing, PPDF communication, project management, and PPDF reporting), and can for example be seen in the PPDF website pages. Overall, the progress under Result Area 2 is behind what would be expected in terms of results and in particular work effort, and needs to be addressed urgently.

Regarding *Result Area 3 of the PPDF (Development of a human capacity within the region for the identification, project preparation, evaluation and marketing of economic infrastructure projects)*, three training courses have been delivered by DBSA's Vulindela Academy, using externally-contracted training professionals, with positive exit feedback from participants. However, this training effort has been planned and delivered without a wider strategic and management reflection from SADC and DBSA on how to best achieve results under this work area, in particular with a view to creating strategic and systemic change and

¹⁹ "Bureau of Economic and Business Affairs, 2017 Investment Climate Statements Report", in www.state.gov/e/eb/rls/othr/ics/2017/af/269795.htm

²⁰ "Investment Guidelines and Opportunities in Zimbabwe", p.3, Government of Zimbabwe, 2018

²¹ As well as decisions taken on project ownership, funding amount, funding mix and funding mechanisms.

momentum, and this in turn has resulted to a lack of selection of candidates with a view to building a human ecosystem, delivery of “one-off” courses and lack of sufficient use of local infrastructure examples. The stand-alone manner in which training was delivered would suggest that medium and longer-term impact is likely to be low, or at least ad-hoc, and an important opportunity to start building a supportive ecosystem of human capacity to support project identification and preparation and promotion has to-date been missed.

In terms of **management** and **efficiency**, the PPDF has had a very mixed implementation performance. Significant delays have been encountered throughout the implementation of the programme, starting with the time required to put in place a working agreement between SADC and DBSA, including the development of the PPDF operational guidelines under SADC’s leadership. The structuring of PPDF implementation within DBSA would also seem to have been given insufficient management reflection, with a key weakness in the operational implementation of the PPDF having been insufficient differentiation between PPDF-level tasks and processes (programme-level tasks) and project-level activities of beneficiary projects being supported. Despite much of the dedicated work of many individual DBSA project preparation staff and their support to their respective project(s), the PPDF has been constrained lack of strong Facility-level management functions (e.g. marketing, promotion, monitoring, ecosystem development, etc.) and a lack of strong leadership. Similarly, it may be possible to do more to ensure that centralised DBSA processes - for example procurement - do not unduly dictate the pace of progress of the PPDF infrastructure projects being supported.

PPDF reporting to all key stakeholders, including SADC and in particular toward the PPDF funding partners EU and KfW, has also been sub-standard, which is all the more surprising given the importance of good investor management and relations with fund providers in any such Facility as the PPDF, that has an ambition to grow and diversify its funding sources. However, it is important to emphasise that DBSA has acknowledged that more emphasis needs to be placed on reporting. There has been a significant improvement in progress reporting for Q4 2018, and it is important now that this improvement is not only maintained but further enhanced. PPDF governance has also exhibited significant shortcomings, in particular in terms of ensuring quality and transparent reporting, results-based monitoring against key KPIs, and in providing a sufficiently detailed basis to assess progress, understand challenges and quickly finding solutions.

Regarding **PPDF impact**, it is difficult to gain a precise overall picture regarding investor interest, but on the basis of the documentation review and stakeholder interviews, investor interest is related to specific projects supported by the facility and can also vary on the current stage of advancement of the project and how close it is to becoming bankable. Beyond the level of the individual projects supported under the PPDF, there is little to no evidence that the PPDF is contributing to a systematic strengthening of the institutional and financing ecosystem for infrastructure projects. A related factor is the very low visibly level and promotional effort carried out to promote the PPDF and its supported projects. Furthermore, the fact that the capacity building has been implemented in a manner completely disconnected from any strategic reflection on how to use it to strengthen the PPDF and related human and institutional ecosystems, has meant that a valuable opportunity to start fostering the development of a stronger institutional ecosystem to support investment activity in (Southern African) REIPs has to-date been missed.

While DBSA’s point that most projects are still too early in the preparation cycle to be fully marketed, this does not mean that that more could not have been done to build a more systemic project identification capacity across the SADC region, as well as start some initial investor outreach and communication to build awareness and understanding of what PPDF is seeking to do. Moreover, involving relevant government ministry stakeholders (e.g. in SADC Member State infrastructure, finance, energy, transport etc. ministries) in a more structured manner would have not only helped to start developing an institutional ecosystem, but would also have provided some benefit for SADC countries and increased their political support for the PPDF, an important consideration in terms of building SADC Member State political support for planned initiatives such as the Regional Development Fund (RDF). In this regard, the PPDF is not only constrained by the lack of such an investor engagement programme but also by the lack of a medium term strategic vision for the PPDF,

as not having a clear vision and strategy is a clear weakness in terms of trying to communicate to investors that the region is developing a pipeline of potential projects beyond the current PPDF portfolio that would justify investment actors to consider more engagement with the region.

At present the **sustainability prospects** for the PPDF appear highly uncertain, and this is a further constraint on creating a significant impact on increasing investor interest and appetite and building an institutional and financing ecosystem. Some stakeholders have also expressed their concern regarding the current state of the PPDF for sustainability. Indeed, if some projects have a high chance of being successful, there is no clear follow-up strategy. With this lack of a longer-term vision and plan for the wider PPDF, stakeholders feared the significant risk that some projects could fall by the wayside on the long road until project completion and bankability, after the end of the PPDF funding. To-date, neither SADC nor DBSA have initiated any substantive steps to start a reflection process on the future of the PPDF and if and how it might be continued beyond the current donor-financed contracting windows. It is particularly surprising that no substantive strategic reflection has been initiated by SADC, as there is a real need to define what is or could be the value proposition of the SADC PPDF and what strategic development scenarios could be contemplated.

Regarding **financing sustainability**, the current prospects for the PPDF do not therefore appear very strong, beyond the possibility of continuing with further donor funding. This would seem at best a low-ambition strategy, and it might also prove challenging to secure further donor financing based on the relatively limited results and momentum achieved to-date. Thus, even for this low-ambition strategy, the project implementing partners need to ask what improvements would need to be made to the implementation performance of the Facility. A further financing (and institutional) weakness is the lack of real buy-in from the SADC Member States. When the PPDF was first designed, it was expected that SADC Member States would be using their own resources to further bolster the fund. This has not happened to-date and to some extent raises questions as to the real level of ownership on the part of SADC countries, while the partially articulated expectation that the PPDF would later be rolled over into a new SADC Regional Development Fund (RDF) - and where very limited progress has been made to-date on setting up such an RDF – has created a sort of ‘vacuum’ and ‘strategic drift’ which has not helped DBSA in implementation of the PPDF. However, it should also be pointed out the implementation weaknesses and the lack of a clearly articulated vision and strategy for the PPDF and how it will add value for the SADC Member States can also be considered a contributing factor.

Regarding **lessons learned**, SADC needs to reflect on how it sets itself up to oversee the implementation of initiatives such as the PPDF, as the implementation experience to-date has identified serious shortcomings in how it is set up to implement, or oversee the implementation of such initiatives by third parties (DBSA). This reflection should *not* be seen as an exercise where to find fault or allocate blame, as the lessons to be learned are likely to be highly relevant (and beneficial) for implementation of other SADC initiatives such as the Regional Development Fund (RDF). While staff shortages have likely been a contributory factor, this should neither be seen as the main reason as providing a clear strategic framework for the PPDF, and one in which DBSA could have pursued operational implementation of the Facility, would not necessarily require significant staff resources.

Other reflection points for SADC include taking action to ensure that there is a clearer line of overall responsibility within SADC, what it can expect to do given its own internal staff resource constraints, and how it can ensure its unique ‘SADC value’ can be leveraged (for example in the case of the PPDF, playing a role to getting national governments involved in a more meaningful way and ensuring that they see benefits flowing from the PPDF). Secondly, there needs to be a real strategy and work plan to bring the RIDMP to a real operational status. A further learning and reflection point is whether too much was placed at the door of DBSA, in terms of what the role of implementing partner entailed and whether other organisations should also be involved in some of this work, for example in Facility marketing and promotion and investor contact.

Identifying lessons learned generated from the project implementing stakeholders themselves is also more difficult, as PPDF reporting has been quite “light” and has lacked any significant analytical and strategic reflection dimensions. While a number of the projects have praised the DBSA project preparation counterpart, there is also a perception that DBSA as an organisation can do more to improve the support to the PPDF projects and the DBSA project staff, and to increase the transparency of communication and reporting. DBSA’s internal re-organisation to separate the project preparation support work from PPDF-management tasks, by creating a new Programmes unit, is an important step in addressing the weakness of PPDF programme-level functions such as marketing, visibility, monitoring and reporting.

The PPDF implementation to-date has also generated no additional learning as to the type and quality of other investment project potential across the SADC region. The relatively lacklustre promotion of the PPDF Call for Proposals and the limited visibility, marketing and reach of same led to a low response rate, and hence little additional insight was yielded as to their potential projects and their likely strengths or weaknesses and areas where they might require advice and support. For SADC itself, the implementation to-date raises serious questions about how it organises itself to oversee the implementation of such initiatives, or even whether it has the ambition to do so in the future. These are important questions, from which valuable learning can be extracted, as the shortcomings seen to-date in the PPDF implementation risk appearing in future initiatives where SADC is the frontline lead, such as in any possible launch of a future SADC Regional Development Fund.

Regarding **evaluation recommendations**, these can be divided into two broad categories. The first set of recommendations (Category 1) comprises recommendations to improve quickly the PPDF implementation performance and get the project ‘back on track’, while the second category of recommendations (Category 2) are targeted at more strategic issues. Regarding **Category 1 Recommendations**, a first recommendation (**Recommendation 1**) is that the governance and decision-making structure of the PPDF is overhauled by SADC and the Funding Partners, to address current shortcomings in terms of good governance, transparency, competence and independent expert advice. This should include, but not be restricted to i) bringing in 1-2 independent board members with deep infrastructure development and investment experience, ii) SADC Member States to be represented by a limited number of board (PSC) appointees who receive the requisite training for this role, and iii) a more in-depth preparation and PSC member briefing in advance of each PSC meeting.

A second recommendation (**Recommendation 2**) is that the PPDF monitoring and reporting is overhauled to provide much more in-depth reporting, including i) establishing a limited set of core KPIs for the PPDF and showing progress against them at each reporting milestone but also on a regular basis (at both the project and Facility level); ii) providing access to this tracking for all core PPDF stakeholders using a visual online tracking. A third recommendation (**Recommendation 3**) is that a new plan for strategic capacity development in the SADC region needs to be designed and implemented, to address the shortcomings of the work carried out under Result Area 2. Similarly, a detailed work plan and targets needs to be developed and implemented for investor communication, marketing and outreach, in particular the projects advance towards bankability, and thus improve the work performance relevant to Result Area 3 (**Recommendation 4**). This can also have some synergies with improving the long-term development of the PPDF and its wider sustainability prospects, if the recommendations.

A fifth recommendation (**Recommendation 5**) is that DBSA needs to carry out a full review of PPDF processes with a view to improving the general operational performance of the Facility. This should include a review of core processes and as needed creating new ones, including a fully mapped out Facility processes for interaction with beneficiary projects (including a dedication inception workshop/bootcamp) more management policing of DBSA-wide processes to avoid delays, ensuring availability of relevant technical expertise, risk identification and management, support to project preparation specialists, general PPDF

promotion and marketing, investor contact and outreach, as well as project-specific investment strategies. This work should also include comparison and benchmarking against other Facilities.

A sixth recommendation (**Recommendation 6**) is to work in a more creative and participative manner, including bringing the projects together at relevant intervals for exchanging experience, presentation sessions to relevant investors and face to face review and trouble-shooting on challenges being faced. This could also be part combined with PSC meetings and targeted training to relevant regional and national stakeholders under Result Areas 2 and 3, with a view to building more dynamism and urgency into the PPDF implementation.

Regarding **Category II Recommendations**, a seventh recommendation (**Recommendation 7**) is for SADC to urgently initiate a strategy reflection and scenario development exercise to consider options for the improvement, professionalisation and sustainability of the PPDF, where one of the scenarios should explore how the SADC regional dimension, added-value and impact can be optimised. The output of this should also be presented and discussed in depth at board level by a reconfigured and strengthened PDF board (PSC). This should be done in a comprehensive manner, with good participative consultation of relevant regional and national stakeholders, and it should be done quickly. An eight recommendation (**Recommendation 8**) is for all core PPDF stakeholders (implementing partners and funding partners) to urgently consider how the PPDF implementation can start to help 'operationalise' the RIDMP in a much more systematic manner. Beyond the synergies that have to-date not been leveraged between the PPDF Results Areas work and target results, this work is also highly linked to the fleshing out of a SADC-centric value proposition and scenario under the previous recommendation, as well as possibly very linked to the optimisation of the PPDF's impact and sustainability prospects.

PART IV CONCLUSIONS AND RECOMMENDATIONS

10. Evaluation Conclusions

Relevance

The evaluation has confirmed the high relevance of the PPDF to SADC regional Policies through its promoting of SADC-EU development cooperation set out in the *SADC Common Agenda* goals. These goals refer to a set of key principles and values that are translated into the policies and strategies of the SADC organisation, and the PPDF is particularly relevant to the first policy that seeks to “*Promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration*”²². The Programme is also aligned with the priorities defined in the long-term Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plans for the Organ on Defence, Politics and Security (SIPO). PPDF is relevant to SADC Member State Policies – examples are i) Zambia’s institutional reform to improve investors attractiveness through the Private Sector Development Reform Program (PSDRP) and the development of harmonized investment policy and tax incentive systems as well as a framework review for PPPs²³, and ii) Zimbabwe’s latest Investment Policy statement which underlines the essential role of foreign direct investment as a main contributor to the country’s development connecting domestic entrepreneurs to global economy²⁴.

Effectiveness

The PPDF has made solid (albeit delayed) progress in identifying and preparing of a pipeline of regional economic infrastructure projects (Result Area 1), firstly by identifying applicant infrastructure projects and then thereafter preparing a pipeline of regional infrastructure projects. Following a first PPDF Call for Proposals, a total of 9 proposals were retained in the assessment and selection process, and the PPDF has been supporting these projects since. Out of those 9 proposals, 6 are supported by the EU’s funding, 3 by the KfW. It has to be noted that one of the projects is jointly supported by both EU and KfW (Luapula Hydropower Project). These projects are regional with various focuses, such as the improvement of electricity transfer and connectivity between SADC countries, improved road or rail connectivity and Hydropower transfer. While there is scope to improve the PPDF’s operational implementation, a lot has been achieved for a number of the projects, with some showing impressive dedication, risk-appetite and resilience in overcoming challenges.

The PPDF has not yet achieved the *successful marketing of Investment proposals (Result Area 2)*. Indeed, the projects are presently at the feasibility stage, with major delays experimented along the implementation for most of them. As such, an investor marketing process is in some important respects a next stage that will first require progress through the remainder of the feasibility work. So far, the Kasomeno-Mwenda Toll Road Project, the North-South Corridor Project and the ANNA projects are the ones that have reached the feasibility stage, with ongoing feasibility or due diligence reports. However, the 2nd Alaska-Sherwood project has experienced issues with the quality of the external consultant work, while Luapula Hydropower is struggling with the coordination of Technical and ESIA consultancy work and Kasomeno-Road is experiencing challenges due to the political instability in the DRC. As such, an investor marketing process will require an important investment and the projects will need important counselling and guidance on project ownership,

²² SADC Common Agenda in <https://www.sadc.int/about-sadc/overview/sadc-common-agenda/>

²³ “Bureau of Economic and Business Affairs, 2017 Investment Climate Statements Report”, in <https://www.state.gov/e/eb/rls/othr/ics/2017/af/269795.htm>

²⁴ “Investment Guidelines and Opportunities in Zimbabwe”, p.3, Government of Zimbabwe, 2018

funding amount, funding mix and funding mechanisms in addition to basic project support. In the meantime, some of the beneficiary projects, such as the Kasomeno-Mwenda Toll Road Project, have secured interim financing support, while the work and progress of the North South Corridor Project has made it closer to reach bankability and attract investors interest.

This important variation in project status and its impacts are reinforced by the fact that there is still a lack of clear, regular and transparent monitoring of bankability progress from DBS, and there seems to be significant lack of a dedicated investment contact, promotion and outreach activity at the overall PPDF level, with no overall investment approach and investor outreach plan to-date made available from DBSA.

Regarding the *development of a human capacity within the region for the identification, project preparation, evaluation and marketing of economic infrastructure projects (Result Area 3)*, a total of 5 training courses have been planned as part of the PPDF training process, with three training courses already delivered by DBSA's Vulindela Academy, using externally-contracted training professionals, with positive exit feedbacks from participants. Despite this, criticism can be made regarding the lack of a wider strategy, giving the impression of a succession of stand-alone courses with little evidence of any thinking or ambition to create strategic and systemic change by building a momentum. As such, it is difficult to observe the building of a human ecosystem. No further post-training impact has been carried out but the stand-alone manner in which this training was delivered, suggesting that medium and longer-term impact is likely to be low, or at least ad-hoc. In this regard, an important opportunity to start building a supportive ecosystem of human capacity to support project identification and preparation and promotion has to-date been missed.

Efficiency

The implementation performance of the PPDF has been mixed in terms of management and efficiency, with considerable delays encountered throughout the implementation of the programme, starting with the time required to put in place a working agreement between SADC and DBSA, highly impacted by the constraints in time and mobilisation of resources.

The structuring of PPDF implementation within DBSA seems to be also heavily constrained by the lack of resources, and a key weakness in the operational implementation of the PPDF is the insufficient differentiation between PPDF-level tasks and processes (programme-level tasks) and project-level activities of beneficiary projects being supported. Despite much of the dedicated work of many individual DBSA project preparation staff and their support to their respective project(s), the PPDF has been constrained by lack of strong Facility-level management (e.g. marketing, promotion, monitoring, ecosystem development, etc.) and the absence of a centralized leadership.

Another major weakness is the lack of efficient communication and reporting, both internal and external (including SADC and in particular towards the PPDF funding partners EU and KfW.) For most of the programme, reporting has been minimal and lacking crucial information (such as the cause for major delays and appropriate mitigation measures). PPDF governance has also exhibited significant shortcomings, in particular in terms of ensuring quality and transparent reporting, results-based monitoring against key KPIs, and in providing a sufficiently detailed basis to assess progress, understand challenges and quickly finding solutions. Some efforts have been made in the latest Projects and Programmes reports, with improved Reporting format and more information provided, which is a step in the right direction. The reports of December 2018 provide significantly more detail and clarity, including risks and challenges encountered by the projects and help provide greater understanding of the delays experienced. However, this effort and improvement needs to be pursued and maintained, along with ongoing internal and external communication to improve PPDF efficiency and visibility.

Impact

As previously mentioned, obtaining an overall view on investor interest levels in PPDF-supported projects is very difficult, but on the basis of the documentation review and stakeholder interviews it is possible to assess that investor interest varies depending on the current stage of advancement of the project and how close it is to becoming bankable. There is no evidence of a PPDF-level systemic strengthening of the institutional and financing ecosystem for infrastructure projects. One reason is the weakness of the Programme-level (Facility-level) management functions and processes within DBSA, which has included investor outreach and communication as well as other Facility-level functions such as PPDF promotion and communication.

A related factor is the very low visibly level and promotional effort carried out to promote the PPDF and its supported projects. Furthermore, the fact that the capacity building has been implemented in a manner completely disconnected from any strategic reflection on how to use it to strengthen the PPDF and related human and institutional ecosystems, has meant that a valuable opportunity to start fostering the development of a stronger institutional ecosystem to support investment activity in (Southern African) REIPs has to-date been missed. Moreover, involving relevant government ministry stakeholders (e.g. in SADC Member State infrastructure, finance, energy, transport etc. ministries) in a more structured manner (as opposed to ad-hoc attendance at once-off training courses) would have not only helped to start developing an institutional ecosystem, but would also have provided some benefit for SADC countries and would have increased their political support for the PPDF. With no PPDF ongoing effort to connect with investors at the programme level or systemic level and create a programme-level momentum, no significant impact has to-date been generated by the PPDF in terms of developing a stronger financing and investment ecosystem to support investment activity in (Southern African) REIPs.

Even if some good work is being done at the project level, the lack of systemic outreach and engagement with investors and the lack of any discernible impact on general investor interest in the region and beyond is also due in part to the small pipeline, and the lack of an investor/investment marketing and engagement strategy. Moreover, the lack of a strong results-based focus in the implementation of the projects with significant delays being dealt with in a more administrative manner, would also make it more difficult to generate significant investment interest given the lack of a credible sense of urgency and momentum. Another constraint is the lack of not only clear monitoring of project bankability's status and prospects, but also a clearly documented investment strategy for each PPDF project, which could have been discussed at PPDF board level and gained wider buy in with a view to support in the investment approach.

Even if fully-fledged investment support may not be yet required for some projects a strong Facility-level investment strategy and investor contact programme is an important contributory factor to an effective project preparation facility. Such an investor contact programme also allows a Facility team to explain the Facility's goals and how it going about its business of supporting the development of investment-ready projects. In this regard, the PPDF is not only constrained by the lack of such an investor engagement programme but also by the lack of a medium term strategic vision for the PPDF, as not having a clear vision and strategy for the PPDF is a clear weakness in terms of trying to communicate to investors that the region is developing a pipeline of potential beyond the current PPDF portfolio that would justify investment actors to consider more engagement with the region.

Sustainability

Sustainability prospects for the PPDF currently appear highly uncertain, with some projects requiring important help to finalize their feasibility stage. This is obviously an important constraint on creating a significant impact on increasing investor interest and appetite and building an institutional and financing ecosystem. Even considering the more successful projects, concerns have been repeatedly expressed regarding the apparent absence of a follow-up strategy. With this lack of a longer-term vision and plan for the wider PPDF, stakeholders feared that there is a significant risk that some projects could fall by the wayside on the long road until project completion and bankability, after the end of the PPDF funding. It is

particularly surprising that no substantive strategic reflection has been initiated by SADC, and there is a dire need to define a strategic vision and long-term sustainability plan.

The current prospects for the PPDF financial sustainability do not therefore appear very strong, beyond the possibility of continuing with further donor funding, or self-attraction of investor for the more advanced projects. This would seem at best a low-ambition strategy, and it might also prove challenging to secure further donor financing based on the relatively limited results and momentum achieved to-date, particularly regarding communication and marketing.

A further financing (and institutional) weakness is the lack of apparent interest and potential investment from the SADC Member States. When the PPDF was first designed, it was expected that SADC Member States would be using their own resources to further bolster the fund. This has not happened to-date and to some extent raises questions as to the real level of ownership on the part of SADC countries, while the partially articulated expectation that the PPDF would later be rolled over into a new SADC Regional Development Fund (RDF) - and where very limited progress has been made to-date on setting up such an RDF – has created a sort of ‘vacuum’ and ‘strategic drift’, a vacuum which has not helped DBSA in implementation of the PPDF. However, it should also be pointed out that the implementation weaknesses and the lack of a coherent ecosystem and low communication is likely to have had an important impact on this attitude.

Regarding **EU Added Value**, EU support for the PPDF has brought some added value to other EU Member State efforts, in particular KfW which has been a key financing supporter of the PPDF, by increasing the total funding and allowing for the development of a larger project pipeline, and providing the PPDF with a multi-donor register of funding supporters. Similarly, EU PPDF support has added value for other EU Member State SADC regional and country support. However, the shortcomings in the implementation and the lack of ambition shown to-date have significantly constrained the potential for EU added value. Regarding the **Coherence of EU support**, while EU PPDF support is highly coherent with other EU policies and strategies for the region, and in particular wider support for infrastructure and the European Investment Plan (EIP), including past and present EU support for the Southern African Power Pool (SAPP).

Lessons learned

Important lessons can be deducted from the PPDF experience, as serious shortcoming has been identified in the management and implementation. As such, SADC needs to engage in a reflexion on how to improve this Programme as well as future ones. It is crucial to note that this reflection should *not* be seen as an exercise where to find fault or allocate blame, as the lessons to be learned are likely to be highly relevant (and beneficial) for implementation of other SADC initiatives such as the Regional Development Fund (RDF).

The first lesson to be learned is the importance to build a clearer line and division of responsibilities within SADC, with a clear communication of those functions to the stakeholders and projects owners. There is also the need of more honesty and realism on what can be expected given internal staff resources constrains, but also on the added-value of the SADC presence and its network with the potential leverage that it implies (e.g.: regarding the involvement of national government and the potential visibility made easier by the SADC network).

The second lesson is the need of a real strategy to bring the PPDF to a full operational status, able to support project up to their implementation and beyond. It would be important to question whether too much was placed at the door of the DBSA, in terms of what the role of implementing partner entailed and whether other organisations should also be involved in some of this work, for example in Facility marketing and promotion and investor contact.

While a number of projects have praised the DBSA project preparation counterpart, there is also a perception that DBSA as an organisation can do more to improve the support to the PPDF projects and to support project staff, and to increase the transparency of communication and reporting. DBSA's internal re-organisation to

separate the project preparation support work from PPDF-management tasks, by creating a new Programmes unit, is an important step in addressing the weakness of PPDF programme-level functions such as marketing, visibility, monitoring and reporting. Results are already visible, such as the improvement of reporting and the acknowledgment of risk and mitigation measures.

A final lesson to learn relates to the very pressing need to develop the PPDF potential as an ecosystem for facilitating the identification and preparation of infrastructure projects across the SADC region, as this momentum is so far absent. There is an important need for support regarding marketing, visibility and overall communication both at project- and Programme levels. For SADC itself, the implementation to-date raises serious questions about how it organises itself to oversee the implementation of such initiatives, or even whether it has the ambition to do so in the future. These are important questions, from which valuable learning can be extracted, as the shortcomings seen to-date in the PPDF implementation risk appearing in future initiatives where SADC is the frontline lead, such as in any possible launch of a future SADC Regional Development Fund.

11. Evaluation Recommendations

This chapter sets out the recommendations from the mid-term evaluation.

10.1 Overview of the Evaluation Recommendations

The evaluation recommendations can be divided into two broad categories.

- i. The first set of recommendations (**Category 1**) comprises recommendations to rapidly improve the PPDF implementation performance and get the project *back on track*;
- ii. The second category of recommendations (**Category 2**) are targeted at more strategic issues.

Section 10.3 below sets out the detailed evaluation recommendations, building on the evaluation findings and conclusions in the previous report sections. Each of the above Recommendations (R1-R5) are set out in the pages that follow, with each Recommendation containing **five types of information**:

1. **Recommendation No:** (Rec X)
2. **Recommendation Summary:** The core recommendation.
3. **Detailed Recommendation:** A more detailed elaboration of the recommendation, sometimes including a repeat of the rationale, and sometimes setting out example activities or next steps.
4. **Recommendation Addressed to:** Which stakeholders the recommendation is addressed to.
5. **Timeframe:** Recommended/suggested timeframe for implementing the recommendation.

10.2 Recommendations Categories and Inventory

An inventory of the recommendations is set out below:

Table 10.1 – Categories of Recommendations

Category 1	Recommendations to improve quickly the PPDF implementation performance and get the project 'back on track	R1, R2, R3, R4, R5, R6
Category 2	Recommendations on Strategic Issues	R7, R8

Table 10.2 below sets out the recommendations:

Table 10.2 – Overview of the Evaluation Recommendations

Recommendation Category, No	Recommendation Title/Focus
Category 1	Recommendations to improve quickly the PPDF implementation performance and get the project 'back on track,
R1	Review and Strengthen the Governance of the PPDF in the Project Steering Committee
R2	Strengthen PPDF Monitoring and Put in Place a Set of PPDF-Level and Project-level KPIs
R3	Develop and Implement a New Approach and Work Plan for Achieving the Result Area 3 Objective.
R4	Develop Detailed Approach and Work Plan for Investor Communication, Marketing and Outreach

Recommendation Category, No	Recommendation Title/Focus
R5	Review PPDF Processes and Procedures to Improve PPDF Operational Performance
R6	Initiate a more Dynamic and Participative PPDF Implementation Approach
Category 2	Recommendations on Strategic Issues
R7	PPDF Strategy Reflection and Scenario Development Exercise
R8	Carry out a review of the SADC RIDMP Projects to start Operationalising the RIMDP

10.3 Summary of Recommendations

Category I Recommendations

A first recommendation is that the governance and decision-making structure of the PPDF is overhauled by SADC and the Funding Partners, to address current shortcomings in terms of good governance, transparency, competence and independent expert advice. This should include, but not be restricted to i) bringing in 1-2 independent board members with deep infrastructure development and investment experience, ii) SADC Member States to be represented by a limited number of board (PSC) appointees who receive the requisite training for this role, and iii) a more in-depth preparation and PSC member briefing in advance of each PSC meeting.

A second recommendation is that the PPDF monitoring and reporting is overhauled to provide much more in-depth reporting, including i) establishing a limited set of cores KPIs for the PPDF and showing progress against them at each reporting milestone but also on a regular basis (at both the project and Facility level); ii) providing access to this monitoring to all core PPDF stakeholders using a visual online tracking.

A third recommendation is that a new plan for strategic capacity development in the SADC region needs to be designed and implemented, to address the shortcomings of the work carried out under Result Area 2. Similarly, a detailed work plan with targets needs to be developed and implemented for investor communication, marketing and outreach, in particular regarding the projects advancement towards bankability, and thus improve the work performance relevant to Result Area 3 (Recommendation 4). This can also have some synergies with improving the long-term development of the PPDF and its wider sustainability prospects.

A fifth recommendation is that DBSA needs to carry out a full review of PPDF processes with a view to improving the general operational performance of the Facility. This should include a review of core processes, creating new ones as needed, including a fully mapped out Facility processes for interaction with beneficiary projects (including a dedication inception workshop/bootcamp), more management policing of DBSA-wide processes to avoid delays, ensuring availability of relevant technical expertise, risk identification and management, support to project preparation specialists, general PPDF promotion and marketing, investor contact and outreach, as well as project-specific investment strategies. This work should also include comparison and benchmarking against other Facilities.

A sixth recommendation is to work in a more creative and participative manner, including bringing the projects together at relevant intervals for exchanging experience, with presentation sessions to relevant investors and face-to-face review and trouble-shooting regarding the challenges being faced. This could also be partly combined with PSC meetings and targeted training to relevant regional and national stakeholders

under Result Areas 2 and 3, with a view to building more dynamism and urgency into the PPDF implementation.

Category II Recommendations

A seventh recommendation is for SADC to urgently initiate a strategy reflection and scenario development exercise to consider options for the improvement, professionalisation and sustainability of the PPDF, where one of the scenarios should explore how the SADC regional dimension, added-value and impact can be optimised. The output of this should also be presented and discussed in depth at board level. This should be done in a comprehensive manner, with good participative consultation of relevant regional and national stakeholders, and it should be done quickly.

An eight recommendation is for all core PPDF stakeholders (implementing and funding partners) to urgently consider how the PPDF implementation can start to help ‘operationalise’ the RIDMP in a much more systematic manner. Beyond the synergies that have to-date not been leveraged between the PPDF Results Areas work and target results, this work is also highly linked to the fleshing out of a SADC-centric value proposition and scenario under the previous recommendation, as well as possibly very linked to the optimisation of the PPDF’s impact and sustainability prospects.

10.4 Detailed Recommendations

The detailed recommendations are set out below.

Category 1:	Recommendations to improve quickly the PPDF implementation performance and get the project ‘back on track,
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R1	
Recommendation Summary: Review and Strengthen the Governance of the PPDF in the Project Steering Committee	
<p>Rationale and Detailed Recommendation: The evaluation findings show that the governance and decision-making structure of the PPDF is not providing adequate direction and oversight. It is recommended that the governance and decision-making structure of the PPDF is reviewed as a priority by SADC and the Funding Partners, to address current shortcomings in terms of good governance, transparency, competence and independent expert advice. This review should include, but not be restricted to:</p> <ol style="list-style-type: none"> a. Bringing in 1-2 independent board members with deep infrastructure development and investment experience, b. SADC Member States to be represented by a limited number of board (PSC) appointees who receive the requisite training for this role, and c. A more in-depth preparation and PSC member briefing in advance of each PSC meeting. d. A clear update on PPDF Progress against a set of agreed Key Performance Indicators (KPIs) at the PPDF-level and individual project level. e. Another area where this role might be developed is discussion on how the SADC Secretariat and its Member State counterparts could put in place a first line of contact with each SADC Member State government, to provide support to the PPDF Secretariat as needed. For example, where a PPDF-supported project encounters problems or delays with a government approval or permit, the PPDF Secretariat can raise this issue through the SADC Secretariat and a high-level contact can be made to the relevant Member State government body. 	

R1	
<p>f. Possibly, an independent, summary review of PPDF progress by the independent PSC nominees in advance of each PSC meeting.</p> <p>The review of the role of SADC Member State representatives on the PSC should also keep in mind the recommendations on the development of a project preparation ecosystem across the Member States, and possible synergies w.r.t SADC Member State representatives on the PPDF PSC.</p>	
Recommendation Addressed to:	DBSA, SADC Secretariat
Implementation Timeframe:	February 2019 – September 2020

R2	
<p>Recommendation Summary: Strengthen PPDF Monitoring and Reporting Put in Place a Set of PPDF-Level and Project-level KPIs</p>	
<p>Rationale and Detailed Recommendation: PPDF monitoring and reporting have had significant shortcomings that need to be addressed, although it should be emphasised that significant improvements have been made in PPDF reporting from Q4 2018, and it is important that these improvements are further consolidated and strengthened.</p> <p>Regarding PPDF Reporting:</p> <p>a. A significantly more detailed PPDF reporting, including:</p> <ul style="list-style-type: none"> ○ More rigorous presentation of progress ○ A more pronounced focus on bankability and end-destination goals ○ More in-depth and rigorous presentation of the actual situation of each project, including a proper risk and challenge assessment and proposed mitigation ○ Rigorous assessment of progress against result-oriented KPIs (see below) <p>Regarding PPDF Monitoring:</p> <p>b. Establishing a limited set of core KPIs for the PPDF and showing progress against these at each reporting milestone but also on a regular basis (at both the project and Facility level). The KPIs should allow a much more results-driven monitoring of the PPDF.</p> <p>c. Providing access to this tracking for all core PPDF stakeholders using a visual online tracking.</p> <p>d. Examples of possible KPIs could for instance include:</p> <p><u>Sample Operational KPIs (Result Area 1):</u></p> <ul style="list-style-type: none"> ● PPDF Funds disbursed by year (against revised target based on new updated work plan) ● No. projects reaching financial close ● No. of project owners supported in negotiations with investors <p><u>Sample KPIs – Investor Communication and Outreach (Result Area 2):</u></p> <ul style="list-style-type: none"> ● No. of Investors aware of PPDF work and pipeline ● No. of Investors contacted to discuss specific projects ● No. of Investors expressing interest in PPDF pipeline project(s) <p><u>Sample KPIs – Development of a human capacity within the region for the identification, project preparation, evaluation and marketing of economic infrastructure projects (Result Area 3):</u></p> <ul style="list-style-type: none"> ● No. of targeted capacity building actions implemented across SADC Member States 	

R2	
<ul style="list-style-type: none"> No. (and type – e.g. government, private sector etc.) of SADC Member State active project identification /project preparation support stakeholders engaged in national ecosystem <p><i>Sample KPIs regarding medium-term PPDF sustainability (w.r.t. Category II Recommendations):</i></p> <ul style="list-style-type: none"> No. of new PPDF funding contributors /volume of PPDF new funding contributions / Diversification of PPDF Funding Sources No. of strategic/operational partnerships developed (e.g. marketing partnerships, etc.) 	
Recommendation Addressed to:	DBSA, SADC Secretariat
Implementation Timeframe:	February 2019 – September 2020

R3	
Recommendation Summary: Develop and Implement a New Approach and Work Plan for Achieving the Result Area 3 Objective.	
<p>Rationale and Detailed Recommendation: The evaluation has highlighted the shortcomings of the capacity development work carried out to-date. Thus, it is recommended that a new plan for strategic capacity development in the SADC region needs to be designed and implemented, to address the shortcomings of the work carried out under Result Area 2.</p> <p>This approach and work plan should consider, amongst other issues:</p> <ol style="list-style-type: none"> A careful identification of relevant and interested persons in the SADC Member States Leveraging linkages with other parts of the PPDF work programme An online capacity development platform / capability to increase flexibility, reach and scope for shorter recurrent training 	
Recommendation Addressed to:	DBSA, SADC Secretariat
Implementation Timeframe:	February 2019 – September 2020

R4	
Recommendation Summary: Develop Detailed Approach and Work Plan for Investor Communication, Marketing and Outreach	
<p>Rationale and Detailed Recommendation: The evaluation findings have shown the lack of a PPDF-level approach and work plan for contact and engagement with investors. A detailed work plan and targets needs to be developed and implemented for investor communication, marketing and outreach, in particular the projects advance towards bankability, and thus improve the work performance relevant to Result Area 3 (Recommendation 4). This can also have some synergies with improving the long-term development of the PPDF and its wider sustainability prospects, if the recommendations.</p>	
Recommendation Addressed to:	DBSA
Implementation Timeframe:	February 2019 – April 2019

R5	
Recommendation Summary: Review PPDF Processes and Procedures to Improve PPDF Operational Performance	
<p>Rationale and Detailed Recommendation: PPDF implementation has been constrained by a lack of a sufficiently defined facility management and operations system, and numerous processes need to be better defined and/or put in place. It is understood that DBSA itself has started a low-level review of some aspects of the PPDF’s operations and this recommendation is consistent with these initial steps by DBSA.</p> <p><u>It is therefore recommended that DBSA carries out a full review of PPDF processes with a view to improving the general operational performance of the Facility.</u></p> <ol style="list-style-type: none"> a. This should include a review of core processes and as needed creating new ones, including fully mapped out Facility processes for interaction with beneficiary projects b. This should include a dedicated inception workshop/bootcamp, more management policing of DBSA-wide processes to avoid delays, ensuring availability of relevant technical expertise, risk identification and management, support to project preparation specialists, PPDF procurement, general PPDF promotion and marketing, investor contact and outreach, as well as project-specific investment strategies c. This work should also include comparison and benchmarking against other Facilities d. The output should be a formal review report, and an outline of what process and work practice changes will be implemented by DBSA. <p>Regarding procurement, the evaluation remit has not included a detailed review of the procurement process, which would require an in-depth focus on this aspect that is not within the scope of the evaluation. There are also specific factors with regard to procurement that need to be acknowledged, in particular that the procurement process being used is that developed for DBSA’s general business operations, and not specifically for the PPDF. The evaluation feedback suggests at least that there is a need to review how a) time processes can be improved and delays reduced; b) secure improvements in the communication process to concerned project stakeholders and a more client-oriented approach for the procurement department; as well as c) considering how the procurement process might be made more user-friendly to projects being supported under a project preparation facility such as the PPDF. The procurement area is one example of where any effort to seek improvements can only benefit from greater strategic direction from DBSA’s leadership team as to how it sees such preparation facilities in DBSA’s wider corporate strategy and business plan, as this would also in turn provide some guidance as to what extent greater customisation of such processes for facilities such as the PPDF might be justified.</p>	
Recommendation Addressed to:	DBSA, supported by SADC Secretariat as appropriate
Implementation Timeframe:	February 2019 – September 2020

R6	
Recommendation Summary: Initiate a more Dynamic and Participative PPDF Implementation Approach	
<p>Rationale and Detailed Recommendation: The PPDF implementation is overly administrative in nature, and is not taking account of the importance of the Result Area 3 objective in terms of stimulating the development of a human ecosystem. Moreover, the implementation approach has been too passive and laissez-faire, lacking in urgency and dynamism. A much greater sense of proactive leadership is needed, as well as a more entrepreneurial approach to build momentum.</p> <p>It is therefore recommended that the PPDF starts to work in a more creative and participative manner, including:</p> <ol style="list-style-type: none"> a. Bringing the projects together at relevant intervals for exchanging experience, presentation sessions to relevant investors and face to face review and trouble-shooting on challenges being faced. b. This could also be part combined with PSC meetings and targeted training to relevant regional and national stakeholders under Result Areas 2 and 3, with a view to building more dynamism and urgency into the PPDF implementation. 	
Recommendation Addressed to:	DBSA, supported by SADC Secretariat as appropriate
Implementation Timeframe:	February 2019 – September 2020

Category 2:	Recommendations on Strategic Issues
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R7	
Recommendation Summary: PPDF Strategy Reflection and Scenario Development Exercise	
<p>Rationale and Detailed Recommendation: SADC should urgently initiate a strategy reflection and scenario development exercise to consider options for improvement, professionalisation and sustainability of the PPDF:</p> <ol style="list-style-type: none"> a. This exercise is important to help understand what is, and what could be, the medium and longer-term value proposition of the PPDF, including how it would differentiate itself from other project preparation facilities and bring distinct added value on its own. b. One of the scenarios to be explore regards how the SADC regional dimension, added-value and impact can be optimised. This scenario will likely have significant interest in/linkages to the RIDMP review and operationalisation work recommended under R8 below. c. This strategic reflection and scenario development exercise should be done in a comprehensive manner, with good participative consultation of relevant regional and national stakeholders, and it should be done <u>quickly</u>. d. The output of this should also be presented and discussed in depth at board level, in terms of the implications for the PPDF. 	
Recommendation Addressed to:	SADC Secretariat
Implementation Timeframe:	February 2019 – June 2020

R8	
Recommendation Summary: Carry out a review of the SADC RIDMP Projects to start Operationalising the RIMDP	
<p>Rationale and Detailed Recommendation: A weakness of the PPDF implementation to-date is that it has been implemented in a stand-alone manner, without taking account of the wider context under which it was conceived and launched. An important part of creating a regional catalyst effect is moving the RIDMP forward from being a presentation of prioritised projects to a much more operational standpoint, where each project has undergone a preliminary assessment. It is understood that DBSA has started to give thought to this, and was exploring how it might secure funding to do same.</p> <p>It is therefore recommended that SADC, supported as appropriate by DBSA and the EU and KfW:</p> <ul style="list-style-type: none"> • Develop a detailed work programme and methodology as to how this can be done quickly • Consider whether a limited number of SADC Member State stakeholders (e.g. Infrastructure Ministry counterpart(s), etc.) in either a participative or consultative manner, as part of creating the human and institutional ecosystem foreseen under the PPDF and of increasing SADC Member State perception of the PPDF’s value. • Present and discuss the findings, and what might be the implications with respect to: <ul style="list-style-type: none"> ○ What is required to best take the reviewed projects forward ○ Developing a stronger SADC PPDF value proposition for a future role of the PPDF ○ Possible linkages/synergies to the foreseen SADC Regional Development Fund <p>As implied above, reviewing and assessing the RIDMP projects is also highly linked to the fleshing out of a SADC-centric value proposition and scenario (under the previous recommendation), as well as possibly very linked to the optimisation of the PPDF’s impact and sustainability prospects.</p>	
Recommendation Addressed to:	SADC Secretariat, supported as appropriate by DBSA, EU & KfW
Implementation Timeframe:	February 2019 – June 2019

PART V - ANNEXES

Annexes are contained in Volume II of the Mid-Term Review Report.