

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

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International Cooperation  
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EuropeAid





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ECDPM, Ecorys, Lattanzio, Mokoro and Particip  
Leader of the Consortium: Ecorys

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

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of the Directorate General for International Cooperation and  
Development – EuropeAid (European Commission)**

Evaluation Team  
John Clifton (Team Leader)  
Klaus Broersma  
Max Hennion  
Basil Keita  
Mark Watson

Project Director: Martin van der Linde  
Project Manager: Michiel Modijefsky  
Management assistant: Kim Groenewegen

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This evaluation has been carried out by:

ECORYS Nederland B.V.  
Watermanweg 44  
3067 GG Rotterdam

P.O. Box 4175  
3006 AD Rotterdam  
The Netherlands

T +31 (0)10 453 88 00  
F +31 (0)10 453 07 68  
E [netherlands@ecorys.com](mailto:netherlands@ecorys.com)  
Registration no. 24316726

**W [www.ecorys.nl](http://www.ecorys.nl)**

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## CONTACT INFORMATION

European Commission  
Directorate-General for International Partnerships (DG INTPA)  
Directorate D - Sustainable Development Policy and Coordination  
Unit D.4 - Performance, Results and Evaluation; Internal Communication, Knowledge Management and Collaborative Methods  
Email: [INTPA-EVALUATIONS@ec.europa.eu](mailto:INTPA-EVALUATIONS@ec.europa.eu)  
B-1049 Brussels, Belgium

EU International Partnerships:  
[https://ec.europa.eu/international-partnerships/our-impact/monitoring-and-evaluation\\_en](https://ec.europa.eu/international-partnerships/our-impact/monitoring-and-evaluation_en)

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## List of Acronyms

ACP	Africa, Caribbean and the Pacific
AfDB	African Development Bank
AITF	Africa Infrastructure Trust Fund
BOT	Build – operate- transfer
CoA	Court of Auditors
COM	EU Communication
COMESA	Common Market for East & Central Africa
CRIS	Common External Information System
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DCI	Development Cooperation Instrument
DRC	Democratic Republic of Congo
EBRD	European Bank for Reconstruction and Development
EC	European Community
EDF	European Development Fund
EEAS	European External Action Service
EIB	European Investment Bank
EIDHR	European Instrument for Development and Human Rights
EIRR	Economic Internal Rate of Return
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Partnership Instrument
EPA	Economic Partnership Agreement
EQ	Evaluation Question
ESA	Eastern and Southern Africa
ESIA	Economic and Social Impact Assessment
ESMP	Economic and Social Management Plan
EU	European Union
EUD	EU Delegation
EU-MS	EU Member States
F	Finding
FA	Financing Agreement
FT	Fixed Tranche
GBS	General Budget Support
GDP	Gross Domestic Product
HDM	Highway Design Model
HQ	Headquarters
I	Indicator
IFC	International Finance Corporation
IFI	International Financial Institutions
IFPRI	International Food Policy Research Institute
IFS	Instrument for Stability
IGAD	Intergovernmental Authority on Development
IPA	Instrument for Pre-accession Assistance
IL	Intervention Logic
IRR	Internal rate of return
ITF	Infrastructure Trust Fund
JAR	Joint Annual Review
JC	Judgement Criterion
LSMS	Living Standards Measurement Survey

MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MTEF	Medium term expenditure framework
NAO	National Authorising Officer
NGO	Non-governmental organisation
NIF	Neighbourhood Investment Facility
NIP	National Indicative Programme
PIDA	Programme for Infrastructure Development in Africa
PFM	Public finance management
PMU	Project Management Unit
PPP	Public Private Partnership
PRAG	Practical Guide to Contract Procedures for EU External Actions
PSIA	Poverty and Social Impact Assessment
RA	Roads Authority
REC	Regional Economic Community
RF	Road Fund
RG	Reference Group
RIM	Regional Innovation Monitor
RIP	Regional Indicative Programme
RM	Routine Maintenance
ROM	Results Oriented Monitoring
RSP	Regional Strategy Paper
SADC	Southern African Development Community
SBS	Sector Budget Support
SME	Small and medium scale enterprises
SPSP	Sector Policy Support Programme
SSA	Sub-Sahara Africa
SWAp	Sector Wide Approach
TA	Technical Assistance
TCF	Technical Cooperation Facility
ToR	Terms of Reference
VOC	Vehicle Operating Costs

# Executive Summary

## Purpose of the evaluation

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

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

## Methodology

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

Further information was collected during field visits to 10 countries<sup>1</sup>, when also preliminary answers to EQs, assessments and hypotheses were tested and refined. During the synthesis phase all analyses undertaken in previous phases have been reprised such that findings based upon analysis of qualitative and quantitative data have been identified and confirmed,<sup>2</sup> conclusions derived from value judgements based on findings and recommendations developed from these conclusions.<sup>3</sup>

## Main findings

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

### ***EQ1: Policies and strategies in response to needs.***

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

<sup>1</sup> Morocco, Uganda, Mauritania, Benin, Senegal, Mozambique, Cameroon, Ethiopia, Madagascar and the DRC

<sup>2</sup> Findings are based on qualitative and quantitative data, facts, information and analysis.

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

<sup>4</sup> Refers to Finding 1.1, see chapter 3.

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

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

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

#### **EQ3: Transport sector management**

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

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

#### **EQ4: Infrastructure operation and maintenance**

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

#### **EQ5: Economic and social development**

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

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

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

#### ***EQ6: Poverty alleviation***

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

#### ***EQ7: Regional integration***

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

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

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

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

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

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

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

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

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

### ***EQ10: Procedures and resources***

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

## **Main conclusions**

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

### ***Relevance of policies and strategies***

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

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

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

### *Implementation and efficiency*

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

### *Effectiveness and impact*

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

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

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

**The move from a project-based to a sector-wide approach was sound with some efficiency gains although such a move did not respond to expressed needs. Commitment of most partner governments to such an approach, imposed by donors,**

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

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

### **Sustainability**

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

### **EU added value**

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

### **Coherence and coordination**

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

### ***Cross cutting issues***

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

### **Main recommendations**

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

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

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

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

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

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

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

Virtually no ex-post evaluations of outcomes and impacts of EU support to the transport sector have been carried out. Similarly no studies have been undertaken comparing the

impact and cost effectiveness of EU support to the transport sector with support to other sectors (e.g. health, education, rural development, agriculture). Grounds for claimed benefits of EU transport sector support in terms of trade, economic and social development and poverty alleviation are derived almost entirely from independent studies of transport sector support undertaken elsewhere by other funding agencies. Given the quantum of EU's transport sector support during the evaluation period (€5 billion) more effort could and should have been made to gain directly relevant feedback, lessons learned and replicable good practise.

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

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

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

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

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

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

# 1 Introduction

## 1.1 Scope of the evaluation

This evaluation studies EU strategies and interventions in support of the transport sector in Africa<sup>6</sup> (Sub-Saharan Africa and Neighbourhood South countries of North Africa) during the period 2005-2013, taking into account EU's legal instruments and official communications, international agreements, regional and national cooperation frameworks and other official commitments plus institutional changes in the EU.<sup>7</sup>

In this context all modes of transport (road, rail, aviation, maritime, fluvial and multi-modal) are considered. Coverage includes provision, operation, management and maintenance of transport infrastructure, institutional strengthening, capacity development and regulatory activities.

Interventions and funding mechanisms covered include:

- all aid modalities, including Sector Budget Support (SBS) and General Budget Support (GBS) having transport sector performance as one of the conditions for GBS transfers;
- all spending and non-spending interventions, including expert platforms and policy dialogue;
- all funding mechanisms, including EDF, Africa Infrastructure Trust Fund (AITF), Neighbourhood Investment Facility (NIF), Instrument for Stability (IfS), Technical Cooperation Facility (TCF) and Development Cooperation Instruments (DCI);
- all levels of interventions, including regional and intra-ACP programmes and projects.

## 1.2 Structure of the report

This final report consists of 6 volumes:

- volume 1: synthesis;
- volume 2, annexes: Terms of reference, list of documentation, list of person consulted, composition of the Evaluation Team, evaluation programme, context EU cooperation in the transport sector in Africa, evaluation methodology and the EU strategy and intervention logic;
- volume 3: detailed analysis of the judgement criteria and indicators;
- volume 4: synthesis of the country case study reports and the ten individual country case study reports (Morocco, Uganda, Mauritania, Benin, Senegal, Mozambique, Cameroon, Ethiopia, Madagascar and the DRC);
- volume 5: maps and inventory of all EU funded transport sector projects in Africa;
- volume 6: analysis of the responses to the questionnaire.

This first volume consists of the following sections:

- introduction – scope of the evaluation, structure of the report, context, strategy and intervention logic of EU cooperation;
- methodology – overall approach, data collection, analysis, limitations, mitigation measures and judgements;
- main findings – rationale, answers to the Evaluations Questions and summary of findings;

<sup>6</sup> EU Financial Regulation (Art. 27 No. 215/2008) and SEC (2007) 213 'Responding to strategic needs. Reinforcing the use of evaluation' mandate systematic and timely evaluation of EU programmes and activities including legislation and non-spending activities.

<sup>7</sup> Such as establishment of the European External Action Service (EEAS).

- main conclusions (and lessons learned) - conclusions organised by clusters: relevance of strategy, efficiency, effectiveness, impact, sustainability, EU added value, 3Cs (coordination, complementarity and chance), cross-cutting issues and follow-up of recommendations of previous evaluations;
- recommendations – based upon conclusions;
- overall assessment – based upon answers to EQs, findings and conclusions.

### 1.3 Context of EU cooperation in the transport sector in Africa

#### 1.3.1 General framework and principles of EU cooperation

Article 177 of the Treaty establishing the EU is the basis of EU's development cooperation policy which also foresees coordination of such policies between the EU and the EU Member States. These objectives were confirmed by Article 1 of the Cotonou Agreement (ACP-EC Partnership – 2000) which emphasised the objective of poverty reduction.

The Statement of the Council and the EC in 2000 determined a limited number of areas for EU development support where the EU can make a significant contribution toward reduction of poverty assuming that EU action provides added value. Transport is one of these selected areas.

COM (2005) 489 Final states the overall policy objectives of EU relations with Africa whilst the 'European Consensus' 2005 presents common objectives and principles for EU's development cooperation.

#### 1.3.2 EU development policies for the transport sector

EU development policy in the transport sector is based on five major documents: one set of Guidelines and four Communications from the Commission to the Council and the European Parliament, which are briefly summarised hereunder (see volume 2, annex 2.1 for more details).

##### ***Towards sustainable transport infrastructure: A sectoral approach in practice DGDEV 1996***

These guidelines advocated that EU transport sector support should move from a project to a sector approach.

##### ***COM (2000) 422 final – Prioritising sustainable transport in development cooperation***

Although consistent with the previous transport sector guidelines, COM 2000 restated that transport should be a priority support sector whilst promoting common principles of the EU and its Member States in transport sector cooperation with third countries. COM 2000 sets out objective-related principles for EU support to the transport sector and strategies for ensuring sustainability and balancing of results as regards social, economic and environmental requirements. It also sets out a sector approach for all transport modes, including conditionalities for the success of such an approach and the objectives of provision of sustainable, safe, affordable, efficient transport services that satisfy stakeholder needs. Identified priority actions (at national and regional levels) include development of sector policies and strategies, institutional change, restructuring of transport agencies and optimising existing transport systems.

##### ***COM (2006) 376 final – Interconnecting Africa: The EU Africa Partnership on infrastructure***

COM 2006 recognises the needs and challenges for coordination of development in Africa as stimulation of economic growth, promotion of competitive trade, fostering regional

integration and effective contribution to achievement of the Millennium Development Goals (MDGs).

### **COM (2009) 301 final – Connecting Africa and Europe: Working towards strengthening transport cooperation**

Connecting Africa and Europe involves a coordinated approach to planning and implementation of infrastructure including enhanced cooperation in the aviation and maritime sectors moving towards a common transport infrastructure map and encouraging development of the rail sector.

### **COM (2012) 556 final – The EU external aviation policy: Addressing future challenges**

This COM deals more with further development of the EU policy as regards aviation relations with partners (e.g. regulatory, technological and industrial cooperation) rather than a strategy for EU support to the aviation sub-sector in Africa. The main objectives of EU's future external aviation policy are focussed on creating fair and open competition, as well as a growth strategy based on 'more Europe'.

### **1.3.3 Recent developments likely to impact on future EU support to the transport sector in Africa**

#### **Agenda for Change 2011<sup>8</sup>**

Whilst concentrating on human rights, democracy, good governance and inclusive and sustainable growth for human development, the need for improved infrastructure is recognised as a contribution to improving the business environment, regional integration and access to world markets as are the African Infrastructure Trust Fund (AITF) and other EU investment facilities. Emphasis is given to employment of a higher percentage of EU resources through existing or new financial instruments for greater leverage of resources. A further key point is that the '*EU should only invest in infrastructure where the private sector cannot do so on commercial terms*'.

#### **Roadmap 2014 – 2017: 4<sup>TH</sup> EU – African Summit<sup>9</sup>**

The roadmap identifies five joint priorities, but almost all references to transport and infrastructure are in relation to 'key areas for cooperation' under priority area iv) i.e. private investment, infrastructure and continental integration. Transport is identified as a strategic area of cooperation focussed on reduction of transport costs and boosting intra-Africa connections by way of adequate, safe, sustainable and reliable regional corridors, whilst greater attention should be paid to economic, social and environmental dimensions of transport. Reference is also made to multi-modal connections between Africa and the EU.

### **1.3.4 Evolution of EU cooperation policy and strategies for support to the transport sector in Africa**

By the 1990s it was apparent that maintaining transport networks were a major financial and operational burden on many developing countries even though insufficient for development needs. Due to deficient maintenance and poor network management, transport infrastructure was prematurely deteriorating resulting in a spiral of increasing travel and repair costs, deteriorating levels of service and denial of access. For decades donor support to the transport sector had consisted of a project approach which was manifestly not addressing the wider transport sector problems noted above<sup>10</sup>, whilst there was an increasing discrepancy between the overall objective of aid and the purpose of transport investments.

<sup>8</sup> COM (2011) 1172 & 1173.

<sup>9</sup> Although the 'roadmap' period is outside the temporal scope of this evaluation, some issues considered by the roadmap are relevant to evaluation (forward thinking) recommendations.

<sup>10</sup> Donors supporting individual construction projects (mainly roads) were arguably making the situation worse. Donor support for many years concentrated on network expansion by way of construction of new roads and/or upgrading of existing roads in a network that was expanding

Thus, the EU changed from a project approach to a sector approach aiming to match transport infrastructure to economic and social demands, provide a framework for sustainability and stakeholder benefits with continuing dialogue between governments and transport sector stakeholders. This approach was first proposed in the 1996 guidelines and was developed further in COM 2000. COM 2006 advocated interconnection of African countries by means of the concept of trans-African corridors and regional networks as defined by the EU-Africa Partnership on Infrastructure Framework whilst continuing all strategies previously set out in COM 2000. The focus on improving connectivity was continued and widened further by COM 2009 which aims at strengthening connections and strategic cooperation between Europe and Africa in the transport sector within the EU-Africa Partnership on Infrastructure Framework under which regional and national transport networks are interconnected throughout Africa.

There thus appears to be a progressive and consistent evolution of EU policies from a national focus (moving from project approach to sector approach) with regional implications towards widening the scope to regional connectivity and a corridor approach and subsequently culminating in moves towards African connectivity with other continents (but especially Europe).

#### 1.4 Volume and evolution of EU's direct support to the transport sector in Africa

Between 2005 and 2013, the total contracted amount of the EU support to transport sector development in Africa amounted to about €6 billion, while the total paid amounts added up to about €4.8 billion<sup>11</sup>. These amounts refer to 394 Financing Decisions under which 1813 contracts have been signed, benefitting 47 partner countries in Africa.

Figure 1.1 presents the evolution of the EU funds contracted annually from 2005 to 2013 and the paid annual amounts from 2010 to 2013<sup>12</sup>. The annual contracted amounts increased from about €421 million in 2005 to €878 million in 2010 followed by a decline to €414 million in 2013.

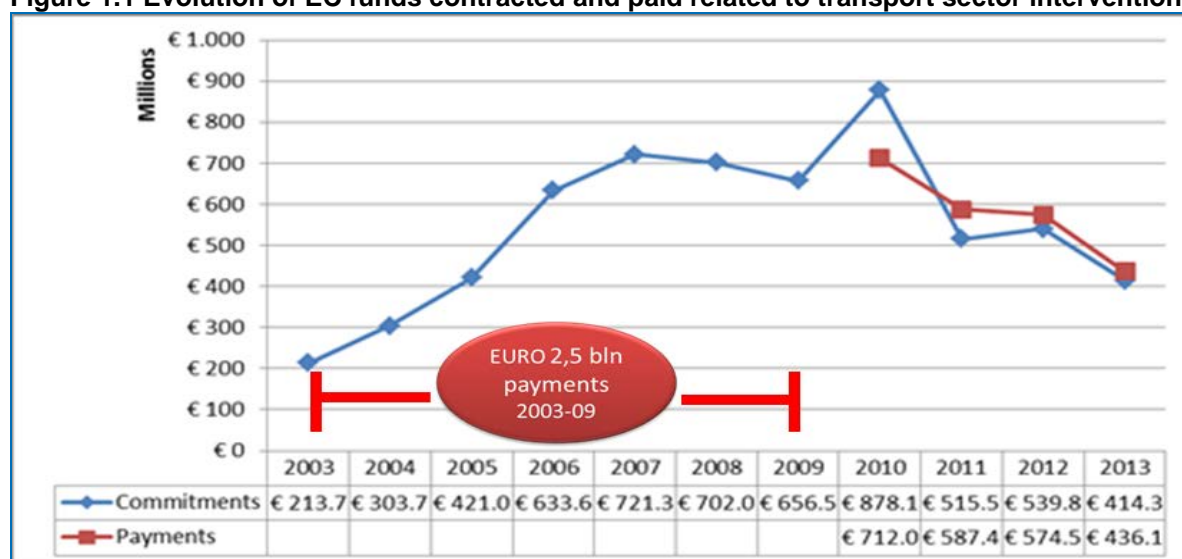
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beyond the size and standard that African countries could afford to maintain. Insufficient maintenance funding and maintenance neglect were concurrently leading to premature degradation of the network even as donor funded new roads were being constructed.

<sup>11</sup> Including contracted and paid amounts in 2013 and 2014 of projects still being implemented after 01/01/2005.

<sup>12</sup> CRIS does not provide information on the paid annual amounts prior to 2010. There are only data on aggregated payments up to and including 2009.

**Figure 1.1 Evolution of EC funds contracted and paid related to transport sector interventions**

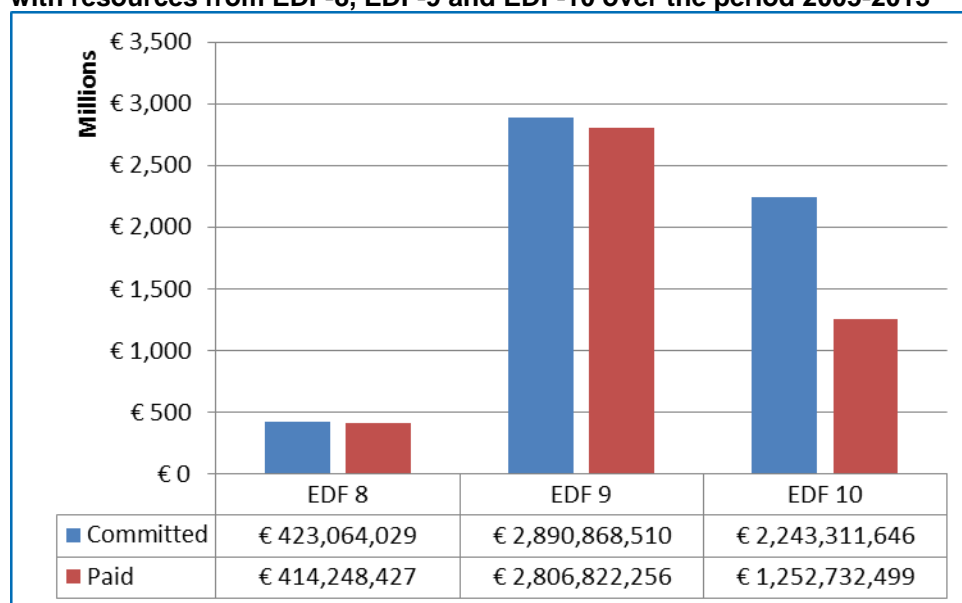


Note 1: commitments = contracted amounts.

Note 2: Contracted and paid amounts in 2003 and 2004 refer only to projects still being implemented after 01/01/2005.

The EU funds contracted for the transport sector support in Africa during the years 2005-2015 came from a variety of budget domains, of which the EDF was by far the most important one, in particular EDF-8, EFD-9 and EDF-10. The amounts contracted and paid of those three EDF cycles during the reference period are shown in figure 1.2.

**Figure 1.2 Total contracted and paid amounts of all transport sector projects in Africa paid with resources from EDF-8, EDF-9 and EDF-10 over the period 2005-2013**



Note 1: committed = contracted amount.

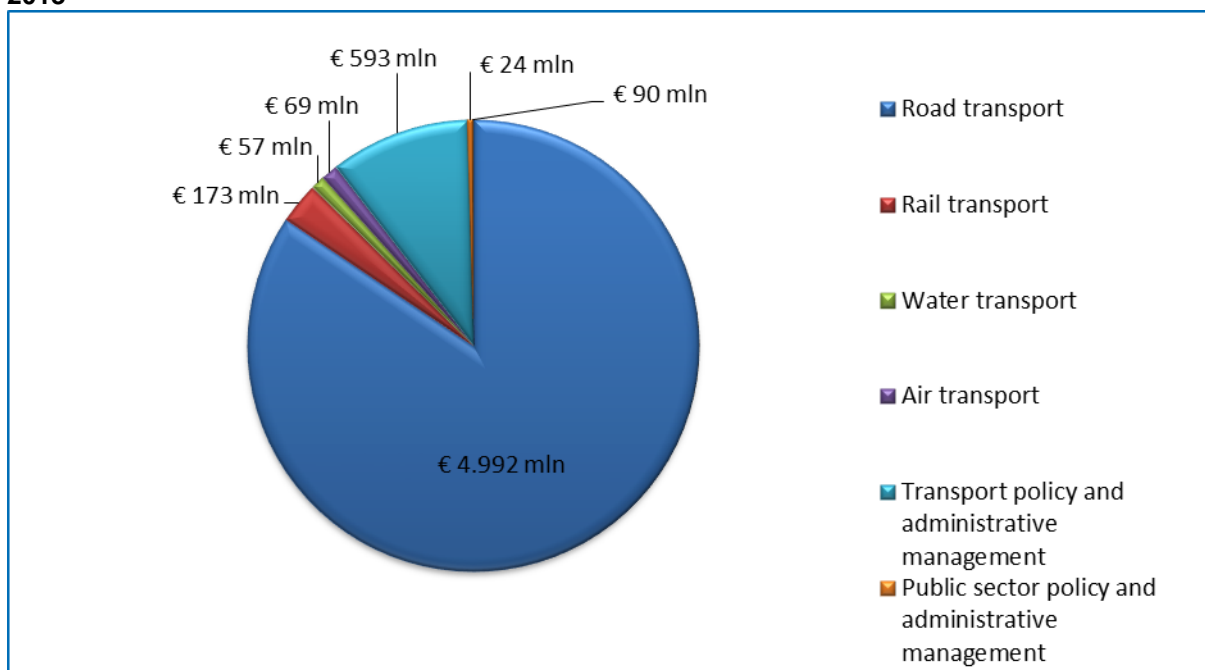
Note 2: Figures include also contracted and paid amounts in 2003 and 2004 of projects still being implemented after 01/01/2005.

EU's data base (CRIS) distinguishes 7 categories of transport projects and contracts. The breakdown of the total contracted amount over the period 2005-2013 per category is shown in figure 1.3. The figures indicate that 83% of the total contracted amount has been used for road transport projects, 10% for projects related to transport policy and administrative management and 3% for rail transport.

A breakdown of road sector contracts per type of road sector, is presented in figure 1.4.<sup>13</sup> It shows that 45% of the funds have been contracted for international road corridor projects. The second largest category (40%) is the “other roads”, which includes interventions targeting national roads outside the international corridors, as well as a broad range of interventions not belonging to one particular road category. For rural and regional roads an amount of €645 million has been contracted, which is about 13 % of the total contracted amount.

Finally the figure shows that for all types of roads, the contracted amount for road works (construction, rehabilitation, and maintenance) constitutes the largest part of the total contracted amount of each of the categories.

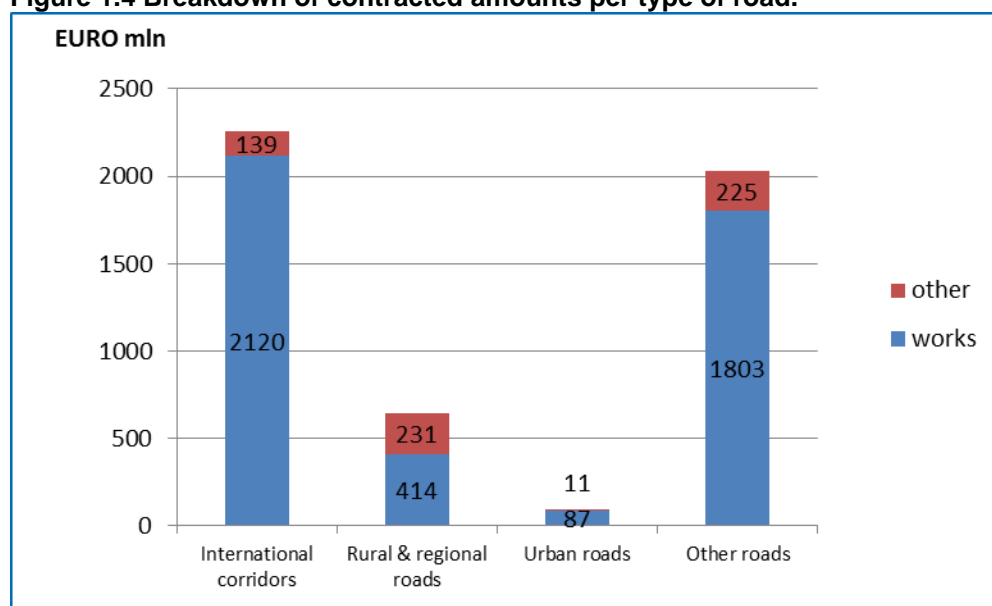
**Figure 1.3 Funds contracted for transport sector support in Africa by category, 2005-2013**



Note 1: Figures include also contracted and paid amounts in 2003 and 2004 of projects still being implemented after 01/01/2005.

<sup>13</sup> Road sector contracts classified according to DAC code in CRIS.

**Figure 1.4 Breakdown of contracted amounts per type of road.**

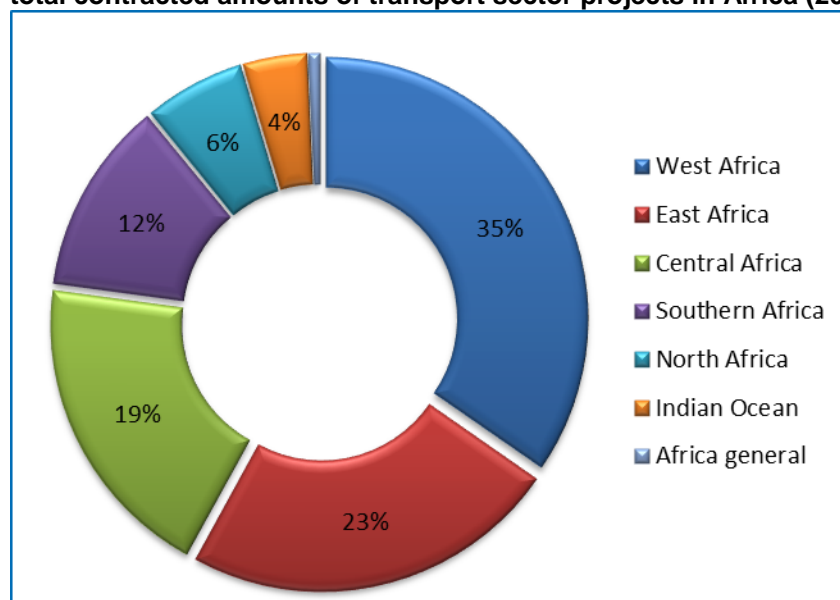


Note 1: Figures include also contracted and paid amounts in 2003 and 2004 of projects still being implemented after 01/01/2005.

Note 2: In addition to amount contracted for urban roads mentioned in the table, another amount of € 49 million has been contracted for "other urban transport" of which " by far the largest part relates to the development of the metro in Cairo, Egypt.

West Africa has received the largest share of the contracted funds (35%), followed by East Africa, Central Africa and Southern Africa with respectively 23%, 19% and 12% (see figure 1.5).

**Figure 1.5 Contracted amounts of the transport sector projects per region as a percentage of total contracted amounts of transport sector projects in Africa (2005-2013)**



Note 1: Figures include also contracted and paid amounts in 2003 and 2004 of projects still being implemented after 01/01/2005.

The twelve countries having received the largest amount of contracted funds between 2005 and 2013 are listed in table 1.1. Together these 12 countries received about 50% of the total amount contracted by the EU for transport sector projects in Africa in the reference period.

**Table 1.1 Countries having received the largest shares of EU support to the transport sector in Africa 2005-2013**

Rank by contract value	Country	Contract value in mln €	% of total	Payments in mln €	% of total
1	Ethiopia	393	6.5%	377	7.9%
2	Uganda	367	6.1%	314	6.5%
3	Tanzania	314	5.2%	258	5.4%
4	Mali	280	4.7%	204	4.2%
5	Kenya	262	4.4%	151	3.1%
6	Congo, Dem. Rep.	253	4.2%	180	3.7%
7	Cameroon	234	3.9%	219	4.6%
8	Burkina Faso	231	3.8%	175	3.6%
9	Mozambique	230	3.8%	190	4.0%
10	Madagascar	218	3.6%	217	4.5%
11	Niger	205	3.4%	161	3.4%
12	Benin	201	3.3%	181	3.8%
	<b>Total for Africa</b>	<b>6,011</b>	<b>100.0%</b>	<b>4,802</b>	<b>100.0%</b>

Note 1: Figures include also contracted and paid amounts in 2003 and 2004 of projects still being implemented after 01/01/2005.

There were also 32 Financing Decisions with a regional scope. The total contracted value of these Decisions amounted to about €120 million, corresponding to 2.0% of the total contracted value of EU's transport sector support to Africa in the period 2005-2013. West Africa accounted for the largest share of the contracted value of the regional projects, followed by regional projects covering the whole of Africa (see table 1.2).

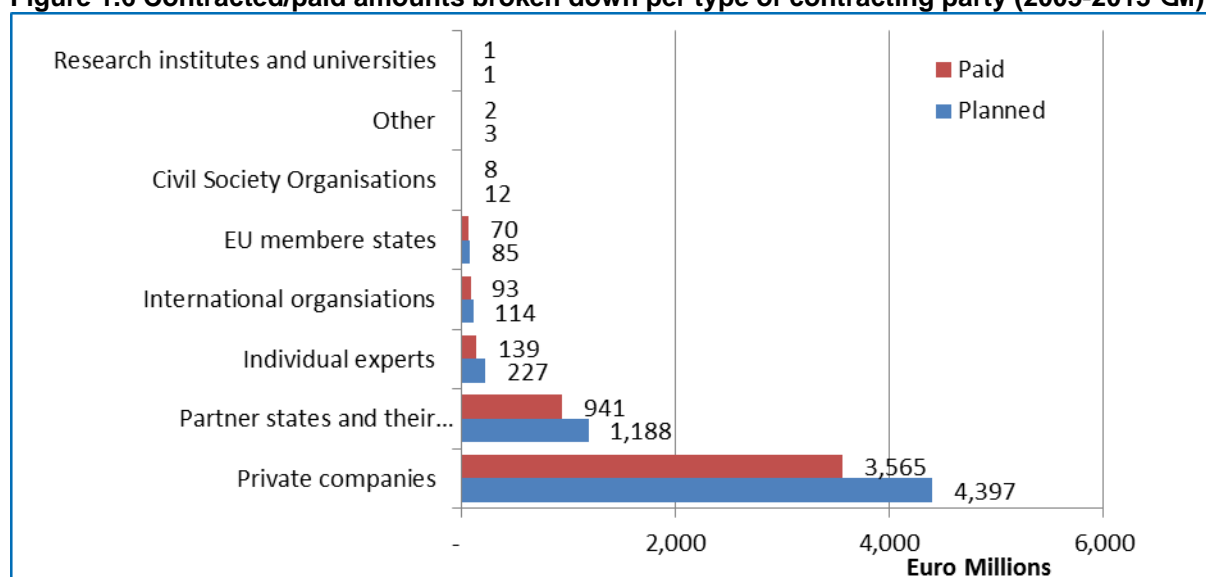
**Table 1.2 Contracted and paid amounts of regional transport sector support projects in Africa (2005-2013)**

Rank	Region	Contracted in mln €	% of total	Payments in mln €	% of total
1	West Africa	56.5	1.0%	49.2	0.8%
2	Overall Africa	42.5	0.7%	31.9	0.5%
3	Central Africa	13.4	0.2%	10.5	0.2%
4	Indian Ocean Africa	5.3	0.1%	0.1	0.0%
5	East Africa	2.2	0.0%	2.0	0.0%
	<b>Total</b>	<b>119.9</b>	<b>2.0%</b>	<b>93.8</b>	<b>1.6%</b>

Note 1: Figures include also contracted and paid amounts in 2003 and 2004 of projects still being implemented after 01/01/2005.

Figure 1.6 shows the distribution of the overall contracted and paid amounts of the EU aid provided to the transport sector in Africa per type of contracting party. By far the largest share of the contracted amount was concluded with private companies.

**Figure 1.6 Contracted/paid amounts broken down per type of contracting party (2005-2013 €M)**



Note 1: Planned = contracted.

Note 2: Including contracted and paid amounts in 2003 and 2004 of projects still being implemented after 01/01/2005.

During the evaluation period (2005-2013), 11 African countries received SBS for the transport sector (see table 1.3). In total €967 million has been contracted (= signed Financing Agreements) of which €718 had actually been disbursed up to the end of 2013. These figures represent respectively 16% and 15% of the total contracted value and paid amounts of the EU support to the transport sector in Africa. Ethiopia was by far the largest recipient of SBS for the transport sector, followed by Zambia, Tanzania and Benin.

The table shows also a growth of 48% of the total amount of contracted SBS funds from EDF 9 (€304 billion) to EDF 10 (€451 billion). The contracted SBS value under MED and ENPI rose as well from €93 million under MED to €126 million under ENPI.

**Table 1.3 Transport SBS contracted and paid amounts in Africa, 2005-2013 (in million €).**

Country	EDF-9		EDF-10		Total	
	Contracted	Paid	Contracted	Paid	Contracted	Paid
Benin	35.9	35.9	24.3	21.9	60.2	57.8
Ethiopia	150.7	150.7	187.6	187.6	338.3	338.3
Malawi	-	-	57.8	12.7	57.9	12.7
Mozambique	9.2	9.2	20.1	5.1	29.3	14.3
Namibia	12.0	12.0	-	-	12.0	12.0
Rwanda	-	-	36.0	6.0	36.0	6.0
Tanzania	-	-	93.8	51.8	93.8	51.8
Zambia	88.5	75,8	31.3	0	119.8	75.8
Egypt (ENPI)					75.0	35,0
Morocco (MED)					93.3	93.3
Morocco (ENPI)					51.0	21.0
<b>Total SBS</b>					<b>966.6</b>	<b>718.0</b>
<b>Total EU transport sector funding</b>					<b>6,010.5</b>	<b>4,802.5</b>

Source: CRIS database (June 2014) and data from Country Case Studies.

Note 1: Payments up to 31.12.2013.

Note 2: contracted = amount mentioned in the Financing Agreement.

Note 3: In Namibia, the SBS for the transport sector was part of the Rural Poverty Reduction Programme (€53 million) and was meant as a contribution to the funding of the construction of rural access roads.

See volume 5, annex 5.2 for a more detailed analysis of the portfolio of EU funded transport sector projects in Africa during the years 2005-2013. A list of all 394 Financing Decisions of those projects is presented in annex 5.3 and a couple of maps with African Transport Corridors in annex 5.1.

## 1.5 EU strategy and intervention logic

The EU strategy for development cooperation in the transport sector in Africa has been based on key Communications from the Commission to the Council and the European Parliament (see section 1.3). These documents constitute a continuous (and continuing) development of the EU strategy as regards support to the transport sector (i.e. national – inter/intra-Africa, Africa – EU linkages) with a transition from project based interventions to a sector-wide approach involving changed roles for government institutions and the private sector and increasing commercial management of transport infrastructure and services.

A ‘reconstructed’ Intervention Logic has been prepared. This Intervention Logic can be taken as a representation of the intentions upon which EU support interventions were programmed. Given the varying scope and evolution of the successive Communications (i.e. national focus [COM2000] – inter/intra Africa [COM 2006] – Africa/EU linkages [COM 2009]), some simplification of stated results, outcomes and impacts has been made to remove duplication and hopefully clarify presentation without any explicit intention of ex-post rationalization of what was actually done.

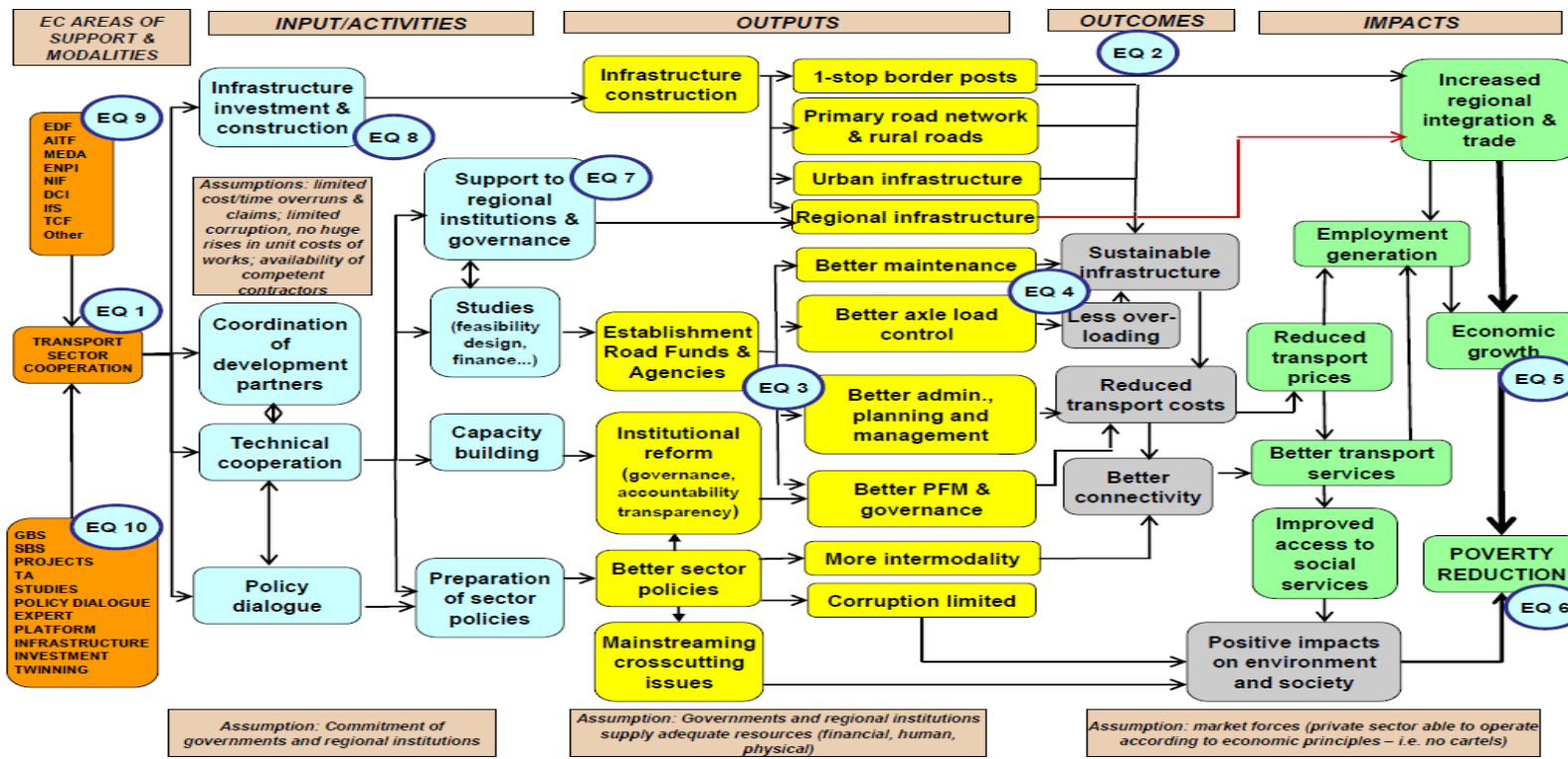
The ‘reconstructed’ Intervention Logic consists of a series of colour-coded columns from left to right. Linkages are represented by arrows. Some further guidance for interpreting that Intervention Logic:

- Assumptions are presented at each stage; a number of assumptions have not been fulfilled (as examined in the Evaluation Questions);
- EU areas of support and modalities are presented in the left-hand column (orange);
- EU inputs and activities are presented in the second column (blue). There is consequential linkage of some inputs and activities (e.g. technical cooperation and policy dialogue leading to preparation of sector policies) and thus there are two columns under ‘Inputs/Activities’;
- Outputs are presented in the third column (yellow), again sub-divided into two columns of linked outputs (e.g. establishment of new sector agencies leading to better sector management);
- The fourth column lists outcomes (grey)<sup>14</sup>, which lead towards expected ‘impacts’: sustainable infrastructure and reduced toll on environment and society by way of axle load control, maintenance, better transport services, sector management, etc. are all noted;
- The fifth column on the right side of the chart (green) is sub-divided into two parts and details intended direct and indirect (or overall) impacts (although impacts are not necessarily designated in such a way in EU policy documents). EU interventions appear to contribute more immediately to direct impacts. Concentration is on improved transport services, reduced transport prices, access to services and regional integration and trade all leading to economic growth. Linkage to aggregate/overall impact is expected to be generated only in the longer term;
- The positioning of the Evaluation Questions is also shown in the IL.

The ultimate objective is ‘poverty reduction. Although there are other impacts mentioned in EU policy documents; the preceding ‘economic growth’ appears to be the actual end of the chain of results.

<sup>14</sup> The positioning of certain ‘Outputs’ and ‘Outcomes’ is arguably inter-changeable.

The IL is mainly focussed on roads in SSA, while other transport modes do not get explicit attention. Overall, it can be observed from this 'reconstructed' IL, that the EU efforts are specifically focussed on issues considered to be relatively better achievable (e.g. improving sector policies, one-stop border posts, maintenance) rather than less 'concrete' issues (e.g. privatisation, transport pricing, enforcement of traffic regulations).



## 2 Methodology

### 2.1 Overall approach

Methodological guidelines have been developed by DG DEVCO Evaluation Unit – these guidelines form the basis of the methodology of this evaluation.<sup>15</sup>

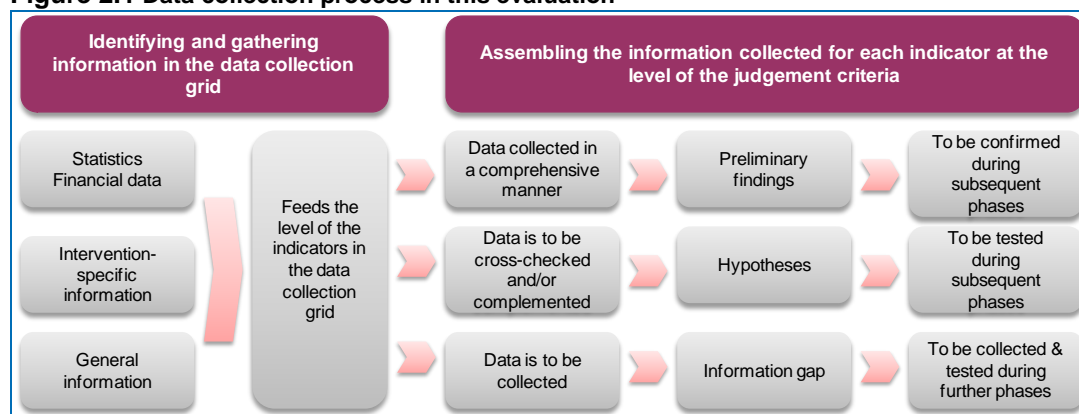
A set of 10 EQs were identified during the inception phase together with a limited number of judgement criteria (JCs) and indicators for each EQ to facilitate collection of information and structured analysis to ensure coverage of ‘issues of interest’ identified in the ToR.

The logical linkages of answers and findings to collected information and facts were assured by a process of peer review complemented by scrutiny of the Reference Group and Evaluation Unit. Collection of data and information involved documentary and visual sources complemented by direct observation.<sup>16</sup> Collection methods varied according to source of data – document review, interviews, web-based questionnaire<sup>17</sup> and direct observation (see volume 2, annex 2.7 for more information).

### 2.2 Data collection and analysis

A structured data-collection and analysis process was followed as shown below:

**Figure 2.1 Data collection process in this evaluation**



Activities carried out during the desk phase included:

- continuing compilation and review of information and documents for countries in Africa;
- preparation and testing of a web-based survey questionnaire;
- selection of case study countries (see volume 4);
- interviews with EU personnel in Brussels;
- analysis of information including:
  - CSPs/NIPs & RSP/RIPs;
  - national and regional level transport sector reports/documentation;
  - reports, studies and other documentation produced by sector donors and partners;
  - academic studies;

<sup>15</sup> [http://ec.europa.eu/europeaid/how/evaluation/methodology/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/methodology/index_en.htm).

<sup>16</sup> Little collection of original data could be carried out during the course of the evaluation due to limited resources. Findings and conclusions are based mainly upon existing reports and sources; the reliability of such information has been checked by triangulation wherever possible.

<sup>17</sup> The questionnaire was submitted to selected EUDs in Africa. An analysis of responses to the questionnaire (regional and country levels) is set out in Volume 6.

- project documentation of selected projects (e.g. evaluation, progress, mid-term and final reports);
  - Results Oriented Monitoring (ROM) reports;
  - country level, regional level and thematic evaluation reports;
  - Court of Auditors (CoA) reports;
  - EU policy and strategy documents.
- formulation of preliminary assessments and hypotheses to be tested and investigated during the field phase.

During the field phase, visits were made to 10 countries<sup>18</sup>, each undertaken by one of the core members of the evaluation team supported by a local consultant. Each country visit had a duration of 9-10 days. During this period, meetings were held with sector institutions, stakeholders, beneficiaries, other sector donors and funding agencies. Briefing and debriefing meetings with EUDs took place at the beginning and end of each country visit. Site visits were carried out as far as time and distance allowed within the limited timeframe of these missions. Findings and conclusions of the ten country case studies are summarised in a Synthesis Note (see volume 4, annex 4A) whilst the main texts of the country case study reports as well as the methodology used for selecting the ten case study countries are presented in volume 4, annex 4B.

## 2.3 Methods of judgement

During the synthesis phase of the evaluation, analyses undertaken in previous phases (inception, desk and field phases) was reprised such that firstly **findings** were identified, from which **conclusions** were drawn and **recommendations** were developed.

### 2.3.1 Findings

Findings are based upon data (qualitative and quantitative<sup>19</sup>), facts<sup>20</sup>, information and analysis and include reference to 'causes and effects'<sup>21</sup> related to the contribution of EU support to observed changes or attribution of some observed changes to EU support interventions.<sup>22</sup>

Findings have been prepared for each Judgement Criterion, which constituted the basis for answering the Evaluations Questions. Robustness of such findings and answers depends upon:

<sup>18</sup> Morocco, Uganda, Mauritania, Benin, Senegal, Mozambique, Cameroon, Ethiopia, Madagascar and the DRC.

<sup>19</sup> Care has been taken in interpretation of qualitative data collection in analysis; biases can be significant arising from responses given and interpretation of these responses and experience has shown such biases are more likely to lead to over-estimation of project impact rather than the contrary.

<sup>20</sup> Facts can be conveniently categorised into 4 levels of confidence/strength presented in decreasing order of strength. 1. Observed/recorded facts; 2. Witness/direct beneficiaries' statements; 3. 'Proxy'/circumstantial evidence; 4. Reported/Indirect statement (depends on authority of source).

<sup>21</sup> Whether specific, generalised (or transferable to other contexts)

<sup>22</sup> 'Attribution'- outcomes attributable to EU interventions; outcomes changed as a result of EU intervention or EU support caused the outcomes.

'Contribution' – EU support contributed to changing outcomes; evidence that EU support helped to achieve or was part of the outcomes.

Pros and cons of attribution – i) Whilst it is usually possible to measure achievement of outcome, the wide range of EU support target beneficiaries makes distribution at impact level tricky. ii) Outcomes (and impacts) are dependent not only on EU support outputs but upon other programmes or initiatives which may or may not be complementary. Also, the longer the time period over which outcomes and impacts may be generated, the greater difficulty in identifying a causal relationship; iii) EU sector support is operating in a complex social and institutional landscape with many simultaneous factors (potential, actual, socio-economic, commercial, cultural) and players. It is difficult to untangle such factors and isolate or quantify individual attributions except in the broadest terms. Change is rarely attributable to a single factor, iv) credible attribution is nice but difficult to identify (and rare).

Pros and cons of contribution

i) Analysis of claims that EU support makes a contribution to higher level aims (outcomes and impacts) could provide credible information on EU sector support, ii) For example, improved corridor efficiency may depend on several development programmes, institutions, financiers etc. Which factor caused what degree of the changes in efficiency? This probably cannot be determined but it cannot be denied that the combination of factors caused said change.

Mixed methods

Arguably the most effective approach is to combine quantitative and qualitative monitoring data so as to try to reduce uncertainty regarding impacts, if only to have reasonable confidence in the absence of rigorous quantifiable proof of other attribution and contribution. Thus, it may be possible to show with reasonable confidence that EU sector support credibly makes a difference (to say, corridor efficiency) and thus show contribution.

- cross-checking against various sources of information (including triangulation);
- checking for biases;
- testing for statistical validity and relevance;
- identification of extraneous factors which may have caused or contributed to observed changes and outcomes (i.e. counter-factual);
- comments received during the evaluation (e.g. Reference Group meetings, feedback from EUDs).

### **2.3.2 Conclusions (and lessons learned)**

Conclusions have been drawn up on the basis of value judgements on the merits, demerits and worth of EU support interventions based upon:

- findings; and
- judgement criteria (for each EQ) and any other judgement criterion which may have emerged and actually been applied subsequent to the desk phase.

Exercising judgement implies (and demands) that the evaluation team respects certain ethical principles:

- Impartiality – the evaluation is an independent exercise. The evaluation team, which is entirely responsible for the conclusions, has made a concerted effort to ensure balance of all opinions and widely divergent situations.
- Legitimacy – the structure of EQs, JCs and indicators is based on logical relationships between facts (addressed by the indicators), effects (addressed by the judgement criteria) and results (addressed by the EQs). This structure has been endorsed by the Reference Group and has also been exposed to other perspectives expressed by development partners, beneficiaries and other observers;
- Anonymity of sources – sources are not normally identified in published material. Conclusions should reflect the merit (or demerit) of the intervention, not the opinion of individuals involved in implementation.

Conclusions (and lessons learned<sup>23</sup>) are clustered by theme, not necessarily solely by EQ, with reference to the provenance (e.g. JCs, EQs, analysis, etc.).

### **2.3.3 Recommendations**

Recommendations are derived from and related to conclusions (and lessons learned) and do not involve any further value judgement. They are intended to improve or amend on-going support programmes and inform programming and design of future EU sector support. They are operational, practical, specific and directed at identified targets (e.g. EUDs).

<sup>23</sup> Lessons learned are in other words transferable conclusions.



## 3 Main findings and answers to the Evaluation Questions

### 3.1 Introduction

In the following sections and subsections, the answers to the EQs are presented, as well as the main findings on which each answer is based. Findings are not presented in priority order, but they are grouped per EQ. They are based upon judgement criteria (JC) and associated indicators which are set out in full in Volume 3 (annex 3). Findings are not necessarily based on a single JC nor do all findings refer only to a single EQ, but all links between findings and JCs are identified. Findings are numbered for ease of subsequent reference in such a way as to indicate their link with the predominant EQ.<sup>24</sup>

*Refer also to Volume 3 (annex 3) where the findings as regards each judgement criterion and indicator are presented.*

The following table shows the coverage of the DAC evaluation criteria by each EQ:

EQ	1	2	3	4	5	6	7	8	9	10
Relevance	X	X			X	X	X	X		
Efficiency				X				X	X	X
Effectiveness	X	X			X			X		
Impact			X	X	X	X	X			
Sustainability		X	X	X						
EU added value	X				X		X		X	X
3Cs	X				X		X		X	
Cross cutting issues			X							
Recommendations of previous evaluation	X		X	X				X		X

### 3.2 EQ1: Evaluation of EU policies and strategies in response to needs.

**EQ1: To what extent have changing policies and strategies for EU support been responsive to the evolving needs of the transport sector in Africa?**

#### 3.2.1 Context and scope

This EQ examines the consistency (or otherwise) of EU transport sector support themes over the evaluation period (2005-2013) and the degree of timelines and responsiveness to changing situations in Africa. Changing EU policies and strategies have been informed by a series of EU documents:

- Towards sustainable transport infrastructure: A sectoral approach in practice DGDEV 1996;
- COM (2000) 422 final – Prioritizing sustainable transport in development cooperation;

<sup>24</sup> E.g. Finding 1.1 is based upon JCs 1.1, 1.2 and 7.3. Finding 2.2 is based upon JCs 2.1 and 2.5.

- COM (2006) 376 final – Interconnecting Africa: The EU Africa Partnership on infrastructure;
- COM (2009) 301 final – Connecting Africa and Europe: Working towards strengthening transport cooperation;
- COM (2012) 556 final – The EU external aviation policy: Addressing future challenges.

All these documents make reference to Article 177 of the Treaty establishing the EU and the Cotonou Agreement. More recent developments impacting on potential EU support to the transport sector include:

- COM (2011) 1172 and 1172 – Agenda for Change;
- Roadmap 2014-2017: 4<sup>th</sup> EU-Africa Summit.

The EQ considers the evolution of EU sector policies from a project approach to a sector approach whilst widening the support horizons progressively from (intra) national to regional (international, intra-Africa) and to continental (inter Africa-EU) over a period of a decade. Attention has also been given to the question to what extent this evolution was reactive - in response to needs expressed by national governments and regional organisations - or proactive, and the degree to which such evolution was informed by dialogue and consultation with sector partners (including national governments). The significant change in approach and scope of support also raises questions as to whether EU 'added value' has also changed over this period.

### 3.2.2 Answer to evaluation question 1

#### *Highlights of the answer to EQ 1*

**EU policies, strategies and objectives coincided largely with national and regional sector policies but this compliance is not due to EU policies responding to changing national and regional policies but rather the EU has influenced the formulation of those national and regional policies.** However, whatever the process, current EU policies do respond to African transport sector needs.

**Concentration upon the roads sub-sector was the appropriate response to needs in the partner countries given that the overwhelming proportion of land transport of people and goods was, and continues to be, by road.** Selection of support to major works certainly responded to expressed perceptions of national needs.

**Assertions of EU competencies offering 'added value' were regularly proffered in EU programming documents but little accompanying evidence was offered.**

**EU sector support strategies at national and regional levels included, and continue to include, consultation between EUDs and sector partners and stakeholders, the process being much more extensive at national than at regional levels although such consultation has not avoided some inconsistencies between EU development policies and some other EU policies.**

**Some findings and recommendations of evaluations and Results Oriented Monitoring have been taken into account in the formulation of sector support strategies although uptake of such recommendations has taken a long period of time.**

### 3.2.3 Findings on EU policies and strategies in response to needs

#### *Finding 1.1. (based on JCs 1.1, 1.2 and 7.3)*

**Changing EU sector policies, strategies and objectives coincided largely with national and regional sector policies and have been appropriate for the needs of the transport sector in Africa but were not exactly ‘responsive’** (which would imply that expressed national needs and strategies preceded EU policies which would then be drafted accordingly). Rather this process was reversed in the sense that national and regional policies and strategies were drafted in compliance with donor policies and objectives (due to the strong role of the donors by means of the policy dialogue<sup>25</sup>, TA and in some cases conditionalities). EU strategies for implementation of said policies have also not been in direct response to transport sector needs as expressed in national and regional transport sector policy documents, but have been prepared by the EU and presented to partner governments with little or no preceding consultation (11<sup>th</sup> EDF being an extreme example).<sup>26</sup> This contrasts with national and regional sector support programmes for which EUD’s analysis of national and regional policies and needs was overall sound and was prepared in collaboration with national governments. However, whatever the process, current EU transport sector support policies do respond to African transport sector needs (see also Finding 1.6).

#### *Finding 1.2. (based on JC 1.3)*

**Claims of EU’s added value were declining as programming moved from EDFs 9 to 10 (and 11).** Specific EU added values mentioned include: long experience of the EU in the sector, relative size of EU support budgets, political neutrality, expertise of some individual experts in the EUDs, in-country presence, focus on cross-cutting issues, involvement in policy and strategy development, and flexibility in seeking to cooperate with other donors.<sup>27</sup> At regional and trans-African levels an EU ‘added value’ is assumed to arise from experience of integration processes and trans-European networks and privileged partnership between the EU and AU. For EDF-10 it appears that claims of EU added value have been subsumed in joint approaches and strategies (i.e. Paris Declaration) whilst EDF-11 preparation makes no reference to EU added value, rather pointing out that certain competencies are not available and should be sought elsewhere. With the shift of focus of EU support to regional levels under the 11<sup>th</sup> EDF and a withdrawal from transport as a focal sector in many countries, it would appear that much of the alleged ‘added value’ for the transport sector will no longer be as widely applicable as before.

It is accepted that certain EU policies do offer added value e.g. coordination of the EU, EU Member States and other sector donors (COM(2000)422); division of labour (2007 Code of Conduct); partnership African Union and the EU – experience of trans-European networks, consensus building on harmonisation of regulatory frameworks (COM2006); and experience of best practises of common transport policy (COM 2009). On the other hand there are also continuing reports of perceived disadvantages arising from the complexity of EDF regulations and procedures resulting in delays in decision making and implementation.

<sup>25</sup> National transport sector policies, many of which were produced in the opening years of the new millennium, clearly embrace the principles of a sector approach as set out in COM(2000)422 (which builds upon the 1996 document ‘Towards sustainable transport infrastructure; A sectoral approach in practice).

<sup>26</sup> At national levels EUDs have two parallel channels for consultation regarding implementation of higher level strategies and incorporation into CSPs/NIPs. Higher level ‘political’ dialogue, supported by personal links to senior persons in government and/or sector institutions, are concerned with application (and amendment) of HQ strategies at national level. A first draft of the CSP/NIP is submitted to (and approved by) HQ in Brussels and is then presented to participants in the presence of government (and CSOs). This is the second chance for consultation (even if participants are not subsequently involved).

<sup>27</sup> Some ‘subtracted values’ are also identified such as length of time for programming and decision making, changing EU strategies, some EDF procedures).

### **Finding 1.3. (based on JC 1.4)**

**EU transport sector support strategies at national and regional levels included, and continue to include, consultation between EUDs and sector partners and stakeholders, the process being much more extensive at national than at regional levels.** However, such consultation has not avoided examples of incoherence between EU development policies and other policies (e.g. Sugar Protocol, EPA) which have impacted on the transport sector. Quality of consultation (and sector policy dialogue) continues to be conditioned by institutional capacity constraints in national governments, sector institutions and regional organisations and to some degree in EUDs. Preparation of the 11<sup>th</sup> EDF support programmes is dependent upon high levels of consultation, but evidence on the quality and the effectiveness of this process is incomplete as preparation and programming is still in progress.

### **Finding 1.4 (based on JC 1.4)**

**The EU has been a strong advocate of *Division of Labour* amongst transport sector donors (especially the EU-MS).** Only a few cases of ‘overlap’ have been detected.<sup>28</sup> However, there are reports that such an approach has led to geographic isolation of donor efforts with little attempt to generate complementarity and/or additionality from the products of such individual donor efforts. A contributory issue is that the EU and the EU-MS do not, in practise, fully share the same concepts of ‘Division of Labour’ or the Cotonou ideology of ‘partnership’.

**The EU and EU-MS have appreciated the importance of their own ‘visibility’** in order to inform home country governments, parliaments and tax payers about their own contribution to a project or programme and the related output (if identifiable). For EU-MS there is a reported reluctance to ‘dilute’ such visibility by too close an association/cooperation with other donors, in this case the EU, especially because of EU procedures, delays and unpredictable decision making.

### **Finding 1.5 (based on JC 1.5)**

**Findings, conclusions and recommendations of evaluation reviews and studies have generally been taken into account in the formulation of EDF-9 and EDF-10 support programmes<sup>29</sup>** and interventions at national and regional levels, although a long period appears to be necessary for uptake of such recommendations. However there is little such reference in programming documentation for EDF-11.<sup>30</sup> No overt reference to previous evaluations has been made in connection with preparation of EU sector policies and strategies.<sup>31</sup>

### **Finding 1.6 (based on JCs 1.1 and 3.1)**

**EU sector support responded to national transport sector needs** (i.e. mainly upgrading and expansion of the paved main roads network, which have national and often, regional strategic importance). Concentration upon the roads sub-sector was an appropriate response to needs given that the overwhelming proportion of land transport of people and goods continues to be by road. This support was usually accompanied by perennial technical assistance occupying a line function with limited residual transfer of technical know-how to national staff.<sup>32</sup> As a major road sector donor under EDFs 9 and 10, the EU has clearly and significantly contributed not only to the construction of main roads but also to improving physical network conditions and connectivity as a whole including contributing to

<sup>28</sup> Although withdrawal of some EU-MS transport sector donors has also reduced such overlaps.

<sup>29</sup> Typically expressed as a few lines in the ‘Lessons Learned’ section.

<sup>30</sup> Given the 11<sup>th</sup> EDF move away from transport as a focal sector this is not surprising.

<sup>31</sup> This finding is based on analysis of CSPs/NIPs for EDF 9 (13 countries), EDF 10 (16 countries) and RSPs for West Africa, Eastern and Southern Africa and the Indian Ocean, and SADC.

<sup>32</sup> Under EDF-10, the EUDs have increasingly delegated project implementation to national sector institutions and the NAO with reducing TA, albeit accompanied by more technical audits, advices on claims and contractual settlements, reviews etc. EUDs were thus increasingly distanced from hands-on contract management.

regional connectivity and linkages to ocean ports. However the rapid expansion of the road network over the past decade, almost entirely funded by donors (bilateral donors and International Financial Institutions), has not been accompanied by a commensurate increase in maintenance resources (as set out in national sector strategy documents). Partner government commitments have not been delivered in this respect. The result is inadequate maintenance, premature deterioration of service levels and road conditions and reduction of infrastructure asset values implying highly increased whole life costings.

Regional budgets for the 9<sup>th</sup> and 10<sup>th</sup> EDF were miniscule compared to the proposed hugely ambitious programmes (which would be covered by national programmes anyway) and most regional support was by way of technical assistance to master planning and facilitation measures for more efficient regional transport. Despite analysis of sector policies at country and regional levels and increasing homogeneity of such policies across Africa and donors<sup>33</sup>, the linkage and coherence of policies between the levels is not seamless although shortfalls are arguably more the result of ineffective implementation strategies rather than inadequacy of the policies themselves.

### 3.3 EQ 2: Move from project-based to sector-wide approach and to using the SBS financing modality.

**EQ2: Did the change from a project-based approach to a sector-wide approach and budget support (SBS and GBS) meet expectations regarding outcomes for EU support to the transport sector in Africa?**

#### 3.3.1 Context and scope

EU support to the transport sector has been focussed almost entirely on the roads subsector which is the main mode of transport for passengers and freight in African countries (typically 80-90% of the journeys). For many years, donor support consisted mainly of financing individual construction projects. However, it was becoming increasingly apparent that transport networks, whilst making a significant contribution to trade and economic development, were (and still are) a major financial and operational burden on developing countries. Weak management as well as funding constraints resulted in maintenance neglect, premature deterioration and worsening levels of serviceability of the transport infrastructure, increasing costs and inadequate access to transport services. To contribute to breaking this spiral of decay, the EU changed to a sector approach in the belief that such an approach would help to overcome the increasing unaffordability and unsustainability of the transport sector.

This EQ examines the effectiveness of key components of the sector-wide approach including using the SBS financing modality and the extent to which such support met expectations. These expectations included a wider sector vision, more effective sector governance and policy dialogue, improved coordination and harmonization of sector donors, avoidance of supply-led policies, improved predictability of funding and allocations especially for prioritised maintenance. The anticipated outcomes were: more streamlined aid delivery as a result of better dialogue, better decision making based on better quality of management information and more effective sector management processes. During the evaluation period, eleven African countries have received SBS for the transport sector, namely: Benin, Ethiopia, Egypt, Malawi, Morocco, Mozambique, Namibia, Rwanda and Tanzania.

<sup>33</sup> Except for 'conflict countries'.

### 3.3.2 Answer to evaluation question 2

#### Highlights of the answer to EQ 2

The various sector partners had high expectations when switching from a project approach to a sector wide approach (SWAp), possibly funded by sector budget support (SBS), but these expectations were, to some degree, too optimistic even in the countries where a SWAp, with or without SBS, has been successful.

The migration from a project-based approach to a sector wide approach has generally been sound, facilitating policy dialogue, but it was not a response to needs expressed by partner governments.

Experience with SBS has been variable. In countries with strong financial discipline, it has been quite successful, while in other cases, SBS got off to a promising start with good quality programming and appraisal reports but was subsequently derailed by PFM weaknesses and corruption-related issues. In addition there are challenges with the selection and realism of performance indicators and variable tranche disbursement conditions.

The quality of the sector dialogue has generally improved during the EDF-9 programme period but remained uneven and prone to changes over time, and has weakened more recently due to the departure of some strong proponents of coordination, whilst new bilateral donors operate independently, demonstrating no interest in wider sector coordination or dialogue.

The use of accompanying measures such as providing technical assistance, has been of mixed success overall, with technical assistants often fulfilling technical line functions with little residual capacity transfer to national staff.

### 3.3.3 Findings on the move from a project based to a sector-wide approach

#### Finding 2.1 (based on JC 2.1)

The move from a project based approach to a sector wide approach and SPSPs<sup>34</sup> was not a response to needs expressed by partner governments<sup>35</sup>, which almost unanimously wished a continuation of the project based approach<sup>36</sup>. In most (but not all) countries it has facilitated the policy dialogue particularly concerning issues of investment prioritization, public finance management (PFM), sector management and sustainability (including maintenance spending).<sup>37</sup> It has also provided a platform for a more regional focus that could assist regional connectivity and economic growth objectives, although effectiveness of this has been limited by the institutional and attitudinal challenges of harmonising approaches, standards and investment strategies between countries.

**The change from a project based approach to a sector wide approach was sound in theory and did produce some overall efficiency gains** (in terms of national programming) even though a majority of EUDs record inadequate human resources and financial and institutional capacities in partner governments and sector institutions to handle such a

<sup>34</sup> SPSPs can be funded by SBS or a series of projects (including TA), or a combination of SBS and projects depending upon the maturity of the sector policies.

<sup>35</sup> EUDs report inadequate government commitment to SWAps (and SPSP) i.e. 69% report inadequate HR commitment; 76% financial commitment; 69% institutional commitment; only 18% of EUDs report preparation of SBS to accompany SPSP.

<sup>36</sup> An exception being Ethiopia where a strong sector institution (ERA) was frustrated by the EU project based approach (especially under-performing road construction contracts awarded to a European Contractor) and eventually had to complete one road tranche using government funding.

<sup>37</sup> According to 'Towards sustainable transport infrastructure: A sectoral approach in practice 1996' expectations of change from a project based to a sector wide approach included better shaping of sector policy frameworks, greater involvement of stakeholders, more secure sector financing, restructuring of sector institutions, greater involvement of the private sector, better integration of environmental and security issues, revision of transport sector regulations and operations, all facilitating sustainability of the transport sector.

change from a project based to a sector wide approach<sup>38</sup>. In some countries the move from projects to a sector wide approach and SPSP was never completed. Renewed attention for the sector wide approach for transport sector development under EDF-11 is not expected, because of the move away from transport as a focal sector. Moreover, support to rural roads as a component of EU support to rural development, which appears to allow continuation of support to the transport sector under EDF-11, will most likely be provided on the basis of a project based approach.

### ***Finding 2.2 (based on JC 2.1 and 2.5)***

**Introduction of SBS was accompanied by high expectations, but implementation was hampered by poor appreciation of the procedures in particular as regards disbursement of fixed and variable tranche.** The high expectations included better maintenance, assured availability of funds disbursed in a timely manner, improved sector PFM and governance, institutional capacity building, better M&E and deeper dialogue. To some extent these expectations were too optimistic even in countries where SWAp, with or without SBS, has been successful. But even in examples of successful SBS, the procedures have caused disbursement delays whilst in other cases (of 'disappointment') there has been disillusion (small amounts disbursed with long delays, little donor support, complications arising from misunderstanding of procedures)<sup>39</sup> although in all cases sector dialogue has improved.

**Institutional capacity for management of SBS conditionalities varied from country to country<sup>40</sup> but in all cases SBS disbursement (especially variable tranches) depended upon delivery of agreed commitments (which was often deficient).** In countries with strong financial discipline, such as Ethiopia or Morocco, SBS has met most expectations as regards efficiency of financing. In other cases, such as Zambia and Tanzania, SBS got off to a promising start with good quality programming and appraisal reports but was subsequently derailed by PFM weaknesses and corruption-related issues. Key success factors appear to have been the capacity and ownership of the sector implementing agency, appreciation of SBS procedures, realistic sector programmes, good budget management in a context of stable macro-economic indicators and avoidance of corruption scandals

### ***Finding 2.3 (based on JC 2.2)***

**It was expected that SBS would contribute to improvements in PFM, sector governance and management. Whilst there are reports that GBS has led to improved PFM<sup>41</sup> no such assertion can be made for SBS, nor as regards sector governance or management.** Although SBS has been operational for a relatively short period, experience of SBS has been highly variable ranging from strong (Ethiopia) to problems (Zambia, Tanzania, Malawi and Mozambique). The transport sector is vulnerable to PFM and governance problems arising from high value contracts, limited contractual role for the funding agency (EU), electoral pragmatism, opportunism and corrupt practices. Such temptations can only be mitigated in countries with well-established structures of control and adequate PFM and governance capacity.<sup>42</sup> This is often not the case in most SSA countries, which makes it difficult to provide SBS in an effective way.

**Little evidence has been identified that implementation of SPSP and SBS has directly contributed to improved PFM and sector management.** In some cases, SBS is being pursued in countries where independent assessments have suggested that they may not be

<sup>38</sup> Most SWAps were not prepared by the partner government but rather by close coordination of sector donors although less than 1/3 of the EUDs consulted declared satisfaction with the quality of preparation.

<sup>39</sup> A subsidiary issue was an unpredictability brought about by changing monitoring indicators during successive SBS programmes.

<sup>40</sup> A majority of EUDs report that governments did not have adequate capacity for the change to a SWAp. 60% report inadequate HR; 70% inadequate financial capacity; 64% inadequate institutional capacity.

<sup>41</sup> 5% of GBS PAFs include transport sector indicators but only 10% have disbursement conditions for this sector.

<sup>42</sup> Of course other sectors which feature high-value contracts (e.g. health sector – hospital construction) are similarly vulnerable to similar risks.

strong PFM reformers, such as Benin or Mozambique, such that risks of further PFM-related shocks remain a cause of concern.<sup>43</sup> Nevertheless, the advantage of providing budget support to the transport sector is that it provides the opportunity for close engagement in improving sector management (including PFM strengthening measures).<sup>44</sup> The countervailing risk is that PFM and governance safeguards are insufficiently strong to prevent PFM problems, particularly corruption cases.

**In addition there are challenges with selection and realism of performance indicators and variable tranche disbursement conditions:** current guidance is that the instrument should not be over-loaded. This guidance is endorsed as the evaluation found that a plethora of indicators is neither effective nor realistic given doubts about the reliability of monitoring data and systems. Concerns have been expressed, particularly by the European Court of Auditors, about conditionality (the Court favours greater use of pre-conditions) and performance measurement in the sector.

### **Finding 2.4 (based on JC 1.4 and 2.3)**

**Many but not all countries have a formal structure for donor coordination, policy dialogue and consultation<sup>45</sup>, but more recently dialogue has weakened, even where such a framework exists, as some ‘stalwarts’ of dialogue (and donor coordination) have left the transport sector<sup>46</sup>.** Meanwhile, ‘new’ bilaterals (especially China), operating on an increasing scale with hugely expanding financial resources, demonstrate no interest in a wider sector dialogue and coordination. They often do not operate transparently and mostly independent of other donors, and in many cases in contradiction with agreed national transport sector policies, but with the direct backing of the highest levels of national authorities.<sup>47</sup> Attempts to engage such bilaterals in coordination and dialogue processes have failed in most countries.<sup>48</sup>

Themes of the sector dialogue have changed little over a decade or more, because the nature of sector problems has not changed and implementation of agreed policies continues to be partial, such as those regarding preservation of valuable infrastructure assets, institutional capacities, adequacy of funding, improving transport services quality and prioritisation based on national socio-economic criteria etc.

## **3.4 EQ3: Transport sector management**

**EQ3: To what extent has EU institutional support and capacity building resulted in enhanced transport sector management in Africa?**

### **3.4.1 Context and scope**

The EU has supported the transport sector (mainly the roads subsector) in Africa for many years concentrating on a project approach and expanding support to strengthening sector institutions and sector management. However it became clear that benefits of individual

<sup>43</sup> This assessment is based upon IDA/IMF (2005) and PEFA assessments (2005 – 2007; 2008 – 2010) with further calculations made by the evaluation team. Those calculations were based upon the analytical study of quantitative cross-country evidence of the impact of PFM reforms, carried out by De Renzo, Andrews, Mills – Evaluation of donor support to PFM reforms in developing countries: Analytical study of quantitative cross – country evidence, , 2010. – this report covers 100 countries including all countries where EU provided BS. Evidence is set out in detail in Vol 3, I2.2.1, p. 58-64.

<sup>44</sup> This logic has been used by some sector donors to provide SBS rather than GBS (e.g. DFID).

<sup>45</sup> EUDs report good quality coordination between the EU and sector partners: i.e. good cooperation with governments 64%; with EU-MS 63%; with IFIs 77%; with bilateral donors 55%; with other multi-lateral donors 41%; and with emerging donors 4%.

<sup>46</sup> Multiple references in Volume 3 and Volume 4

<sup>47</sup> 73% of EUDs report no participation of ‘emerging’ donors (the ‘new bilaterals’) in sector coordination meetings (another 19% report occasional attendance).

<sup>48</sup> Although perhaps the Chinese OBOR (One Belt One Road) development strategy, which is centred on infrastructure development, together with calls to tie this initiative to the AU Programme for Infrastructure Development (PIDA) may lead to increased engagement (and transparency).

project interventions were limited by systems for planning, programming, network management and maintenance not being fit for purpose. This situation was complicated further by (i) the existence of multiple government and public sector institutions all being involved in different parts of the transport sector, (ii) a lack of cohesive sector policies and (iii) low institutional capacities. In order to overcome institutional constraints in the transport sector, especially at national levels, the EU increasingly provided technical assistance (TA) and other institutional support to line ministries and other sector institutions (although some TA support was initially deployed in a line-function even if not operating as a de facto Project Management Unit<sup>49</sup>). Yet capacity deficits continued. Is this a failure of the support concept or lack of effectiveness or simply the result of allocation of resources to address institutional constraints of national governments combined with governance deficiencies in the transport sector?

This EQ considers the preparation of sector policies and implementation of sector management strategies, performance of sector institutions including institutionalisation of a more commercial approach to sector management, coverage of cross-cutting issues, identification and mitigation of social and environmental impacts and a broad assessment of trends in network coverage, quality and utility levels of transport infrastructure and inter-modal linkages.

### 3.4.2 Answer to evaluation question 3

#### *Highlights of the answer to EQ 3*

**EU support to sector institutional change has generally been effective (if incomplete) and has brought clearer definition of functions, but the intended operational autonomy of new and re-organised sector institutions has not been realised.** Support to strengthening institutional capacity has been less effective whilst the time needed for institutional change and capacity building was seriously under-estimated.

**Many countries have transport sector policies, strategies and associated programmes, but they have often been produced (largely) by donor-funded Technical Assistance.** Failure to review and update such documents has diminished their validity and utility for realistic programming of works.

**Cross cutting issues, especially environmental and (to a lesser extent) social issues have increasingly been considered in EU transport sector policies and strategies as well as in Financing Agreements and also in national sector policy documents.**

**In many countries corruption in the transport sector is acknowledged as a problem but it is difficult to quantify it.** In some countries political nepotism and clientelism are additional problems causing lack of professional ethics, chronic inefficiencies and delays at all levels.

**Enforcement of road traffic regulations, including axle load control, remains weak resulting in road safety becoming an increasingly serious issue in many countries.** EU support has focussed on safety measures for infrastructure - with some success in contributing to reducing accident rates - rather than on enforcement of traffic regulations.

**EU has only rarely supported urban transport infrastructure.**

<sup>49</sup> This is a moot point. Deployment in line-function was common during the 80s until the 90s. At the beginning of the evaluation reference period individual TA "en substitution" should have ceased. It would be accurate to say that TA was organized in PMUs initially for safeguarding EU works (and sometimes other donors e.g. in Madagascar), then progressively changed to TA teams supporting a ministry's function as a whole (e.g. Guinea, Chad), then to addressing specific weaknesses identified in the road agency or road fund (e.g. Senegal, Zambia).

### 3.4.3 Findings on transport sector management

#### **Finding 3.1 (based on JC 3.2)**

**Many countries have transport sub-sector policies and strategies that have often been produced with TA funded by donors.** Fewer countries have over-arching multi-modal transport sector policies and strategies i.e. considering the potential of all transport modes including inter-modality and urban transport. Most policies and strategies, not all, are accompanied by annual or multi-annual investment plans and programmes of varying realism and quality.

**There is a major disconnect between programmed and actually implemented infrastructural works, due to unrealistic programmes and insufficient funding.** Realism of planning and programming relies upon the quality of the information upon which programming documents are based and upon regular updating of that information. In many countries this updating does not take place (after departure of the TA) such that the programming documents deviate from reality, which reduces the credibility and realism of such documents.<sup>50</sup> Moreover, implementation of the programmes is limited due to insufficient budgetary allocations and the fact that often only part of those (limited) allocations are actually made available, whilst costs are often underestimated. This may be taken as an expression of limited ownership of such sector policies by national governments as is approval of capital investments outside of agreed policies (e.g. Senegal).<sup>51</sup>

#### **Finding 3.2 (based on JC 3.3. and 4.2)**

**The effectiveness of EU support to sector institutions (in collaboration with other donors) has been mixed and the time needed for institutional change and capacity building was seriously under estimated.**<sup>52</sup> The need for institutional change in the transport sector stemmed from dysfunctional transport sector management due to poorly resourced and capacitated sector institutions with unclear and overlapping responsibilities acting as monopolistic bodies.

**Support to institutional change has contributed to more effective sector institutions** (even though such institutional change is not always complete) and has contributed to clearer definition of functions. There is some evidence that targeted conditionalities of SBS and Financing Agreements of investment projects along with proactive cooperation with identified 'reform champions'<sup>53</sup> have facilitated such reform. However, it was naïve to expect operational autonomy and professionalism of re-structured institutions to be realised as political control continues and capacity levels remain weak.<sup>54</sup> Support to strengthen sector *institutional capacity* has been less effective. TA for decades, the main means of support to institutional strengthening, has received only limited national commitment and has sometimes operated as a de facto Project Management Unit (PMU) filling a line function concentrating on technical rather than management issues and resulting in limited capacity enhancement of sector institutions.<sup>55</sup>

<sup>50</sup> A factor here is that few transport sector policies were endorsed at the highest levels of government (e.g. Council of Ministers) or ratified by parliament. Thus, successive ministers are not bound by policies and strategies adopted by their predecessors. Although 62% of EUDs report preparation of transport sector investment plans only 13% report such plans are accurate and up to date; conversely 56% report such plans are not up to date.

<sup>51</sup> This issue is examined at length in Volume 3, JC 3.2, pp.96 – 104.

<sup>52</sup> This issue is covered in greater detail in Volume 3, Indicator 3.3.1, pp.105 – 111; JC 4.2 pp. 164 – 198.

<sup>53</sup> Country note Senegal:...'significant sector reforms' making use of 'reform champions' and 'setting implementation of government commitments as a condition before the Financing Agreement could be signed'.

<sup>54</sup> Restructured institutions continue to be subject to political manipulation in many countries (including in Europe) but specific examples are Mozambique – INATTER (and, to a lesser extent, ANE and FE), Uganda – UNRA, Senegal – AGERENTE. This issue is covered in greater detail in Volume 3, Indicator 3.3.1, pp.105-111 and JC4.2 pp.163-178.

<sup>55</sup> Although more recent 'demand-driven' TA appears to be more promising.

The current situation is that in many countries sector institutions continue to have capacity defects regarding programming, procurement and contract cycle and maintenance management.<sup>56</sup> Road maintenance management systems and programmes are often dysfunctional and hindered by lack of updates. Implementation of sector programmes is often amended by non-technical considerations including political and electioneering manipulation. Works cycles suffer delay or non-compliance due to a combination of procurement delays aggravated by budgets approved late in a financial year such that ‘weather windows’ (for infrastructure works) are missed. Poor civil service conditions contribute to a vicious cycle of capacity deficits and need for technical support.

### **Finding 3.3 (based on JC 3.4)**

**Cross-cutting issues, especially environment and (to a lesser extent) social issues have increasingly been included in EU transport sector policies and strategies as well as in national sector policy documents but mainstreaming of cross-cutting issues has not been achieved.**<sup>57</sup> Cross-cutting issues have usually been defined at project level. The most common issues thus defined include environment, HIV/AIDS, social issues, road safety and gender<sup>58</sup>. Such issues which can contribute to identifying beneficiary needs, have almost always been addressed, or at least mentioned in project documents and support programme preparations, but the issues have not been mainstreamed at sector level whilst the definition of ‘cross-cutting’ varies between countries.<sup>59</sup> Moreover, the coverage of such issues during project implementation varies greatly from country-to-country.

### **Finding 3.4. (based on JC 3.3)**

**Corruption in the transport sector is widely acknowledged as a problem caused by high value of procurement and ineffective control; but the costs of such corruption cannot be quantified** (although it has been speculated that mismanagement causes greater losses than corruption).<sup>60</sup> In some countries political nepotism and clientelism cause lack of professional ethics, chronic inefficiencies and delaying practices at all levels. Against multiple formal safeguards during procurement processes, mismanagement and/or corruption continue before, during and after bidding, resulting in shortened economic lifetime of the newly constructed or rehabilitated roads.<sup>61</sup> Late payment of contractors is also damaging private sector development (as well as being an incentive to pay invoice approval fees) contributing to limited competition for contracts and high price inflation in the sector.

### **Finding 3.5 (based on JC 3.4)**

**Road safety, although not an expressed priority in some countries (e.g. Benin), is a growing concern across many African countries.**<sup>62</sup> It is however difficult to address it effectively given the prevailing civil service capacity constraints, although in recent years designs of EU support interventions have been subject to safety audits. The issue is more weak enforcement of traffic regulations (combined with ignorance or inexperience of

<sup>56</sup> Only 27% of EUDs consider that there are adequate national capacities and resources for effective operation and maintenance of transport networks and services.

<sup>57</sup> This finding is endorsed by the International Forum for Rural Transport and Development – ‘.....despite a decade or more of research into gender and transport by IFRTD; WB, Universities and other agencies we have still failed to mainstream gender issues into the sector’, Nov 2015.

<sup>58</sup> 90% of EUDs include environmental issues as a cross cutting issue for the transport sector; HIV/AIDS 69%; safety 86%; gender 50%; H&S 46%. On the contrary the following issues are rarely considered to be cross cutting issues: disadvantaged groups 26%; climate change 25%; emissions 15%.

<sup>59</sup> 20 different issues have been identified in the CSP/NIPs reviewed in detail by this evaluation

<sup>60</sup> This issue is covered in greater detail in Volume 3, Indicator 3.3.4, pp. 119 – 123. There are multiple reports on corruption in the African transport sector e.g. Fighting corruption in the road transport sector, BMZ/GIZ; Deterring corruption and improving governance in road construction and maintenance, WB, 2009. In addition, many African countries remain in the lower rankings of the CPI Transparency International or WB Governance Indicators.

<sup>61</sup> Of course such issues are not confined to the transport sector but are also evident in all sectors in which major value construction contracts are awarded.

<sup>62</sup> Africa had 26.9 deaths/100.000 persons (2013) compared with 9.3 in Europe (which has 10 x more cars per capita) and road safety in Africa has worsened since 2007 (unlike all other parts of the world). Key factors include speed in urban areas, drink driving, use of helmets, seat belts and child restraints and failure to meet international standards (e.g. softer bumpers to lessen impacts) – Global Status Report on Road Safety, 2015, WHO.

vulnerable road users) than inherently unsafe infrastructure. However, there are examples of EU support contributing to reducing accident trends (e.g. Cameroon).

### **Finding 3.6 (based on JC 3.4)**

**Axle load control continues to be a thorny problem in many countries with overloading presenting a safety problem as well as causing accelerated deterioration of road pavements.** This is more an issue of lack of enforcement and commitment than lack of weigh stations or equipment. There are also some differences of axle load regulations of heavy goods vehicles in neighbouring countries, which complicate effective enforcement.<sup>63</sup> There have been no overt attempts to counter pavement damage caused by overloading by either over-design of road pavements or targeted road maintenance/strengthening programmes. The EU has supported axle load control in many countries (ie in 77% of the countries with EU support to the transport sector) but only 14% of the EUDs report significantly improved effectiveness of enforcement (55% report slight improvement and 23% no change).

### **Finding 3.7 (based on JC 3.1 and 3.2)**

**Support to urban transport was not considered by the EU in most countries when preparing sector support programmes.**<sup>64</sup> The EU has rarely supported urban transport infrastructure (on the grounds of potential complications and delays regarding diversion of utility services, resettlement, potential delays, land appropriations in congested urban areas etc.) but, where actually supported (e.g. Ziguinchor in Senegal) good impacts have been noted.

## **3.5 EQ4: Infrastructure operation and maintenance**

**EQ4: To what extent has EU sector support contributed to sustainable, affordable transport infrastructure in Africa?**

### **3.5.1 Context and scope**

The function of transport infrastructure is to facilitate strategic social and economic activities; it has little or no other intrinsic value, yet it represents a considerable asset. In Africa, roads typically absorb some 10% of the government recurrent budget and 10-20% of the capital development budget, while a large proportion of the external debt of some developing countries is related to funding road construction projects. Thus, assuming that the provision of such infrastructure investment is appropriately designed and justified, adequate maintenance and operation of such infrastructure is essential to optimise service levels. Roads and other transport infrastructure are important vectors for development activities in other sectors. However, infrastructure in Africa is more often than not characterised by lack of maintenance, and as a result suffers from premature deterioration, decreasing levels of service, reduced or denied (rural) accessibility and high operational and user costs. In short, sustainability of the benefits of these infrastructural investments is not assured.

Pre-requisites for sustainable transport infrastructure fit for purpose and affordable for national governments, service providers and users of transport systems are: (i) functional sector management institutions, (ii) adequate funding for investment and operation and

<sup>63</sup> E.g. in Cameroon tanker trucks enjoy a partial amnesty/exemption from axle load regulations i.e. they are fined but not required to off-load (but it is understood that the fine is not representative of the damage caused to the road pavement by over-loading).

<sup>64</sup> I.e. urban transport was not considered in 54% of countries receiving EU support to the transport sector; such support was 'strongly considered' in some 16% of the countries but that consideration was not translated into support except in a very few cases.

maintenance of physical assets, (iii) appropriately designed infrastructure and (iv) enforced operating regulations (e.g. axle load control).

This EQ considers the EU contribution to the sustainability and affordability (financial, institutional and physical) of transport infrastructure. These three ‘pillars’ are obviously linked (e.g. better sector management may source and allocate in a balanced way funding for investment, operations and maintenance and make better use of available funding, all of which result in better quality service provision, greater usage and lower costs of transport). The EQ mainly uses outcome and output indicators in responding to three Judgement Criteria.

### 3.5.2 Answer to evaluation question 4

#### *Highlights of the answer to EQ 4*

**EU support to major road works has contributed to improving overall network conditions and serviceability, which has also contributed to better regional connectivity and linkages to ocean ports.** However, doubts continue about sustainability and affordability of the increasing road networks. Nevertheless, some countries still consider the road network to be insufficient in view of their national economic and social development ambitions.

**Despite intensive dialogue between the donors and the partner countries and the latter’s commitments, allocations for road maintenance are still inadequate in many African countries.** In some cases, even these inadequate funds have not been fully disbursed due to procedural, programming and management deficiencies. As a result, routine maintenance is deficient in many countries, especially of rural unclassified roads, leading to loss of serviceability and accessibility and premature deterioration.

**It is a moot point whether most Road Funds are or will be viable as 2<sup>nd</sup> generation funds** because of legislative issues, continuing lack of oversight and insufficient revenues from fuel levies and toll rates. In a number of countries Road Funds are perceived to have had only limited impact upon sustainability of road networks.

**Development of a national road construction industry remains crucial for the sustainability of national road networks.** EU support has been and continues to be given to capacity development of small contractors in some countries but historical experience of such support reveals that only a small number of supported SMEs are thriving (or even surviving).

**EU support has mainly been used for financing capital works of major roads (expanding the network and reconstructing existing roads). As such the EU support has contributed to road transport infrastructure (including regional corridors) being in a better condition than would otherwise have been the case.**

### 3.5.3 Findings on infrastructure operation and maintenance

#### *Finding 4.1 (based on JC 4.1 and 9.5)*

**Sustainability (and affordability) of road networks continues to be in doubt.** Despite intensive dialogue with national governments and despite their commitments to sector partners, allocations for road maintenance are still inadequate for the maintenance needs in many African countries. In some cases these inadequate funds have even not been fully disbursed due to procedural, programming and management deficiencies. Although in many countries the national transport infrastructure is adjudged to be insufficient for national

economic and social development ambitions, the existing transport infrastructure is not effectively maintained or operated, such that whole life costings and transport costs remain high. ‘User pays’ principles are only partially accepted by partner governments, whilst only a few main roads (usually urban or peri-urban) have enough traffic for viability as a toll road. Current ‘user pays’ strategies, as manifested by imposition of a ‘fuel levy’ for a Road Fund, mostly satisfy less than 50% of maintenance needs.<sup>65</sup> Typically in the African continent, fuel levies represent 90% of Road Fund revenues and cannot realistically be replaced by diversified road user charges. Transfers from the national budget are far from compensating for revenue shortages of the Road Funds (demonstrating a poor commitment to road maintenance by governments).<sup>66</sup> Furthermore the ‘viability’ of Road Funds as an adequate source of maintenance funding remains in doubt, not because the principle of raising a ‘fuel levy’ is intrinsically flawed, but rather that the Road Funds are not ‘permitted’ to effectively function as 2<sup>nd</sup> generation funds<sup>67</sup> due to multiple impediments (governance, oversight, legislation, political, corruption). A majority of EUDs perceive road funds as having only a limited impact on the sustainability of road networks.

#### **Finding 4.2 (based on JC 4.3)**

**Road maintenance is deficient in many African countries**, especially on rural unclassified roads (responsibility for which has in many countries been delegated to low level authorities with little capacity). Very few countries recognise the need for timely routine or periodic maintenance such that funding is deficient compared with maintenance needs almost everywhere in Africa<sup>68</sup>. Maintenance management and programming, quality control and technical monitoring are weak in many countries and a stasis (or even decline) in maintenance effectiveness and overall road network conditions has been noted during the past 5-8 years.<sup>69</sup> As a consequence, infrastructure assets (including those funded by the EU and other donors) comprising the (expanded and upgraded) road network continue to prematurely decay with serious loss of capital, highly increased whole life costings of that infrastructure, lack of serviceability and increased Vehicle Operating Costs and transport costs.<sup>70</sup>

#### **Finding 4.3 (based on JC 4.2)**

**Construction works are mostly carried out by large international companies (increasingly Chinese). Despite support by the EU and other donors, capacity of local SMEs for carrying out maintenance works is low**, while they have limited access to financial services, which is a serious obstacle for purchasing equipment and maintaining cash flow.<sup>71</sup> Furthermore, most of them have limited professional and technical capacity.

<sup>65</sup> 69% of EUDs report <50% coverage of maintenance needs by ‘user pays’ principles; only 8% report full coverage.

<sup>66</sup> Mozambique, Benin, Senegal.

<sup>67</sup> Road funds have been established in many countries around the world whereby selected road-related taxes and charges (predominantly a ‘fuel levy’ in Africa) should be deposited into a specific (often off-budget) account (i.e. the Road Fund) to support spending on roads, especially maintenance. Myriad problems emerged including weak PFM, auditing issues, unauthorised expenditures and diversion of funds, weak oversight, lack of transparency and governance issues. As a result many of these ‘1<sup>st</sup> generation’ Road Funds were closed down or are proposed to be transformed into ‘2<sup>nd</sup> generation’ Road Funds which have specific legal and institutional structures to better ensure accountability and proper management. Legislation should set out roles and responsibilities of a representative ‘Road Fund Board’ and a ‘Secretariat’ for operational control of funds to be channelled to road agencies responsible for works. Even if the structures are established, chronic shortages of funding continue, revenues are still not channelled directly to the Road Fund account and political and other interference is the norm. Road Funds are established in the following SSA countries (but some are moribund): Benin, Burundi, Cameroon, Cape Verde, Chad, DRC, Côte d’Ivoire, Djibouti, Ethiopia, Gabon, Ghana, Guinea, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Namibia, Niger, Rwanda, CAR, Tanzania, Togo, Zambia, Zanzibar and Zimbabwe.

<sup>68</sup> Periodic maintenance has ceased in some cases. National funding for road maintenance is insufficient in many countries and the greater scope of works resulting from backlog periodic maintenance is beyond national financing capacity.

<sup>69</sup> This statement is based on case study country visits plus experience of the evaluation team in other African countries. Of the 10 case study countries 6 demonstrate network deterioration (with stasis in some main road classifications), 2 improving situations and 2 equivocal reporting. This supports the trend noted in examination of 10 EDF in 16 countries – 12 reported network condition problems, 3 reported improvement. Since then networks have expanded due to donor funded investment on main roads whilst unclassified rural roads, mostly in poor condition have been ‘taken over’ for public maintenance. There is continuing perception that poor road connectivity and conditions negatively impact upon development activities and goals. Other sources confirm this situation e.g. The Burden of Maintenance: Roads in Sub-Saharan Africa, AICD, Background Paper 14 ‘.....countries are only budgeting on average 30% of road expenditure to maintenance versus a norm of 50%. Nevertheless, even with this degree of capital bias, only about half the countries have capital expenditure large enough to clear current network rehabilitation backlogs.....At the same time, fewer than half the countries are allocating enough resources to cover routine and periodic maintenance requirements , As a result a significant number of countries are in a vicious cycle of low maintenance budgets leading to network deterioration but without adequate capital resources to clear the escalating rehabilitation backlog.’

<sup>70</sup> e.g. Mozambique, Benin, Ethiopia, Uganda, Madagascar, DRC, Cameroon, Senegal, Mauritania, Morocco.

<sup>71</sup> See also Volume 3, Indicator 4.2.4, pp.170 – 178.

Despite 57% of the EUDs reporting improved SME capacities as a result of support provided by the donors, many trained SMEs have not prospered or even survived late payments being often a ‘killer factor’ for such firms.<sup>72</sup> Supervision contracts are often awarded to relatively inexperienced small engineering firms, utilizing under-paid young professionals with predictable effect on professional ethics.<sup>73</sup> Development of a national road construction industry is crucial for sustainability of national road networks (including contractor registration/certification, improving procurement procedures, independent bid evaluation and award of contract, improving payment conditions including advance payment, and access to credit, etc.).<sup>74</sup>

#### **Finding 4.4 (based on JC 4.2 and JC 5.1)**

**Although there has been convergence between North African (MEDA) countries and the EU as regards transport regulations (highway, maritime, aviation transport), such regulation is limited or absent in most African countries.** Haulage rates and fares are left to market forces. In West and Central Africa there is a strong influence of cartels in fixing rates and fares (with hints of trade off against axle load controls) especially on regional corridors.<sup>75</sup> Regulation issues are highly politicised and implementation of regulatory decisions is rudimentary.<sup>76</sup> Claimed benefits (reduced fares and freight rates) of deregulation and liberalisation of transport appear to be limited to a few countries whilst the transport fleet continues to be in poor condition in many countries.<sup>77</sup>

#### **Finding 4.5 (based on JC 4.1)**

**EU support to major road works (EDF 9 and EDF 10 and earlier programmes) has contributed to improving overall network conditions and serviceability which has also contributed to better regional connectivity and linkages to ocean ports.**<sup>78</sup> However, doubts continue about sustainability and affordability of the increasing road networks, whilst some countries still consider the road network to be insufficient in view of their national economic and social development ambitions. Sustainability and affordability are threatened by high whole-life costs of infrastructure (including repair and reconstruction costs), while transport costs remain high.<sup>79,80</sup> In the short term, accessibility and network conditions improve temporarily, but maintenance backlogs are increasing once again resulting in stasis or deterioration of network conditions.<sup>81</sup> A combination of issues influences sustainability among which the following are significant: the large size of the national network, small national motor vehicle fleets and relatively low traffic levels (thus a narrow base for collecting

<sup>72</sup> E.g. in Cameroon interim payments are reported as taking 4-6 months compared with a specified payment period of 10 days (specified payment periods in conventional contracts are typically 30-60 days from presentation of invoice).

<sup>73</sup> A variant which adds to the difficulties of national SMEs is the creation of local SMEs by international contractors (especially, but not only Chinese) who can thus ‘award’ a specified percentage of contract value to national sub-contractors without actually relinquishing any part of contract value. This is a step towards creation of monopolies.

<sup>74</sup> For example in Mozambique there has been a number of projects aiming at development of small national contractors for the road sector. (e.g. Cabo Delgado Tertiary Roads Project, NORAD; Feeder Roads Project, Zambesia, DfID) involving training and provision of light equipment. Similar initiatives were launched elsewhere (e.g. Tete, Danida). However, it appeared that after the closure of the projects, the number of trading supported contractors diminished while most surviving companies continued to operate as building companies. The continuing need for such small road sector contractors is evinced by the current EDF project PRODEPEMES ESTRADA – support to development programme for SMEs in road maintenance in Mozambique.

<sup>75</sup> Teravaninthorn, S. and G. Raballand (2008), Transport Prices and Costs in Africa: A Review of the Main International Corridors (Washington, DC: World Bank).

<sup>76</sup> In some countries members of the political and administrative classes are truck owners. Criteria and effort in axle load control and regulation of transport services is thus somewhat skewed.

<sup>77</sup> In W & C Africa large mark-ups by providers to transport cartels are the main determinants of high prices creating a large gap between costs and prices and providing poor quality. Operators thus achieve high profits despite poor utilisation and many non-tariff barriers. New operators do not enter the market because there is an oversupply and new carriers cannot break into a cartel-dominated market. In E Africa there is more competition in a more mature market whilst S Africa is the most advanced in terms of price and efficiency due to a deregulated transport market. A similar difference in quality of transport fleets is noted e.g. specimen transport quality indices – Burkina Faso 0.32, Chad 0.25, Cameroon 0.33, Kenya 0.6, Zambia 0.42. This issue is covered at greater length in Vol. 3 I 5.1.5, p. 207 – 213.

<sup>78</sup> E.g. Mozambique, Senegal, Ethiopia, Mauritania, Cameroon. In Cameroon the EU has funded approximately one third of the country’s surfaced main roads.

<sup>79</sup> Albeit that it has been contended that growing networks cannot be expected to be financially sustainable in the short term.

<sup>80</sup> Mozambique, Mauritania, Cameroon.

<sup>81</sup> Only 2/10 case study countries demonstrate continuously improving road network conditions; 6/10 demonstrate deteriorating situations, 8/10 report maintenance and funding shortfalls with periodic maintenance backlogs.

user charges), poor maintenance management and quality of works, poor programming and prioritisation of maintenance and insufficient budget provisions for maintenance.

**In essence the EU support which was mainly used for financing capital works of major roads, has contributed to transport infrastructure being in a better condition than would otherwise have been the case.** Transport costs would otherwise have been even higher and even less affordable. However, overall the transport sector assets do not deliver expected service levels and do not reach the designed life time due to inadequate (preventive) maintenance and ineffective enforcement of overloading regulations. Infrastructure life cycle costs are high and sustainability continues to be in doubt, cost-effectiveness of sector management remains disappointing and there is wide-spread non-delivery of partner government's policy commitments. Whilst actual transport costs (for the vehicle owners) are not exceptionally high, transport prices (passenger fares and freight) are disproportionably high (suggesting cartelisation) and ill affordable for developing countries and poor populations.<sup>82</sup>

### 3.6 EQ5: Economic and social development

**EQ5: To what extent has EU support to the transport sector in Africa contributed to sustainable social and economic development?**

#### 3.6.1 Context and scope

Access to income generating opportunities is vital if equitable growth is to be achieved. It can support social stabilisation and cohesion as well as facilitating poverty alleviation. Lack of physical access to income generating opportunities, markets and health, education and administration facilities is a major constraint to socio-economic development. In most African countries a large proportion of the poor population lives in rural areas and is engaged in agricultural activities. Rural accessibility is often weak and seasonably variable, impacting negatively on marketing of agricultural produce as well as personal mobility.

This EQ considers identifiable direct and indirect impacts on social and economic development attributable to EU support to the transport sector. It investigates not only direct economic and social benefits of transport infrastructure but also indirect benefits (which may not be immediate) in terms of accessibility to economic and social facilities and employment generation. Also examined are the 'leverage' effects of transport infrastructure to facilitate developments (which may not otherwise have taken place) including increase of investments dependent upon such transport linkages.

<sup>82</sup> This issue is covered at some length in Volume 3, Indicator 5.1.5, pp. 207-213 with reference to, inter alia, large mark-ups by providers in transport cartels in West and Central Africa and large gaps between costs and prices, and to average global transport price comparisons. See also Finding 5.1 below. Major services include: Transport services and their impact on poverty and growth in rural SSA, AFCAP/Durham University, 2013. Transport process and costs in Africa: A Review of the main international corridors, WB – AICD Working Paper 14, 2008. Connecting to Compete: Trade logistics in the global economy, WB 2014.

### 3.6.2 Answer to evaluation question 5

#### *Highlights of the answer to EQ 5*

**It is difficult to quantify (or in some cases even identify) the contribution of EU's transport sector support to positive trends of economic and social parameters of many African countries, due to an almost complete absence of impact monitoring or ex-post evaluation of EU's transport infrastructure projects or comparison of the effectiveness and impact of EU support to the transport sector with support to other sectors.** Nevertheless a range of external studies demonstrate a significant contribution of improved transport infrastructure and services to social and economic development.

**Insufficient sustainability of transport infrastructure in Africa – which is indeed a serious concern in many countries – impacts negatively on the contribution of EU's transport sector support to social and economic development in Africa.** Sustainability of the transport infrastructure is threatened by inadequate maintenance and insufficient enforcement of transport regulations (notably axle load control).

**EU support to regional corridors has reduced the cost of being landlocked for almost all of the 18 landlocked countries of the continent and such support was thus well targeted as a contribution to economic development.**

**Transport services are improving in Africa, but transport prices often do not commensurately reduce even if the quality of transport infrastructure improves, thus reducing transport costs.** Difficulties remain with the influence of cartels, and with insufficient seasonal supply, especially in rural areas and on major freight corridors, particularly in Central Africa and parts of West Africa. Little or no EU support has been provided to improving transport services.

**Some EU support has been given to construction and rehabilitation of rural roads by labour-based methods** which have generated significant levels of short term employment in the immediate vicinity of these roads (including a high proportion of women workers).

### 3.6.3 Findings on economic and social development

#### *Finding 5.1 (based on JC 5.1)*

**EU transport sector support consisted largely of the provision of road infrastructure, equipment and technical assistance** although some national strategies supported by the EU also made reference to transport services (but the EU did not actually support those services directly). Nevertheless, transport services are improving in Africa, as proven by logistics indicators, but difficulties remain (i) with the influence of cartels, and (ii) with insufficient seasonal supply, especially in rural areas and on major freight corridors. Some of those issues are linked to the low (geographic) density of economic activities in Africa, particularly in Central Africa and parts of West Africa.<sup>83</sup> Whilst reduced transport costs are an expected outcome of most EU-supported road rehabilitation projects, transport prices often have not fallen due to operation of cartels, even if better road conditions and greater accessibility led to greater frequency, penetration and quality of transport services.<sup>84</sup> Increasing traffic congestion, especially in urban areas has adversely impacted on vehicle operating costs (VOCs) and freight haulage costs (and environmental issues such as air quality, accident rates and noise) with increasing needs for better traffic management, to which the EU has paid little attention.

<sup>83</sup> Cartelisation can hardly be influenced by donor support except maybe through support to transport regulatory bodies.

<sup>84</sup> See also Vol 3 Indicator 5.1.5 which covers the issue of transport costs and prices in greater detail. Main sources include: Transport prices and costs in Africa: A review of the main international corridors, Teravaninthern & Raballand, WB, 2008; transport services and their impact on poverty and growth in rural SSA Gina Porter, AFCAP, Durham University, 2013.

### ***Finding 5.2 (based on JC 5.3, 5.4, 5.5, 6.2 and 6.4)***

**Virtually no monitoring or ex-post evaluations of outcomes and impacts of EU's transport sector on socio-economic development and poverty reduction have been undertaken. A similar lack of inquisitiveness extends to comparing the impact of support to the transport sector with support to other sectors.** This is all the more surprising in view of the fact that most EU transport sector policies (together with all national and regional programming documents) make reference to the linkage of support to road infrastructure to economic and social development and poverty alleviation, whilst the 'Agenda for Change' makes reference to economic growth being crucial for poverty reduction but makes no reference to transport infrastructure (or facilitating the role of transport services). However, the ex-post monitoring and evaluations actually carried out were mostly limited to measurement of some outputs – km of road or rail; traffic volume shortly after project completion. It is thus not possible to isolate, attribute and quantify (or in some cases even identify) the contributions of EU supported transport projects to socio-economic change and stability or poverty alleviation.

That is not to suggest that EU support to the transport sector did not in fact, impact positively on poverty alleviation and socio-economic change. The 'intuition' (of a positive linkage) is supported by independent studies confirming such linkages. A similar 'intuitive' perception extends to EU transport sector support having resulted in contributions to growth of trade plus direct and indirect contributions to employment generation. Secondary and proxy indicators (e.g. increased movement of trucks) suggest also a positive impact of road infrastructure investments on trade volumes. The only documented evidence of EU support directly generating employment is in connection with construction works. EU support to labour-based road construction<sup>85</sup> has produced significant short-term unskilled employment in the immediate vicinity of these roads with in some cases high proportions of women workers.<sup>86</sup>

**Lastly it should be mentioned that the outcomes of EU support as stated in project formulation documents often differs from actual achievements due to over-optimistic assumptions and over-estimation of expected outcomes accruing from the investment.** This systematic tendency to be over optimistic about outcomes has been identified as 'optimism bias'.<sup>87</sup>

### ***Finding 5.3 (based on JC 6.1, 6.2, 6.3 and 6.4)***

**EU support to infrastructure investment at national levels has focussed mainly on main roads, many of which are sections of regional transport corridors. In the latter case, that support has also reduced the cost of being land locked for almost all of the 18 landlocked countries in Africa.** In the absence of ex-post evaluations, reference is again made to external studies which show that 'hard' infrastructure costs of the 18 landlocked countries in Africa account for almost half of the transport cost penalty of intra-SSA trade for such landlocked countries (and that a 10% reduction in such transport costs could increase their intra-SSA trade by 30%).<sup>88</sup> It can therefore be concluded that the EU contribution to economic development through (international) trunk road infrastructure development was well targeted and consistent with its pledge for contributing to improve Africa's integration into the world economy (providing landlocked countries better access to harbours and maritime transport).

<sup>85</sup> E.g. Ethiopia, Mozambique, Malawi, Benin, Senegal (e.g. Ziguinchor project created 5025 labour intensive jobs over 3 months). This issue is covered in length in Volume 3 JC 5.4, pp.230-233. There are multiple references to short term employment generation resulting from labour-based (LB) works (e.g. LB methods and techniques for employment intensive construction works, CIDB). ILO has a vast library on LB techniques and employment generation programmes – [www.ilo.org](http://www.ilo.org)

<sup>86</sup> Although some observers believe that employing women in heavy manual work, such as LB operations, can incur health and potential social dis-benefits. Support to LB methods is reported to have positive outcomes in 2/3 of countries with EU support to the transport sector.

<sup>87</sup> Megaprojects and Risk – An Anatomy of Ambition, Flyvborg, Cambridge University Press, 2003.

<sup>88</sup> A rare exception is the research work of IFPRI e.g. in Ethiopia: IFPRI/EDRI Working Papers 40 & 51 (ESPR2).

## 3.7 EQ6: Contribution to poverty alleviation

**EQ6: To what extent do EU transport sector support policies, strategies and interventions contribute explicitly to poverty reduction in Africa?**

### 3.7.1 Context and scope

2015 is the target deadline for achieving the MDGs for poverty reduction. Under the Lisbon Treaty 'supporting developing countries' efforts to eradicate poverty is the primary objective of development policy and priority for EU external action...' This approach is endorsed by the 'Agenda for Change'. However, commonly used methodologies in many countries for poverty and social impact assessments (PSIA) of transport sector investments (especially roads) are often incomplete and over-estimate benefits and/or under-estimate dis-benefits of the investments.

This EQ, which considers existence, accessibility and affordability of transport services, targeting of the most vulnerable and poorest people and contribution of poverty alleviation outcomes to EU support, is by far the most ambitious of all the EQs in terms of scope and the difficulties (methodological, evidential and analytical) have been clearly recognised.

### 3.7.2 Answer to evaluation question 6

#### *Highlights of the answer to EQ 6*

**External studies indicate that transport improvement could reduce absolute poverty by increasing economic efficiency, lowering costs and prices and enhancing opportunities with potential to enhance economic growth, but a claim cannot be made that EU support to the transport sector is a more cost-effective policy instrument for poverty reduction and redistribution of wealth and welfare to the poor than support to other sectors.**

**From a macroeconomic perspective, EU transport sector support policies, strategies and interventions have contributed indirectly but significantly to poverty reduction in Africa during the reference period.** However, these EU contributions to poverty reduction has been lowered by market distortions in the African haulage industry (particularly in West and Central Africa) as well as in the road construction industry.

### 3.7.3 Findings on poverty alleviation

#### *Finding 6.1 (based on JC 6.1, 6.3 and 6.4)*

**Poverty reduction is the envisaged overall impact of most, if not all recent EU interventions in the transport sector in Africa,** (as for any other EU intervention within the Cotonou Agreement framework). Whilst independent studies demonstrate that transport sector support contributes to poverty alleviation no evidence has been found that such support is more effective than support to other sectors (e.g. health, education, rural development).

**The expected poverty alleviation impacts resulting from EU transport sector support have generally relied on assumptions that benefits ‘trickle down’ to the poorest and most vulnerable.** There has been no explicit targeting of EU transport sector support on the very poorest and most vulnerable people other than inferred targeting by location of some EU support to rural roads in geographic areas with high concentrations of poverty<sup>89</sup>. Such ‘targeted’ support has in recent times ‘linked’ investments in the main roads network with rehabilitation of connected rural roads but again no ex-post evaluations have investigated the specific effectiveness or impact of that approach.<sup>90</sup>

### **Finding 6.2 (based on JC 6.1, 6.2, 6.3 and 6.4)**

**External studies indicate that transport improvement could reduce absolute poverty in particular by increasing economic efficiency, lowering costs and prices and enhancing opportunities with potential to enhance economic growth.** In the absence of ex-post evaluations of EU support to transport projects, documentary research has identified several publications that have confirmed the positive link between improved transport (and communications) infrastructure and increase of national and intra-regional trade in SSA, and between aid and improved transport infrastructures and a link between increased freight traffic and poverty reduction in SSA.<sup>91,92</sup> The reverse of this situation is also noted i.e. that deteriorating transport and communication infrastructure (due to maintenance neglect) negatively affects trade links. Given that some studies link increased freight traffic (due to better transport infrastructure and services) to poverty reduction in SSA<sup>93</sup>, the results of deteriorating transport infrastructure also negatively impact upon development targets and poverty reduction goals.

**Thus there is little doubt that, from a macroeconomic perspective, EU transport sector support policies, strategies and interventions have contributed indirectly but significantly to poverty reduction in Africa during the reference period.** Having been a major donor in the transport sector, financially and in terms of policy dialogue, the EU may be deemed to be a significant contributor to transport-linked poverty alleviation achievements. However, as discussed elsewhere in this report, the EU contribution to poverty reduction has been lowered by market distortions in the SSA haulage industry (particularly in West and Central Africa) as well as in the road construction industry.<sup>94</sup>

<sup>89</sup> Only 26% of EUDs report consideration of disadvantaged groups (e.g. disabled, minority groups, children) as a cross cutting issue in transport sector support. 52% of EUDs report carrying out PSiAs for sector support for all interventions (4%); for most interventions (15%); for some interventions (22%); for few interventions (11%) or not at all (19%); and perhaps most tellingly of all, don’t know (30%). However only 21% of the EUDs consider that there is adequate quality of studies of transportation barriers faced by vulnerable groups.

<sup>90</sup> An example is the EU support project in Mozambique entitled ‘*Integrated development of the Milange-Mocuba Corridor, Zambezia Province, Phase II*’, which has a rural roads component in addition to construction of a ‘missing link’ of a regional corridor road. Expected project results refer to increased competitiveness of agricultural exports, better all-weather accessibility, stimulation of agricultural production and economic growth. In the project documents there is however no reference to poverty or to vulnerable populations, although Zambezia Province contains ~20% of the national population and the highest poverty rates in the country (~70% of national levels ~55%)

<sup>91</sup> e.g. Teravaninthom & Raballand, Transport Prices and Costs in Africa: A Review of the Main International Corridors, WB

<sup>92</sup> Presented for instance in Cadot, Fernandes, Gourdon, Matto and de Melo (2014), Evaluating Aid for Trade: A Survey of Recent Studies, The World Economy. The conclusion of the section on hard infrastructure is noteworthy in the perspective of EDF11 programming instructions: “*Thus, after almost two decades of multilateral donor emphasis on structural adjustment and policy reform, by the mid-2000s, empirical research was suggesting that the pendulum should swing back towards (infrastructure) capital accumulation.*”

<sup>93</sup> For example by Vijil, M. and L. Wagner (2012), ‘Does Aid for Trade Enhance Export Performance? Investigating the Infrastructure Channel’, The World Economy.

<sup>94</sup> I.e. price hikes, significant increases in unit rates for construction activities, well above national inflation rates.

## 3.8 EQ7: Regional integration

**EQ7: To what extent has EU support at regional levels facilitated regional coordination and integration (by way of funding sustainable and reliable regional corridors?)**

### 3.8.1 Context and scope

The concept of inter-regionality was weak at the beginning of the evaluation period, the main approach targeting rehabilitation of trunk roads more on technical grounds or function in the national network rather than on a potential for facilitating international trade. More recently the situation has moved towards a bipolarisation of EU projects on regional corridors and rural accessibility. However, progress on regional integration has been slower than expected and national commitment to such integration has been equivocal. The EU, with historical experience and long involvement in support to the transport sector in Africa coupled with European experience of regional and international integration, could, at face value, offer significant added value. But has this actually been the case? Political differences at regional and national levels in SSA have continued, while peace keeping and security issues have been headlined. Implementation of regional EDF programmes (many involving Contribution Agreements) has led to under-achievement (of disbursement and objectives) with a partial re-allocation of EDF-9 funding for regional transport projects to the Sustainable Energy Initiative.

Reportedly programming of regional programmes has also been linked to the negotiations about the Economic Partnership Agreements (EPA) that were the key drivers for the increasing focus on regional corridors during the period under review – with the acknowledged limited achievements<sup>95</sup>. All in all, not an encouraging scenario for ensuring effectiveness of EU support. The Road Map 2014-2017 (4<sup>th</sup> EU-Africa Summit) stresses the importance of promoting intra-Africa trade by means of 'bringing regional transport corridors to an adequate level of sustainable, safe and reliable service'. The 'Agenda for Change' also notes that the EU should support regional and continental development and integration as a spur to trade and investment whilst fostering peace and stability. Objectives of EU sector support at regional levels as set out in the various policy documents may be summarised as promoting regional coordination and integration including sustainable and reliable regional corridors for all transport modes for facilitation of trade. This EQ concentrates on EU support to facilitation of and removal of constraints to regional/international movement of people and freight including capacities of regional organisations and examines the rationale and proposed activities for preparation and implementation of 11<sup>th</sup> EDF.<sup>96</sup>

### 3.8.2 Answer to evaluation question 7

#### *Highlights of the answer to EQ 7*

**Driven by the EPA negotiations with the African Regional Economic Communities (RECs), EU transport sector support at regional level has facilitated regional coordination for planning and prioritizing regional connectivity and allowed the donor community to focus on a limited number of regional corridors as backbones of regional transport systems.**

<sup>95</sup> See recent Evaluation Unit's regional evaluations on Africa, Caribbean and the Pacific.

<sup>96</sup> i.e. disengagement at national levels but consideration of support to regional programmes (in the context of regional integration) and intra-ACP and Pan-African programmes.

### Highlights of the answer to EQ 7

**The Regional Indicative Programmes (RIPs) and National Indicative Programmes (NIPs) were mutually reinforcing under EDF 9 and 10**, with investments in regional road corridors under NIPs plus support to the adoption of a corresponding regulatory framework under RIPs.

**In all regions, only limited economies of scale, time savings and haulage price cuts have been achieved.** Operating costs may have been reduced due to better road conditions and streamlined transit/turn-around procedures but such 'savings' have generally not resulted in lower freight charges and passenger fares whilst effects on profit margins may be surmised.

**The EU support has provided to regional and country stakeholders the necessary building blocks for completing the backbone regional road infrastructure and for revising the regulatory framework**, even if the latter have not been utilised or implemented as expected by national governments.

**EU strategic changes introduced with EDF-11 programming for implementing the Agenda for Change came as a surprise to sector partners**, reducing dramatically resources available to the transport sector in NIPs with marginal compensation in RIPs and with RECs being given a pivotal role in programming and implementation of EU sector support. However, regional organisations are ill-equipped to play this pivotal role, because their capacity and authority to manage and monitor projects is weak, despite EU support to institutional capacity building.

**The state of play during the evaluation period (2005-2013) was complicated in many respects** including unbalanced partnerships, disregard of commitments by governments, deviation of due process (including corruption), maintenance deficiencies and increasing availability of non-concessional (and non-transparent) financing from 'new' donors. It is not clear how such issues will be addressed by EU's strategy changes.

### 3.8.3 Findings on regional integration

#### *Finding 7.1 (based on JC 7.5)*

**EU strategic changes introduced with EDF 11 programming (implementing the EU Agenda for Change) with the move away from transport as a focal sector for EU support, came as a surprise to sector partners, national and international alike. That move has been perceived as a breach in the spirit of partnership, and the reaction of the sector partners is almost unanimously negative, in part due to a lack of consultation and communication by the EU.** Main aspects of those strategic changes are: transport no longer a focal sector in many countries and a dramatic reduction of resources available to the transport sector in NIPs with marginal compensation in RIPs and with Regional Economic Communities (RECs) being given a pivotal role in programming and implementation of EU sector support. Even EUDs found and still find it hard to adjust, as the programming of EDF-11 transport sector support was already engaged at the time HQ directives were received.

**Not having been notified in advance, other major transport sector donors were and are unprepared to take over leadership of the transport sector policy dialogue at national levels.** Moreover, regional organisations' management capacity, authority and monitoring capacity, are poor despite EU support to institutional capacity building, and are thus ill-equipped to play the pivotal role mentioned above.<sup>97</sup> Whilst the rationale may have

<sup>97</sup> The policy approach for 11<sup>th</sup> EDF was published in late 2012 (although it was being considered earlier). Some dialogue with sector partners subsequently took place in 2013 (and is still continuing, especially with countries denied continuation of such support to the transport sector)

been clear upon inception (and is certainly not without merit), the grounds for continuation or discontinuation of transport as a focal sector have been confounded by 'back-tracking' whereby some countries originally excluded from further support to the transport sector have, upon appeal, been allowed to continue getting substantial support for the transport sector. The result is that countries with no significant differences in national transport sector situations are subject to inconsistent application of criteria for EU transport sector support. This inconsistency has fed and aggravated sector partner's disquiet and even resentment. Partner bemusement and confusion is compounded by the immediate continuation of support to rural roads through the 'back door' as a component of rural or agricultural development projects in some countries (not that such support to rural access is a bad concept in itself), inherently targeting the majority of the poor populations who live in rural areas. The move to disengage from transport as a focal or priority sector in many countries appears to distance the EU from a number of claimed 'added values' and its commitment to 'division of labour' whilst it is not clear to what extent the EU can continue to be effective in a prominent role in the transport sector dialogue and donor coordination.

### ***Finding 7.2 (based on JC 7.1 and 7.2)***

**Driven by the EPA negotiations with the African RECs, EU support at regional level has facilitated regional coordination for planning and prioritizing regional connectivity and allowed the donor community to focus on a limited number of regional corridors as backbones of regional transport systems.** EU support interventions, mainly carried out at national level, as well as sustained policy dialogue through the network of EU Delegations (regional/ national), were particularly effective in West and Central Africa in supporting the transport sector. In Eastern and Southern Africa, the agreed division of labour among donors led the EU to focus more strongly on the transport sector (both hard and soft interventions), whilst in North Africa, the European Neighbourhood Policy (ENP) provided an altogether different regional background whereby the EUROMED Transport Project and the subsequent subsector regional programmes (SAFEMED, Motorways of the Sea.) improved coordination between North African countries and the EU with harmonisation of regulatory and technical requirements for connecting to trans-European networks.

However regional implementation of EDF transport sector programmes, many involving Contribution Agreements, was characterised by serious under-achievement of objectives resulting in partial re-allocation of available budgets to regional projects in the energy sector. One of the main (structural) causes of this under-achievement and implementation weakness was the fact that RECs have not been established as programme implementers and that their programme implementation capacities are widely perceived as weak. Consequently, the EU support for these regional transport sector programmes, which was fully in line with the EU's development strategies and has sought to improve capacities of regional institutions to adequately manage some aspects of transport sector operational and development issues, did unfortunately not achieve sufficient results.

### ***Finding 7.3 (based on JC 7.4)***

**Facilitation of movement of people and freight by EU support at regional level is limited to support to preparation of revised regulatory frameworks.** Effectiveness of this support is manifested only through adoption and implementation of those regulatory frameworks at national levels. This process has been slow, partial and sometimes not actually in accordance with the norms of the regulatory frameworks. The tools available to the EUDs to facilitate translation of regional agreements into national legislation have not been effective due to equivocal national commitments<sup>98</sup> to regional integration<sup>99</sup>.

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together with preparatory activities (which are also still continuing). The evaluation thus examines 11<sup>th</sup> EDF activities until 2013 (i.e. the scope of the evaluation is 2005 – 2013) including the bases for change, proposed activities and any such actions that took place in 2013.

<sup>98</sup> It has been suggested that political and vested interests outweighed commitment to regional integration.

<sup>99</sup> Regionally identified corridors otherwise largely ignored at national levels are happily quoted as national justification for capital works on major roads.

#### **Finding 7.4 (based on JC 7.1 and 7.3)**

**RIPs/NIPs were broadly complementary but programming was dislocated due to differing implementation speeds, priorities and effectiveness**, although in some countries the NIP makes little or no reference to the RIP (e.g. Madagascar). NIPs generally evolved independently from RIPs, with major road corridor projects harmonized with regional plans. RIPs provided at best an overall framework, to a large extent limited to a broad objective to contribute to developing regional corridors and staged harmonisation of transport regulations.

**The expected outcome of EU's sector strategies was convergence between regional and country programming.** Regional Indicative Programmes (RIPs) and National Indicative Programmes (NIPs) were mutually reinforcing under EDF 9 and 10, with investments in regional road corridors under NIPs plus support to the adoption of a corresponding regulatory framework under RIPs (mainly technical assistance, studies and training). At both national and regional levels, some outputs were achieved, albeit with considerable delays and cost overruns for some national projects and even more considerable delays for programmes managed by the RECs, particularly, but not only, in West and Central Africa.

#### **Finding 7.5 (based on JC 7.4)**

**There is no evidence of lessons learnt on regional transport facilitation and corridor management in East Africa being disseminated to the EUDs in other African regions**, nor is there evidence of operational performance monitoring systems established with EU support along regional corridors that allow an appropriate measure of outputs/outcomes of EU interventions (traffic volumes, export development, job creation, regional integration, integration into the world economy).

### **3.9 EQ8: Selection, planning and prioritisation of EU support to infrastructure investment**

**EQ8: Were selection, planning and prioritisation procedures for EU transport sector support interventions in Africa adequate to ensure quality and focus of EU responses?**

#### **3.9.1 Context and scope**

Strategic planning and prioritisation processes continue to be weak in many African countries and transport sector programmes (at national and regional levels) often consist of a mixture of realistic responses to needs and 'vanity' projects of doubtful prioritisation or justification. Almost all EU funded transport sector interventions in SSA were in roads infrastructure on major routes outside urban areas. Is this a realistic response to transport sector needs?

EU support to transport infrastructure investment is expected to respond to expressed needs. But not blindly – investments should be focussed on strategic priorities, should address clearly specified economic and/or social needs and should be well justified (e.g. on the basis of Multi Criteria Analysis, incorporating Cost Benefit Analysis). Similarly provision of infrastructure should be in accordance with best technical practices (design, construction, contract management and quality control) and processes (e.g. procurement) albeit that in principle, national norms and procedures should be followed. This EQ considers whether

selection, planning and prioritisation procedures of EU transport sector interventions were adequate, whether transport modes other than roads were subject to balanced consideration for EU investment and whether transport in urban areas has been adequately addressed by EU support (and if not, why not) including whether support to urban transport and infrastructure in SSA may present particular problems in application of available EU instruments.

### 3.9.2 Answer to evaluation question 8

<i>Highlights of the answer to EQ 8</i>
<p><b>EU services are competently applying selection, planning and prioritization procedures, as required by EU project cycle management i.e. no ‘vanity’ projects were supported by the EU.</b> The EUDs focused on joint decision-making with partner countries, most of which wished to concentrate EU support on major road infrastructure (with limited rural road works).</p> <p><b>Feasibility studies were not focused on identifying a wider EU response on transport sector challenges.</b> Feasibility studies were not expected to reconsider the relevance of the project but were rather seen as the next step in preparing a pre-selected intervention. Moreover, in some countries no risk assessments have been carried out.</p> <p><b>EUDs were in permanent dialogue with sector authorities on prioritizing investments and institutional restructuring.</b> Funding the elaboration of national transport master plans and/or sub-sector master plans was another way in which the EU focussed interventions on key issues or investment opportunities.</p> <p><b>Whilst almost all EU transport sector support has, in response to expressed national needs, been devoted to roads, many partner governments expressed also a (lower priority) need for support to other transport modes (and to urban transport infrastructure), which, in most cases, has not been taken up by the EU.</b></p>

### 3.9.3 Findings on selection, planning and prioritisation of EU support for infrastructure investment

#### *Finding 8.1 (based on JC 8.1)*

**EU services competently applied selection, planning and prioritisation procedures as required by EU project cycle management procedures.** Selection of EU support interventions has been subject to feasibility studies and economic and social justification of investments albeit that risk assessments have rarely been carried out. In post-conflict situations project selection has been based on strategic considerations and social grounds rather than economic viability – this approach being considered appropriate in such situations. No ‘vanity’ projects have been undertaken using EU funds<sup>100</sup>, although there are many examples of an apparent mismatch between ambitious claims of outcomes and impacts at programming and design stage and actually delivered outcomes and impacts (or at least likely to have been delivered in absence of ex-post evaluations).<sup>101</sup>

Conventional measures of justification (e.g. EIRR – > 12% or number of beneficiaries of social measures in a catchment area) may be appropriate for justification of capital investments, but they are based upon assumptions on the expected economic/design life of the investment, which in turn are based upon government commitments to adequate

<sup>100</sup> ‘Vanity’ projects are projects without economic or social justification and no strategic value except in the eyes of the politicians seeking political leverage, personal gratification or ‘legacy’, Economically and/or strategically justifiable donor funded projects (e.g. major bridge), often named after a national leader are not necessarily included in this category.

<sup>101</sup> Such ‘optimism bias’ has also been discussed in F5.2 above – ‘Megaprojects and Risk – An Anatomy of Ambition’, Flyberg, Cambridge University Press, 2003.

maintenance and operation of the infrastructure (such as axle load control). These commitments were almost never delivered, while also no mitigation measures to protect against such default have been put in place (e.g. over-design of flexible asphalt road pavement or use of rigid/concrete pavements). On the contrary, technical specifications were based on minimum cost requirements and optimistic assumptions (e.g. axle load control, maintenance sufficiency). Thus justification criteria for investments can be flawed. There are reports of design quality jeopardised by a limited and insufficient budget for site investigation, sourcing of construction materials and technical design.

**Feasibility studies are often not an analysis of different options but rather demonstration of viability of a pre-selected intervention.** Such studies were carried out only in the context of identification and formulation of individual projects. Feasibility studies were not expected to reconsider the relevance of the project but were rather seen as the next step in preparing a pre-selected intervention. Project technical design had to fit into the allocated budget, identified by the distribution of an available sector envelop rather than on technical grounds.

#### ***Finding 8.2 (based on JC 8.1)***

**EU transport sector cooperation is (somewhat paradoxically) ‘trapped’ by partnership obligations irrespective of the partner countries’ capacities and performance in delivery of commitments.** Governance deficiencies in transport sector management have been little examined, if acknowledged at all and little risk analysis of linkages between partner performance and EU support has been carried out. Mitigation measures, if identified at all, usually go no further than provision of TA. However the issue has been belatedly recognised (if not yet actually addressed) with the recent publication of a methodology and tools for integration of governance into providing support to the SSA transport sector<sup>102</sup>.

#### ***Finding 8.3 (based on JC 8.2)***

**In recent years independent technical audits of designs (including safety audits) and implementation of works have been a feature of EU transport sector support interventions.** This is a positive move following reports of poor design quality and issues faced early in project implementation (revisions of technical design) but the extent to which design activities and site investigations may have been constrained by budget limits is not clear.

#### ***Finding 8.4 (based on JC 8.2)***

**Contractual complications including cost and time overruns are common in construction contracts for most funding agencies despite the use of independent monitoring and control mechanisms (such as technical audits) but there are reports that the EU is slower in resolving contractual problems than other donors.** It is suggested that the EUDs have limited in-house capacity to deal with such contractual issues (such as contractor bankruptcy or default, litigation, arbitration, claims) and that timely recourse to specialist advice may have been advisable. The contractual roles of the national highway agency and (primarily) the National Authorising Officer (NAO) in contract management limit the EUDs’ possibilities to help solving contractual complications. Under the partially decentralised implementation modality, the NAO is the Contracting Authority whilst the ‘Road Agency’ is the Supervisor. The EUD only endorses payments. The EUD does not have the authority to take contractually binding decisions (such as termination of the contract, sanctions, recovery orders, determination of claims) without explicit agreement of the partner government (i.e. NAO and ‘Road Agency’). However, capacity of such contractual partners is not high and experience of contract management or contractual complications is often limited. That being said, serious contractual complications are not quick or easy to resolve anyway, whatever level of capacity is deployed.

<sup>102</sup> Governance in the Transport Sector, EC/ALAnet Global, February 2014.

### **Finding 8.5 (based on JC 3.7 and 8.3)**

Whilst by far the vast majority of EU support to the transport sector has been allocated to roads, thus responding to expressed national needs, most partner governments also expressed a wish for EU support to other (lower priority) transport modes and to urban transport projects. The latter have been studied in transport master plans in many countries but in most cases not been taken up<sup>103</sup>. Furthermore, 80% of EUDs report limited or no consideration of inter-modality when preparing EU sector support programmes. One of the factors possibly explaining the strong focus on roads is that over 60% of the EUDs report little or no experience in transport modes other than roads.

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

**EQ9: To what extent were EU aid modalities, cooperation frameworks and implementation mechanisms and legal instruments appropriate for providing support to the transport sectors of partner countries?**

### **3.10.1 Context and scope**

EU transport sector support consists of a range of aid and funding modalities (e.g. programme and project approaches, sector budget support, investment facilities, financing instruments, joint financing, etc.). This EQ examines the choice of modalities and whether evolving needs and situations were matched by appropriate changes in modalities. Components of the answers to some of the other EQs contribute to this EQ, which has links to the aid-effectiveness agenda. The 'Agenda for Change' notes that the EU should deploy a higher proportion of development resources through new financial instruments such as blending of grants and loans and other risk-sharing mechanisms in order to leverage more resources and increase impacts.<sup>104</sup> The use of blending in development support is increasing and potential benefits have been identified (if not yet realised), but there is only limited evidence of its development impact or how blending addresses issues that may reduce the economic rate of return or social benefits (e.g. non-fulfilment of partner commitments on maintenance adequacy, poor axle-load control; unreliable traffic figures).

This EQ analyses how appropriate the EU modalities and instruments were in view of the results/goals of the sector interventions in a context of changing policies, strategies and approaches. Also the origin, selection and application of the various modalities and instruments are of interest. Were EU instruments and modalities developed in response to expressed/identified needs or was an instrument created and then an application sought for that instrument?

### **3.10.2 Answer to evaluation question 9**

#### **Highlights of the answer to EQ 9**

**Even with the inherent limitations of complex mixes of aid modalities in the transport sector, EU cooperation frameworks and implementation mechanisms were found to be appropriate for the needs of partner countries.**

<sup>103</sup> Although it is recognised that urban infrastructure projects present many problems arising from land appropriation, diversion of services and difficulties in access, security and control of works all of which can lead to serious delays. Road projects outside urban areas are much 'easier' logistically.

<sup>104</sup> See COM(2011)637 final EN 3.2 para 3, p8.

### Highlights of the answer to EQ 9

**EDF procedures ensured proper and transparent use of development funds and most EUDs have rigorously applied the EDF procedures for procurement and contract management.** However, these procedures are difficult to apply for national partners with limited institutional capacities. As a result, delays occur frequently, which have in particular a negative impact in situations requiring rapid mobilisation of funds such as in case of natural disasters. On the other hand, given the governance (and possible corruption) issues in many African countries, the rigidity of application of EDF procedures is probably wise.

**Blending of financing instruments has demonstrated potential and has enabled funding of some projects that may otherwise not have gone ahead but, more in general, there are concerns about the ‘bankability’ of road projects.** It is a new instrument/aid modality, bringing the EU to an altogether different partnership with SSA countries. It also represents a return to a project-based approach albeit within national sector strategy frameworks. It is not clear what blending projects can contribute to assuring operation and maintenance of the completed infrastructure assets and to conducting an effective dialogue with the partner government about transport sector policies and strategies.

### 3.10.3 Findings on support modalities, cooperation frameworks, implementation mechanisms and legal instruments.

#### Finding 9.1 (based on JC 9.1)

**EU’s aid strategies changed for each EDF cycle and also at intermediate intervals when new EU transport sector policies (see COMs) were issued.** Delays in implementation of projects and programmes of the previous EDF cycle resulted in concurrent implementation of multiple strategies and modalities during the next EDF cycle. Changed strategies were the result of a top-down decision making processes directed by EU-HQ without consultation of sector partners (some of whom were bemused, confused, and in some countries, irritated by the continuous changes). Also the ‘regular’ changes in EU strategies gave governments and sector institutions little incentive to master (with or without TA) a strategy and/or modality that was likely to change in the subsequent EDF cycles. That being said EUDs’ management of the changing approaches (handling a mix of modalities) has, on the whole, been pragmatic and effective.<sup>105</sup>

#### Finding 9.2 (based on JCs 9.2 and 9.3)

**Even with the inherent limitations of complex mixes of aid modalities in the transport sector, EU cooperation frameworks and implementation mechanisms were found to be appropriate for the needs of partner countries.** For NIPs, preferred aid modalities changed with each EDF programme cycle, using first mainly project approaches and then mainly SPSP approaches, partly funded with SBS, without the clear backing or ‘buy in’ of partner countries. Decisions about aid modalities were top-down (even for EUDs) led by high level decision-making in EU HQ. The delays in implementation of EDF-8, 9 and 10 resulted in different aid modalities being implemented at the same time, which EUDs generally integrated into multi-faceted strategies, including policy dialogue with the partner government. About half of the EUDs consulted had the opinion that the driver for using a modality was the suitability of that modality in a particular situation, while the other half felt that a modality was chosen because of the imperative to find an application for that modality. Whatever modality was applied, the greater effectiveness is, not surprisingly, found in

<sup>105</sup> Albeit based on the hypotheses of shared objectives of the partner government and ‘adjustable’ capacity of sector administration and institutions.

countries with higher sector management capacity and 'buy in' to the current strategies of the EU (and other sector donors). Themes of EU policy dialogue were remarkably stable over the evaluation reference period (because the main sector issues have changed little over a decade or more) and constituted an increasing shared referral across the continent.

**A majority of EUDs report consideration of linkages between different support modalities and discussion of pros and cons of available modalities with the partner government,** whilst in almost all countries there has been mapping of activities of other sector donors. However consultations with EUDs have revealed an almost equal split of opinion on whether the driver for selection of a particular modality was the *suitability of that modality for the intervention under consideration* or the result of a *search for an application for a modality that was being promoted* at that time.

### **Finding 9.3 (based on JC 9.4)**

**EDF procedures are reported to be difficult to handle for less capacitated users in situations of weak governance structures and inadequate to permit rapid mobilisation of funds in response to natural disasters** (e.g. Madagascar – cyclones; Mozambique – flooding). EDF procurement and management procedures are comparable to other internationally used procedures (e.g. contract formats) and are appropriate for an informed and capacitated user although most countries report problems of implementation with some EU support modalities (Programme Estimates being most frequently mentioned). The EDF procedures seek to ensure proper and transparent use of development funds. Most EUDs (Finance and Contracts Sections) have rigorously applied the EDF procedures (for procurement and contract management), which takes no account of the difficulties in application of such rigorous procedures by national partners with limited institutional capacities. Delays frequently result which have in particular negative impacts on situations requiring rapid mobilisation of funds such as in case of natural disasters. On the other hand, given the governance (and possible corruption) issues in many countries in Africa, such rigidity of application of EDF procedures is probably wise.

### **Finding 9.4 (based on JC 9.5)**

**Blending of financing instruments has demonstrated potential in terms of mobilising additional funding for development projects and enabling projects that may otherwise not have gone ahead, but there are concerns about 'bankability' of road projects.** There are some promising examples of blending of transport sector projects in Africa but on the other hand, there are concerns about the bankability of road projects, which are related to low traffic volumes and poor maintenance, whilst there is also unfamiliarity with the blending concept. Blending is a new instrument/aid modality, bringing the EU to an altogether different partnership with SSA countries. At face value blending represents a return to a project-based approach (albeit that such interventions would be expected to be a component of a wider national and/or regional sector strategy).<sup>106</sup> There are also reports from some countries that governments are deterred by the EIB's disbursement conditionalities regarding feasibility, environmental and social impact studies or supervision of construction.

As with more 'traditional' grant funding of transport infrastructure, viability depends also upon assumed delivery of commitments made by the partner government regarding operation and maintenance of that infrastructure. International Financial Institutions (IFIs) are not best

<sup>106</sup> AITF has supported 97 blending projects (24 in the transport sector; 58 in the energy sector, 7 in the water sector and 58 multi-sector). The average financial leverage rate for transport sector projects is reported to be 8.4, which means one € of grant funding 'leverages' €8.4 of development loan finance which may include private sector investment. Transport sector projects include Beira Corridor (EU-AITF-2008/14), Port do Ponte Noire (2007/01), Jomo Kenyata International Airport Extension (2009/41), Expansion of Port of Matrus Bay (2009/16), Rehabilitation of Great East Road (2009/03), Multi-modal rail expansion of the Port of Dar es Salaam (2011/05), Maputo International Airport (2011/22), Kazminglu Bridge and border post (2011/21), East Africa Transport Corridor (2011/32), C&W Africa Transport Corridors (2011/33), Mauritius Container Terminal extension (2009/43), Togo – BF road corridor Lomé – Ouagadougou road (2011/37), ASECNA (2011/19), ASECNA – Programme EGNOS (2012/25), Congo – Gabon: Brazzaville – Libreville road transport facilitation (2014/01), Lake Victoria Regional Transport project (2011/09), Regional Mombasa port access project (2014/32).

placed to enter into dialogue with the Government, monitor delivery of the Government's commitments or address failure of delivery of such commitments (although risk assessments are carried out by the IFIs), whilst the EUDs do not have a clear idea on their expected participation in implementing this new modality or role in the associated policy dialogue.<sup>107</sup> Finally, movement towards 'new' financing modalities such as 'blending' requires that EUDs and sector partners should have adequate capacity to advise on such instruments. Although 59% of the EUDs report involvement in selection of blending projects, less than 10% of the EUDs report adequate in-house capacity for preparing and monitoring projects funded through blending of financing instruments.<sup>108</sup>

### 3.11 EQ10: Procedures and resources

**EQ10: To what extent were EU procedures and resources appropriate for providing support to the transport sectors of partner countries?**

#### 3.11.1 Context and scope

EU transport sector support consisted of a wide range of modalities, instruments etc. each with their own procedures which may or may not have fully coincided with PRAG: Practical Guide to contract procedures for EU external actions. PRAG covers EDF and programme regulations for DCI, ENI, IPA-II and EIDHR<sup>109</sup> but it does not apply to other contracting authorities such as partner countries, IFIs, international organisations and national bodies authorised to use their own procurement procedures, nor to grant beneficiaries. Contracts financed by the EDF from 2002 – 2008 (i.e. EDF-9) should refer to PRAG 2007 (except where the Financing Agreements were amended allowing the use of the revised version of Annex IV of the Cotonou Agreement (Dec 2008)).<sup>110</sup>

How appropriate were the EU procedures and resources in view of the results/goals of the sector interventions in a context of changing policies, strategies and approaches? Needs and situations continued changing, whilst corresponding changes in EU cooperation modalities, frameworks and implementation mechanisms were supposed to keep up with such evolving situations (e.g. emerging new donors). Also issues of application of the various procedures and the 'user-friendliness' of the procedures themselves could have influenced the rate of disbursement of resources being made available to the partner countries. Effective programme management of transport sector support at national and regional levels demands an adequate technical capacity at EUDs plus back up from EU HQ. This capacity should cover all phases of the project cycle (although it has been common practice to engage consultants for project/programme formulation, design and supervision of works and TA for implementation).

<sup>107</sup> Source: COA survey, Oct 2013 – 45% of the EUDs are not convinced that donor coordination is enhanced by blending; there is also scepticism whether blending has an impact on the sector policy dialogue.

<sup>108</sup> 59% of the EUDs report involvement in monitoring of blending projects whilst only 41% participate in joint monitoring of implementation of blending projects.

<sup>109</sup> DCI – Development Cooperation Instruments; ENI – European Neighbourhood Instrument; IPA – Instrument for pre-accession assistance; EIDHR – European Initiative for Democracy and Human Rights.

<sup>110</sup> Contracts under EDF-10 should refer to the version of the PRAG in force at the time of signature of the contract. Direct labour operations (programmes executed by various public or private agencies or services of a partner country) using a contribution agreement or 'programme estimate' procedure are covered by separate procedures (although most procurement procedures are compliant with PRAG).

### 3.11.2 Answer to evaluation question 10

#### *Highlights of the answer to EQ 10*

**EUD capacities to manage sector support programmes improved during the implementation of the 9<sup>th</sup> EDF and were considered adequate during the 10<sup>th</sup> EDF,** but these capacities have deteriorated whilst the 11<sup>th</sup> EDF programme was being prepared. However, no serious assessments have been made of available capacity for managing the evolving transport sector support activities and responsibilities at either EUDs or EU-HQ in Brussels and recruitment of EUD personnel was not informed by capacity needs of EU support programmes.

**There are indications that technical capacity deficits at EUDs are aggravated by a limited operations budget.** About 60% of the EUDs reported that supervision and monitoring of transport sector support may be constrained, while only 25% of the EUDs reported to have an adequate budget.

**There are multiple references to delayed decision-making and implementation of EU transport sector support mainly ascribed to staffing constraints.**

**There appears to be no overall strategy for human resources management.** Instead each EU directorate has its own strategy, whilst EUD staffing organigrams are subject to only limited local discretion.

**Some training and technical support provisions are in place but there appear to be lost opportunities to increase the effectiveness of such support by a wider dissemination of conclusions, lessons-learned and recommendations of evaluations or extending existing quality support and control structures.**

### 3.11.3 Findings on procedures and resources

#### *Finding 10.1 (based on JC 10.1)<sup>111</sup>*

**EUD capacities to manage transport sector projects and programmes improved during the 9<sup>th</sup> EDF implementation period** and there are suggestions that the move to SWAPs and SBS reduced EUD's human resources needs overall. However, no serious assessments have been made of available capacity compared with necessary capacity for managing the evolving transport sector support activities and responsibilities at either EUDs or EU HQ in Brussels and recruitment of EUD personnel was not informed by capacity needs of EU support programmes. In the absence of an assessment of capacity needs for EU support to the transport sector it was simply assumed that capacity would be adequate at all levels and that such capacities would include adequate human resources for implementation of monitoring activities. Thus recruitment of EUD personnel is neither directly informed by estimated capacity needs of EU support programmes nor able to respond to identified capacity needs, especially in less 'attractive' locations (e.g. DRC), where posts remain vacant for long periods of time. In such cases there is little sustainability of institutional memory (with negative impacts on programme management and policy dialogue).

**Despite constraints on staffing noted above the improving situation during the 9<sup>th</sup> EDF period has continued into the 10<sup>th</sup> EDF period as 60% of the EUDs consider there is currently adequate staffing to deal with transport-related issues under the 10<sup>th</sup> EDF.** However more recently there has been a reduction in staff levels in EUDs including assignment of some technical staff away from the transport sector. Similarly there has been

<sup>111</sup> Finding 10.1 is based upon various sources including interviews with EU personnel in EUDs and EU HQ; responses to the questionnaire circulated to EUDs (31 out of 36 responded) – see Vol 6 Questionnaire Results ;

a 50% reduction of transport sector staff at EU HQ since 2008. The result is that the situation is now reported to be deteriorating, which will hamper preparation and implementation of the proposed 11<sup>th</sup> EDF support to rural roads in some countries expected to be highly resource intensive in terms of identification, design, programming, implementation and monitoring. A continuing issue of the workload of the EUDs concerns the hosting of and interaction with a large number of external missions to certain countries, in particular the countries which are (inevitably) often chosen as 'case studies' (e.g. DRC, Mozambique). The growing reporting and EEAS requirements are also increasing the workload of the EUDs.<sup>112</sup>

***Finding 10.2 (based on JC 10.1)***

**The EU has no overall human resources strategy for development cooperation. Each directorate has its own strategy.** At EUD level there is limited discretion as regards staffing levels to accommodate overall portfolio needs and given that a typical EUD is dealing with various directorate portfolios, it is perhaps inevitable that capacity constraints continue. In this situation, technical support and back-up by HQ should be effective. However, although there are training programmes in progress, there is no mechanism for dissemination of findings, lessons learned and recommendations of wider application or replication resulting from evaluations. Recent moves towards new financing modalities of sector support predicate new skills and understanding of such modalities (e.g. blending), but such skills are not widely available to EUDs (e.g. only 10% of EUDs reported having adequate in-house capacity to advise on blending).

***Finding 10.3 (based on JC 10.2)***

**About 60% of the EUDs reported that the operations budget for management and monitoring of the EU transport sector support portfolio is limited whilst less than 25% of the EUDs reported that the operations budget is adequate.** Effectiveness of the management of the EU support to the transport sector has thus been constrained by a limited operation budget in many countries. However, delays in EU decision making have usually not been caused by inadequate operations budgets, but rather by EUD staffing constraints combined with complexities arising from EDF procedures.

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<sup>112</sup> In Senegal 30% of programme managers' time is claimed to be ascribed to EEAS requirements.

## 4 Main conclusions

The main conclusions of this evaluation are presented in this chapter and are organised by clusters (see the sections of this chapter). The clusters are: relevance of policies and strategies, implementation and efficiency, effectiveness and impact, sustainability, EU added value, coherence and coordination and cross-cutting issues. Each conclusion is based upon one or more findings (which, in turn are based upon judgement criteria and associated indicators which are set out in Volume 3 (annex 3). Conclusions are presented in priority order for each cluster.

### 4.1 Conclusions on relevance of policies and strategies

#### *Conclusion 4.1.1 (based on Findings 1.1, 1.3, 1.6, 3.1, 3.7, 5.1, 6.4 and 8.5)*

**EU support to the transport sector in Africa has been highly relevant and has largely responded to the needs of the African transport sector, by concentrating on provision of infrastructure, equipment and TA, predominantly to the roads sub-sector.** Irrespective of whether EU transport sector policies responded to national sector policies or the reverse, both sets of policies and strategies did reflect national needs although in practise implementation of such national strategies was inconsistent. Moreover, many national governments did not fully subscribe to such sector policies, strategies and programmes prepared largely by donor-funded TA, which were seen as a conditionality for donor funding. The lack of interest in revision or updating of the policy and strategy documents has resulted in a divergence from reality and loss of credibility and utility of such documents. The absence of updating the policies and strategies is also a manifestation of limited initial commitment towards the content of the policy and strategy documents. The government's agreement with the increasing activities of 'new' bilateral donors operating outside the agreed policy framework, independent of sector coordination mechanisms and with a different development cooperation agenda, could also be considered as an indication of limited commitment with the formal policy and strategy documents.

An additional factor is that EU transport sector support policies are standardised across Africa irrespective of very different country situations as regards capacity, governance, economic and social stability. They have been prepared by the EU with little consultation with partner governments, as is also the case with some other EU policies which have negatively impacted upon implementation of EU transport sector support [e.g. EPAs, Sugar Protocol]). Although EUDs are on the whole managing support portfolios on a 'local' basis and adapt such standardised policies/strategies to country specific situations<sup>113</sup>, an absence of diagnosis of the political economy context reduces realism and effectiveness of EU transport sector support, especially in 'fragile' or 'conflict' countries<sup>114</sup>.

### 4.2 Conclusions on implementation and efficiency

#### *Conclusion 4.2.1 (based on Findings 10.1, 10.2 and 10.3)*

**EUD capacities and capabilities for adequate management of transport sector support have fluctuated during the evaluation period with impacts on efficiency of EUD service delivery.** They were improving during the 9<sup>th</sup> EDF implementation, were considered adequate for the 10<sup>th</sup> EDF but deteriorated as the 11<sup>th</sup> EDF programme was prepared. Such

<sup>113</sup> I.e. CSPs are country-specific; they are not standardised.

<sup>114</sup> I.e. sector governance in identifying the strategy and its implementation path.

fluctuation was a result of recruitment of EUD personnel not being informed by estimated capacity needs which, in turn, was related to each directorate having independent human resources strategies to which individual EUDs had limited discretion to respond. In this situation, technical support and dissemination of good practises could have played a mitigating role but, apart from some training programmes, such back-up has been limited. Finally, limited operations budgets for management and monitoring of sector support programmes have been inadequate<sup>115</sup> thus further contributing to capacity limitations with negative implications for efficiency (and effectiveness) of programme management.

#### **Conclusion 4.2.2 (based on Findings 9.1 and 9.2)**

**Changing EU aid strategies and modalities with each EDF programme** left sector partners confused whilst delayed programming resulted in concurrent implementation of different strategies and modalities (which was managed well by the EUDs). Discussion of modalities with partners was somewhat confused and there is a lingering sense of an application being selected for modalities rather than the reverse. Such changes contributed also to the lack of commitment by partner governments (noted in C4.1.1 above) as there was little incentive for them and their sector institutions to master a strategy that was likely to change in the subsequent EDF programme cycle.

**EDF procedures gave rise to complaints about their complexity and time needed for programming and decision making, thus rendering them inadequate to permit rapid action** (e.g. needed in case of natural disasters). On the other hand, some partners recognise these procedures as good examples of objectivity, rigour and probity (even if such high ideals may be threatened during implementation).<sup>116</sup> Contractual complications are often quoted as resulting from EDF procedures, but examination suggests that such complications arise often from the nature of civil engineering construction in Africa rather than only from the EDF procedures as all donors are similarly affected. A lack of experience, loosely applied quality control procedures and opportunities for corruption are contributory factors.<sup>117</sup>

**EDF procedures applied by means of decentralised management and related procurement processes did not adequately take into account specific risks arising from institutional weaknesses, and the governance or entrepreneurial contexts of high-value infrastructure contracts or maintenance works.** This concerned technical, fiduciary as well as “value for money” risks. A uniform application of standard EDF procedures - and thus no adjustment of procedures to proven (lack of) capacities - has been counterproductive as regards not achieving the expected results/outcomes and making effective use of EU funds.

### **4.3 Conclusions on effectiveness and impact**

#### **Conclusion 4.3.1 (based on Findings 1.4 and 7.1)**

**The 11<sup>th</sup> EDF disengagement from transport as a focal sector in most African countries is not well understood by partner country governments and other stakeholders, while application of the programming guidelines has been inconsistent and compounded by ineffective communication with sector partners.**<sup>118</sup> The diagnosis of the current situation and the stated reasons for disengagement from the transport sector are not well appreciated (by some partner governments, and transport sector donors),

<sup>115</sup> As reported by 60% of EUDs.

<sup>116</sup> In other words greater complexity is the downside of greater objectivity, rigour and transparency.

<sup>117</sup> However the EU contractual arrangement whereby NAO is the Contracting Authority, the ‘road agency’ is the Supervisor and the EUD has authority only to endorse payments (authorised by another contractual party) does not contribute positively.

<sup>118</sup> This evaluation covers the period 2005-2013 and thus examines the basis for change of strategy (published 2012) and the proposed actions and activities undertaken in 2013.

although the argument that grant funding of transport infrastructure should be discontinued, depending on the country situation, is sound<sup>119</sup>. The importance of the transport sector to partner countries appears to have been discounted by the EU, which seems to have put aside principles of responding to expressed needs and the partnership approach. Centralised decision making was undertaken without consultation with sector partners (donors and partner governments) and came as a surprise to many sector partners. Principles of coordination and division of labour were ignored. Consistency in application of guidelines, whatever their merit, melted away in the face of strong protests from some countries unhappy about non-continuation of transport sector support. Several were reinstated. The result is that there is inconsistency in the situation of countries continuing with transport as a focal sector and resentment from apparently comparable countries for which such support has been denied.

### **Conclusion 4.3.2 (based on Findings 5.2 and 6.1)**

**Outcomes and impacts of EU support to the transport sector in Africa upon trade, economic and social development and poverty alleviation are estimated to be high, despite the fact that virtually no monitoring and ex-post evaluation of such outcomes and impacts have been carried out.**<sup>120</sup> This conclusion is derived from independent studies of similar development support activities in analogous country situations.<sup>121</sup> Given the huge value of EU transport sector support during the evaluation period (2005 – 2013) such a lack of interest in identification and quantification of benefits and application of lessons learned is incomprehensible. A similar lack of studies comparing the effectiveness of EU support to the transport sector with providing support to other sectors is also noted.<sup>122</sup> Given an implicit assumption that poverty alleviation benefits will simply ‘trickle down’ to the target beneficiaries, it is perhaps not surprising that targeting of EU transport sector support on the poorest and most vulnerable categories of the population is ‘light touch’, consisting of siting some (usually rural road) support interventions in geographic areas of high poverty.<sup>123</sup>

### **Conclusion 4.3.3 (based on Finding 9.4)**

**Blending of financing instruments has demonstrated potential to mobilise additional funding for development projects and to enable projects that may not have otherwise gone ahead, but it is not a universal panacea as conventional measures of financial viability are low in many situations in Africa such that public sector projects are likely to continue with limited private sector participation.** Further, potential doubts about financial and technical viability and risk management are not fully addressed by IFI’s results measurement frameworks<sup>124</sup> or appraisal procedures in that findings and conclusions of these frameworks depend on assumptions and commitments regarding operation and maintenance of infrastructure and demand for transport services. Such commitments have been a feature of transport sector support for many years but there is a long history of failure to deliver by partner governments. It is not clear how such risks (and the required longer term dialogue) may be effectively undertaken by IFIs. A further (but hopefully transient) issue is a relative lack of familiarity with the ‘blending’ concept on the part of partner governments and the EUDs. This is a problem as IFIs have representational offices in only a few African countries.<sup>125</sup>

<sup>119</sup> Because in principle an economically viable investment should not be funded with grants.

<sup>120</sup> Only 18% of the EUDs reported carrying out studies to identify poverty alleviation outcomes of EU transport sector support and only 5% of such studies were considered to have had a good and rigorous methodology.

<sup>121</sup> This conclusion is supported by 89% of the EUDs considering impacts upon poverty to have been positive.

<sup>122</sup> Albeit that a comparatively lower multiplier effect on development of EU support to transport as compared to focal sectors mentioned in the ‘Agenda for Change’ (agriculture, energy) is noted in justification for the 11<sup>th</sup> EDF change in strategy.

<sup>123</sup> The predominant approach was a network approach with justification for investments based upon a catchment area as conventional methods of justification would not show adequate justification except perhaps on beneficiary population criteria (because traffic and economic activity is low in rural areas).

<sup>124</sup> E.g. EIB – R&M framework.

<sup>125</sup> EUD’s expertise is, until now, mainly based on development assistance provided by grants and less than 10% of EUDs reported having adequate in-house capacity to advise or contribute to the preparation of blending projects. Also, some 41% of the EUDs were not involved in selection of blending projects albeit that EUDs were invited to comment but only after selection.

#### **Conclusion 4.3.4 (based on Finding 2.1)**

The move from a project-based to a sector-wide approach was sound with some efficiency gains although such a move did not respond to expressed needs. **Commitment of most partner governments to such an approach imposed by the donors, was half hearted.** A majority of EUDs reported also inadequate government commitment to SWAp (and SPSPs).<sup>126</sup> However, in practise, a project based approach continued concurrently with SWAp (and, in some cases, SBS) as most project interventions were considered as stand-alone albeit usually logically inserted into a sector policy and strategy.<sup>127</sup>

#### **Conclusion 4.3.5 (based on Findings 2.2 and 2.3)**

**SBS has only succeeded in countries with adequate sector governance frameworks combined with procedural, managerial, technical and monitoring competencies and a clear understanding of the principles and procedures involved in implementation of SBS.** Failed or partial implementation of SBS has resulted in partner disappointment (because it was accompanied by high expectations) and did not enhance effective policy dialogue. There is little evidence that SBS has produced improvements in sector PFM, governance or management but it has contributed to increased scrutiny at sector level and enhanced focus on monitoring of transport network conditions by sector institutions (through the established sector policy dialogue).

#### **Conclusion 4.3.6 (based on Findings 3.5 and 3.6)**

**Despite EU's and other donors' efforts (over decades), including policy dialogues, partner governments and sector institutions have shown only limited (political) commitment to implement transport sector reform measures, whilst capacity issues and opportunism are other complicating factors.** Many EU support initiatives depend upon the capacity and commitment of the partner government to implement reform measures or undertake certain activities, in order to bring about the desired outcomes (axle-load control – legislation, operation of weigh stations, enforcement, governance, corruption, cartel issues; road safety – enforcement issues; regional regulatory and transit frameworks – legislation, implementation, governance issues).

#### **Conclusion 4.3.7 (based on Finding 7.2)**

**EU transport sector support has contributed positively to institutional reorganisation and capacity building at national levels (less so at regional levels)** despite the fact that TA usually resulted in only limited longer term capacity building gains. Yet, capacity deficits remain at many levels in sector institutions. Such defects are due to lack of empowerment and delegated powers and poor resource management of national sector institutions combined with limited operational resources, and to a lesser extent to specific technical shortcomings. Weak sector governance remains an issue whereby technical decision making processes are often subverted by political considerations.

#### **Conclusion 4.3.8 (based on Findings 8.1 and 8.3)**

**Selection of EU support interventions has generally been sound** (no 'vanity' projects have been identified). However, feasibility studies were used only to demonstrate the viability of a previously identified intervention, not to make a choice between different support options. There are also examples of design shortcomings, in some cases (partly) caused by a limited budget for project preparation. Introduction of independent technical and safety audits at design and construction stages has been a positive development. Justification for investment was based upon assumptions regarding usage, maintenance and construction quality, which have not all been delivered and yet even with this experience in

<sup>126</sup> 60% of EUDs report inadequate government commitment to human resources and institutional issues whilst 76% reported insufficient financial commitment.

<sup>127</sup> Arguably 'blending' represents a project-based approach.

some countries neither risk assessments have been carried out nor mitigation measures identified.

## 4.4 Conclusions on sustainability

### *Conclusion 4.4.1 (based on Findings 1.6, 2.4, 3.4, 4.1 and 4.2)*

**EU support has not been effective in persuading and supporting partner country governments and sector institutions to set up effective road management systems.** Road maintenance is deficient and network conditions are deteriorating in almost all African countries. If such maintenance neglect continues unchecked, it will negatively impact the sustainability of the transport sector investments and achievement of wider development goals. Continuation of this trend will not only reduce service levels and accessibility but also hugely increase whole life costings of the transport infrastructure as a cycle of build-neglect-rebuild is repeated. Premature loss of infrastructural capital is a direct loss to national transport assets and an indirect 'loss' of value of EU tax payers' contributions to EU development support. Vehicle operating costs and journey times increase as do accident rates due to poor transport infrastructure. Paradoxically, substantial donor support to major roads which has increased the size of the national network has, in some countries, expanded the network beyond what can be maintained by that country, whilst simultaneously being insufficient for national development aspirations.<sup>128</sup>

### *Conclusion 4.4.2 (based on Finding 4.3)*

**EU support has not been successful in strengthening the role of small and medium sized contractors in national road construction industries to play a significant role in road maintenance.** Their financial and technical capacity is low and despite various support projects funded by the EU and other donors their situation remains precarious. Moreover, there is little real appreciation or support for their role by governments who take more interest in larger value construction projects undertaken by large international contractors. If maintenance deficits continue, deterioration of road networks (main roads and rural roads) will prematurely reduce or even extinguish the benefits of improved land transport built up by many years of mainly donor-funded capital investments. If such deterioration reaches critical levels there will be direct negative consequences upon national development goals and regional connectivity. This raises the question whether the EU should re-enter the transport sector at national levels in order to (again) support 'backlog' and 'emergency' maintenance to preserve economic and social benefits of previous instruments (not only by EU) in the transport sector and if so, under what circumstances.<sup>129</sup>

<sup>128</sup> The reasons for maintenance neglect are manifold. In most cases, the amount of financial resources made available are insufficient compared with maintenance needs, while 'user pays' principles are often only partially applied by national governments. Furthermore, maintenance funds made available are not always fully utilised nor used effectively due to a combination of factors including poor programming and management, sector governance issues, corruption, limited implementation of agreed sector policies and strategies, non-delivery of commitments to adequacy of maintenance regimes by national governments and a widespread insensitivity to or ignorance of the concept of maintenance by national decision makers. It is conventionally taken for granted that maintenance and operation of infrastructure should be funded by national revenues. However, in the face of widespread deterioration of road network conditions, emergency maintenance has previously been funded by donors assuaging their policy stance by not calling such support 'maintenance' but rather 'backlog' or 'emergency' periodic maintenance. This was considered to be a concept acceptably different from routine maintenance.

<sup>129</sup> And it is likely that viability (including EIRR) for such 'back-log maintenance' would, for main roads, be adequate for a 'blending' approach.

## 4.5 Conclusions on EU added value

### *Conclusion 4.5.1 (based on Finding 1.2)*

**The EU has brought and developed real added values when providing support to the transport sector<sup>130</sup>**, i.e.: long sector experience, size of budget, political neutrality, expertise of some individuals in the EUDs, in-country presence, focus on cross-cutting and social development issues, flexibility in seeking to cooperate with sector partners, sound implementation procedures and some specific EU policies and strategies (especially as regards division of labour, partnership and coordination). On the other hand, 'subtracted values' have also been identified, such as: changing sector strategies with each EDF cycle, the length of time required for programming and decision making and some EDF procedures. However, some added values are transitory or cyclical (sector experience relies on institutional memory which is often lost due to rotation of EUD personnel, individual talent also moves on) whilst the present EU strategy represents a de facto abandonment of some of the added values (size of budget, cooperation with sector partners, division of labour) by moving away from transport sector support as a focal sector under the 11<sup>th</sup> EDF.

Overall, the identified added values have contributed to effective, objective and transparent support management thus providing a strong demonstrative example of sector governance for sector beneficiary partners, some of whom are subject to forces of nepotism, interference by vested interests and corruption. Such exemplary sector governance is notably absent in activities of some 'new' donors. Finally, no evidence has been identified supporting the often-mentioned assertion that the consensual nature of EU coordination and dialogue with its Member States has resulted in EU possessing unique skills bringing special value to transport sector coordination and dialogue.

## 4.6 Conclusions on coherence and coordination

### *Conclusion 4.6.1 (based on Findings 1.3 and 7.4)*

**EU sector policies are coherent with wider EU development policies and there is good coherence between sector policies and those of the EU-MS<sup>131</sup> although some other EU policies have complicated the implementation of the EU support to the transport sector (e.g. EPAs, Sugar Protocol).** RIPs and NIPs were broadly complementary - the former generally being developed after the constituent NIPs - whilst for EDF 9 & 10 demonstrating coherence with national and regional poverty reduction and development programmes.

### *Conclusion 4.6.2 (based on Finding 2.4)*

**Sector donor coordination is weakening.** The increasing level of operations of new bilateral donors (with large budgets) not taking part in the donor coordination processes<sup>132</sup> often operating outside national sector policy frameworks (with the active involvement of the government), coupled with departure of some of the traditional transport sector donors has reduced the scope and incentive for coordination and is undermining coordination. Attempts to engage these new bilaterals in the coordination processes have failed. Partner government's interest in dialogue and coordination has also waned as this interest was clearly spurred by previous higher budgets made available by the donors. Coordination between EU-HQ and the EUDs appears to be weaker than coordination at national and regional levels.

<sup>130</sup> 84% of the EUDs perceived the EU as delivering high added value in the transport sector.

<sup>131</sup> EUDs reported a large extent of coherence between EU transport sector policies and those of EU MS (61%) and IFIs (77%) but less so for bilateral donors (36%), multilateral donors (35%) and new emerging' donors (4%).

<sup>132</sup> 73% of the EUDs reported no participation of the new 'emerging donors' in sector coordination meetings; only 4% of the EUDs reported good quality of coordination with the new 'emerging' bilateral donors'.

## 4.7 Conclusions on cross-cutting issues

### **Conclusion 4.7.1 (based on Finding 3.3)**

**Definition of what constitutes a cross-cutting issue varies from country to country and with different EDF cycles** (5 issues identified in EDF-9; 16 issues identified in EDF-10) as does the coverage of such issues for each EDF cycle (from realistic addressing the issue to 'side-lining' it). 'Most commonly identified cross-cutting issues have been widely covered during implementation (environment, HIV/AIDS, social issues, road safety and gender), but real mainstreaming has not yet been fully achieved.<sup>133</sup> An important lesson learned from the most recent outbreaks of Ebola is that insufficient and deteriorated transport infrastructure has been identified as a major obstacle to combatting the disease and that greater attention should be given to issues touching both the transport and health sectors.<sup>134</sup> More attention should also be paid to climate change adaptation and emissions as components of 'environment'.<sup>135</sup>

### **Conclusion 4.7.2 (based on Finding 3.4)**

**There are compelling arguments for consideration of corruption as a cross-cutting issue (and perhaps not only in the transport sector).** Corruption is unquantifiable and pervasive, despite multiple safeguards. Even the definition of corruption in the sector is elusive and can be taken to include political nepotism, clientelism, action of cartels, subversion of due process and abandonment of professional ethics, all resulting in chronic inefficiencies, loss and waste. There is little overt effort to directly combat corruption except by tightening procedures and oversight, usually as a component of advocacy of good governance. Prosecutions for corruption are rare, as are penalties when corruption is uncovered (such as suspension of support or declaration of mis-procurement). Probity in engineering depends to a large extent on adherence to professional ethics – perhaps such faith is misplaced. And yet it is sometimes concluded that 'losses' due to mismanagement are higher than 'losses' due to corruption. Whichever the reality, stronger anti-corruption measures are required with greater readiness to impose sanctions under a 'zero tolerance' approach.

<sup>133</sup> Whilst not actually defined as a cross-cutting issue, capacity building is as much mainstreamed as issues identified as cross-cutting.

<sup>134</sup> Poor road conditions and accessibility were identified as major obstacles to combating the Ebola outbreaks in Liberia, Sierra Leone and Guinea.

<sup>135</sup> Only 25% of the EUDs reported coverage of climate change in EU support to the transport sector; only 15% reported coverage of emissions.

## 5 Overall assessment

**Relevance:** This evaluation of EU support to the Transport Sector in Africa 2005 – 2013 found that despite changing strategies with successive EDF programmes, EU support has been highly relevant and has largely responded to the transport sector needs as expressed by partner countries by concentrating on roads.

**Efficiency:** EUD capacities have been sufficient for portfolio management of EDF 9 and 10. EDF procedures continue to be accused of ‘user unfriendliness’ and cause implementation delays whilst simultaneously being exemplified for objectivity, rigour and probity in a sector with governance issues.

**Effectiveness:** The move from a project-based to a sector-wide approach was sound, broadening the scope of cooperation, increasing its effectiveness and bringing efficiency gains despite limited partner government commitment to such a change. The same could not be said for SBS which had only limited success due to shortcomings in sector governance and procedural, managerial, technical and monitoring competencies combined with poor understanding of procedures and principles. A sound grasp of all competencies would have been a pre-requisite for successful SBS. As applied, blending of financing instruments has shown potential in the transport sector but an essential component must be to assure implementation of the partner government’s commitments to provide adequate resources and to agree on instruments and procedures to improve operation and maintenance.<sup>136</sup>

Concerns have been expressed about the 11<sup>th</sup> EDF disengagement from the transport sector more concerning the inconsistency of roll-out and lack of real consultation with sector partners rather than the stated reasons for such disengagement, which are sound. Meanwhile, sector partners have been left puzzled by EU’s (inconsistent) disengagement from the sector, all the more so by the immediate continuation of support to rural roads (under a different focal sector) in some countries. A rebuilding of partner confidence is desirable.

**Impact:** Outcomes and impacts of EU’s transport sector support on trade and economic and social development and thus upon poverty alleviation are estimated to have been high in view of the conclusions of independent studies. However, almost no ex-post evaluation of EU transport sector support interventions of a total value of approximately €5 billion during the period 2005 – 2013, have been carried out.

**Sustainability:** However, the transport sector infrastructure assets created are at risk of not achieving potential social and economic benefits due to chronic maintenance neglect. Government commitments to adequately maintain the roads or to adequately control overloading of trucks are widely ignored resulting in premature deterioration of the infrastructure assets and increased road safety hazards. Left unchecked, this loss of serviceability and reduced accessibility will negatively impact on achievement of development goals and poverty alleviation targets. This threat to sustainability of road networks, which were partly funded by the EU, may require consideration of a reprise of previous support to ‘back log’ periodic maintenance, unless governments are able to belatedly remedy widespread maintenance deficiencies.

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<sup>136</sup> For example adequate maintenance, or cost recovery by means of introduction of increase of tariffs, fares or tolls.

**EU added value:** The EU has brought and developed real added values when providing support to the transport sector. Overall, the identified added values have contributed to effective, objective and transparent support management thus providing a strong demonstrative example of improved sector governance for partner governments and sector institutions and counteracting forces of nepotism, interference by vested interests and corruption.

**Coordination, complementarity and coherence:** Generally, EU transport sector policies are coherent with wider EU development policies and there is good coherence between sector policies and those of the EU-MS, but sector donor coordination has weakened. Regarding coherence, some other EU policies have complicated the implementation of the EU support to the transport sector (e.g. EPAs, Sugar Protocol).



## 6 Recommendations

Recommendations are expected to be operational, useful and forward looking. It is thus important to establish the starting point for these recommendations. The reality is that for implementation of the 11<sup>th</sup> EDF programme, the transport sector continues to be a focal support sector in some countries, whilst in other countries EU transport sector support may be part of another focal sector (most commonly support to rural roads being part of rural or agricultural development or food security programmes). And in other countries there will be no EDF support to transport. In all African countries support to blending projects in the transport sector may be considered (e.g. AITF, NIF, IFIs). Furthermore maintenance is deficient in almost all African countries due to lack of resources (financial, human, and managerial) and poor sector governance. If such maintenance neglect continues unchecked, premature deterioration of the road network and resultant loss of serviceability (and rural accessibility) will negatively impact upon economic and social activities. Increasing constraints upon national (and regional) development objectives and poverty alleviation efforts may thus threaten progress towards the United Nations Sustainable Development Goals (SDGs).

Recommendations which are based in the findings and conclusions of this evaluation are presented in priority order with indicators of responsibility for action and timescale.

### **Recommendation 1: Review the 11<sup>th</sup> EDF strategy of disengagement from the transport sector.**

#### ***Recommendation based on conclusions 4.3.1 and 4.5.1***

***Main implementation responsibility: DG DEVCO***

***Priority: Very high***

The current situation is confusing. Criteria for disengagement or continuing support have not been consistently applied. Support is withheld from some countries whilst continuing in other countries with analogous developmental situations. The changed strategy came as a surprise to many sector partners and is opposed by most countries where support has ceased. Lack of communication has been cited by partners (and the EUDs, 90% of which see a continuing role for the EU in the transport sector). Unilateral centralised decision making has set aside principles of coordination and division of labour, does certainly not respond to expressed needs and appears to distance the EU from some of its 'added values'.

This recommendation includes reviewing the following issues during the midterm review of EDF-11 in 2017-18, in close and open consultation and dialogue with sector partners (partner country governments, RECs, donors, IFIs) while taking into account the SDGs:<sup>137</sup>

- the criteria for disengagement or continuation of support;
- transport sector situations in all countries (including influence of 'third countries' and assessment of sustainability, maintenance and operation of transport infrastructure, especially roads) and identify consistently and coherently the countries which should or should not continue to receive EU support to the transport sector.

<sup>137</sup> SDG 9: Build resilient infrastructure to promote inclusive and sustainable industrialisation and foster innovation: 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all; 9a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States.

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

*Recommendation based on conclusions 4.3.4, 5.3.5 and 4.4.1*

*Main implementation responsibility: DG DEVCO*

*Priority: High*

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

There are multiple reasons for such neglect – insufficient funding (compared with maintenance needs), available funding not used effectively, institutional capacity deficits resulting in poor programming and management, and governance issues including corruption, non-delivery of commitments, lack of transparency and political optimism.

Renewed support to the transport sector could include:

- Financing of major ‘backlog’ or ‘emergency’ maintenance (in principle ‘blending’ could be appropriate for major ‘periodic’ or ‘emergency’ maintenance);<sup>138</sup>
- Institutional strengthening (TA for planning, programming and implementation management of road network maintenance);
- Support to improving sector governance and policy dialogue in general.

## **Recommendation 3: Promote ‘blending’ as the preferred modality for EU support to capital investment in transport infrastructure**

*Recommendation based on conclusions 4.3.3 and 4.4.1*

*Main implementation responsibility: DG DEVCO*

*Priority: High*

There is evidence that the blending modality can deliver added value. However, it is not suggested that blending can immediately resolve problems of non-delivery of commitments by partner country governments and institutions which have been encountered during decades of grant-funded support. Financial viability of blending projects is often low, even with interest rate subsidies, when revenue generating or cost recovery possibilities are limited (for example low road traffic or cost recovery volumes outside urban areas make toll roads unviable)<sup>139</sup>. Estimation of economic viability is based upon capital costs, usage of the infrastructure (expressed as reduced costs and/or revenues) and assumptions of economic life and service levels of the infrastructure. These assumptions depend upon delivery of commitments by the donor government and sector institutions to adequately operate and maintain the infrastructure asset. Such commitments are often not delivered.

The challenge is thus ensuring that assumptions are robust, risks (of failure of such assumptions and other external factors) are identified and mitigation or avoidance measures are put in place. It is not clear to what extent risk management measures have adequately

<sup>138</sup> Continuing deferment of backlog periodic maintenance will result in worsening road conditions until passage is cut. Seriously impeded or denied passage is suggested as a criterion for ‘emergency’ maintenance.

<sup>139</sup> Although only 45% of the EUDs believe that blending projects will be sustainable.

addressed such risks of blending projects. Moreover there are uncertainties about the capability of IFIs for engagement in the sector dialogue. The role the EUDs can play in promotion and preparation of blending projects needs to be further clarified, because less than 10% of the EUDs reported having adequate in-house capacity to contribute to preparation and monitoring of blending projects. All such issues including cross-institutional collaboration should be addressed when promoting the 'blending' concept.

A further issue is to reconsider the concessionality limit which is now fixed at a single benchmark of 35% grant element. It is suggested that 'one size fits all' approach does not realistically take into account differing country circumstances (as regards debt vulnerability or debt management) and that a more flexible approach should be applied (but subject to the considerations of adequacy assumptions mentioned above).<sup>140</sup>

Support activities should include:

- formulation of procedures for clear identification of risks<sup>141</sup> arising from incorrect assumptions and non-delivery of beneficiary commitments and identification of proactive mitigation measures (which may include disbursement conditions<sup>142</sup>) including coverage of cross-cutting issues;
- clarification of the complementary roles of the EUDs and IFIs in policy dialogue, institutional collaboration, identification and monitoring of implementation of blending projects;
- further, more detailed training of EUDs in contribution to preparation and monitoring of implementation of blending projects.

#### **Recommendation 4: Introduce systematic ex-post evaluations of all EU transport sector support to capital investment for infrastructure provision in the cycle of operations**

##### ***Recommendation based on conclusion 4.4.1***

***Main implementation responsibility: DG DEVCO, EUDs/EEAS***

***Priority: High/medium***

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

<sup>140</sup> This measure may contribute to greater bankability of some investment projects in the transport sector.

<sup>141</sup> Assessment of risks should include consideration of the size of road network required for national development objectives but conditioned by realistic assessment of the capacity for effective operation and maintenance such that expected economic design life and serviceability levels may be attained.

<sup>142</sup> AITF does not accept disbursement conditions although some blending partners do impose such conditions (e.g. EIB). It is suggested that AITF reviews its procedures to permit conditionality.

## **Recommendation 5: Continue and intensify support for SMEs engaged in national road construction industries**

### ***Recommendation based on conclusion 4.4.2***

***Main implementation responsibility: DG DEVCO, EUDs/EEAS***

***Priority: High/medium***

National road construction industries, especially small and medium sized businesses have a key role to play in maintenance of the national road network. These firms have low technical capacity and limited access to credit and financial services. Previous support to such SMEs (provided by the EU and other sector donors) has had only limited success – few firms having received such support have thrived or even survived. Governments have more interest in larger companies, most of them international firms and increasingly Chinese, which successfully tender for the larger value contracts. Measures to facilitate access of smaller national firms to works by specifying that a proportion of the total contract value had to be subcontracted to such SMEs has, in some countries, been subverted by major (international) firms establishing small national firms which are awarded the sub-contracts. In the future, support should not concentrate only on technical issues but also include facilitation of access to finance (e.g. guarantees), preferential contract award criteria and better classification procedures.

Support should consider:

- facilitation of better access to finance and credit;
- review of conditions of contract, especially regarding payment conditions (advance and interim payments), guarantees, insurances and warranties;
- intensification of policy dialogue on support to SMEs in accessing road maintenance and construction contracts including national contractor registration categories and eligibility thresholds for contract values.

## **Recommendation 6: Continue support for strengthening governance and programme management capacities of RECs**

### ***Recommendation based on conclusions 4.3.6 and 4.3.7***

***Main implementation responsibility: DG DEVCO***

***Priority: Medium***

Under the 11<sup>th</sup> EDF it is proposed that support to the transport sector should be considered in the context of regional programmes aimed at strengthening regional integration. Such regional programmes should comprise two components: (i) the ‘governance envelope’ of RIPs managed by the RECs (or other regional entities), and (ii) an envelope managed by DEVCO for infrastructure financing with indirect management of implementation by the NAOs.<sup>143</sup> But, capacities of RECs to manage projects are widely perceived to be weak. So far regional implementation of EDF transport sector support has resulted in delays and serious under-achievement of objectives with eventual re-allocation of EDF funds to the energy sector. However, RECs should play a role in the approval of regional transport sector projects, because regional integration is a key priority of EU development policy. Trade cooperation and adoption of common standards as well as infrastructure are essential components of regional integration. Whilst ‘new’ donors (such as China) and ‘new’ modalities (such as blending) will meet at least some of the financing needs for infrastructure at national levels, there are continuing needs for support to strengthening institutional frameworks and organisational aspects of regional integration.

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<sup>143</sup> Such support would include capacity building, studies, TA, ‘one-step border’ facilities, transport observatories, etc.

Consideration should be given to further support to:

- harmonisation of regional procedures, regulations and standards;
- management of support programme implementation;
- familiarisation with EU modalities (e.g. ITF, NIF, AITF) including blending

### **Recommendation 7: Further strengthen and monitor comprehensive application of the methodology and tools for integration of governance into EU support for the transport sector**<sup>144</sup>

***Recommendation based on conclusion 4.1.2, 4.3.6, 4.3.7, 4.6.1 and 4.6.2***

***Main implementation responsibility: DG DEVCO, EUDs/EEAS***

***Priority: Medium***

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

With a view to further strengthening governance in the transport sector and in order to address common transport sector governance issues, it is proposed that the concepts, methodologies and tools set out in 'Governance in the Transport Sector (EC, ALAnet Global, Feb 2014, EuropeAid/127054/C/SER/multi) should be applied in all countries where the EU continues to support the transport sector.<sup>145</sup>

<sup>144</sup> See, "Governance in the Transport Sector", EC.

<sup>145</sup> I.e., patronage and clientelism; distortions of policy and programming; institutional problems; corruption in construction works; corruption in regulation; price distortions in transport services.



P.O. Box 4175  
3006 AD Rotterdam  
The Netherlands

Watermanweg 44  
3067 GG Rotterdam  
The Netherlands

T +31 (0)10 453 88 00  
F +31 (0)10 453 07 68  
E [netherlands@ecorys.com](mailto:netherlands@ecorys.com)

**W** [www.ecorys.nl](http://www.ecorys.nl)


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