IDEV
Independent Development Evaluation
Évaluation indépendante du développement

Evaluation of the Nigeria Trust Fund

Summary Report

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Acronyms and Abbreviations

ACFA	Accelerated Co-financing Facility for Africa
ADB	African Development Bank
ADF	African Development Fund
AfDB	African Development Bank Group
AGTF	Africa Growing Together Fund
BHP	Bumbuna Hydroelectric Project
CLSG	Côte d'Ivoire–Liberia–Sierra Leone–Guinea Electricity Interconnection project
CSPE	Country Strategy and Program Evaluation
DMU	Debt Management Unit
ECG	Evaluation Cooperation Group
ED	Executive Director
EPSA	Enhanced Private Sector Assistance (for Africa)
EQ	Evaluation Question
ERG	Evaluation Reference Group
ERR	Economic Rate of Return
EU	European Union
FAPA	Fund for African Private Sector Assistance
FIFC	Financial Control Department, AfDB
FIRM	Resource Mobilisation & Partnerships Department (within FIVP), AfDB
FIST	Syndication, Co-Financing & Client Solutions Department, AfDB
FIVP	Vice Presidency Finance, AfDB
GAFDP	Gambia Artisanal Fisheries Development Project
HEST	Higher Education, Science and Technology
IDEV	Independent Development Evaluation
IFAD	International Fund for Agricultural Development
IPR	Implementation Progress Report
JICA	Japanese International Cooperation Agency
LEC	Liberia Electricity Corporation
LEEAP	Liberia Energy Efficiency and Access Project
MKCCA	Improvement of Health Services Delivery at Mulago Hospital and the City of Kampala Project
NTF	Nigeria Trust Fund
PAMOCCA	Project for Modernisation of Land Registration & Improvement of Business Climate
PAR	Project Appraisal Report
PATAM	Project of Support to Agricultural Transformation in Mauritania
PBA	Performance Based Allocation (for ADF funds)
PBoC	People's Bank of China
PCR	Project Completion Report

PCREN	Project Completion Report Evaluation Note
PCVASG	Project for the Promotion of Agricultural Value Chains for Women (Mauritania)
PIU	Project Implementation Unit
PPA	Portfolio Performance Assessment
PPAR	Project & Programme Assessment Report
PRIASO	South-West Region Agricultural Infrastructure Rehabilitation Project
RIA	Roberts International Airport
RMC	Regional Member Country
SRWSIHL	Sustainable Rural Water and Sanitation Infrastructure for Improved Health and Livelihoods
SVTP	Shire Valley Transformation Project (Malawi)
TC	Total Cost (of projects)
ToC	Theory of Change
TSF	Transition Support Facility
TVET	Technical and Vocational Education and Training
UNICEF	United Nations Children's Fund

Executive Summary

Background

This Summary Report presents the findings of an evaluation of the Nigeria Trust Fund (NTF) which was included in Independent Development Evaluation's (IDEV) 2024 Work Programme at the request of the African Development Bank Group's (AfDB or "the Bank") Vice Presidency for Finance and the Nigerian authorities, represented by their Executive Director.

The NTF is a revolving special fund administered by the Bank, based on subscriptions by the Federal Republic of Nigeria. It was established in 1976 with the purpose of providing additional resources to co-finance public and private sector operations with the African Development Bank (ADB) and the African Development Fund (ADF) and to finance standalone operations in the AfDB's Regional Member Countries (RMCs), with the objectives of enhancing economic development and social progress in Africa, particularly in the least developed countries. Since its inception, the NTF has funded or co-funded a total of 92 operations in 33 countries, for a total loan amount of UA 429.8 million (USD 572 million) of NTF funds invested, representing 23.1 percent of the total value of these operations. As of 30 September 2024, the NTF had an available balance of UA 80.03 million (USD 108.55 million).

Although the NTF has been subject to corporate reviews since its inception and was externally evaluated in 2007, there remained a knowledge gap regarding its effectiveness and efficiency. This gap underscored the need for a more comprehensive evaluation to inform potential reforms and a possible replenishment of the Fund.

Purpose, Questions and Scope of the Evaluation

The goal of the evaluation is to provide the Bank's Management, the Nigerian authorities and the AfDB Board of Directors with timely and relevant evidence on the management, effectiveness and efficiency of projects funded by the NTF.

The evaluation had four evaluation questions:

- **EQ1**: To what extent is the NTF relevant and appropriate as a standalone financing window in the current Bank business context, vis-à-vis alternative options? What is the NTF's value proposition?
- **EQ2:** To what extent has the NTF been successful in delivering on its objectives as compared with the alternative funding modalities that might have contributed to these same objectives?
- **EQ3:** How efficiently has the NTF been managed and used, and what lessons and/or good practices could be learned from the implementation of other funds/facilities considered to be well-managed?
- **EQ4:** Which lessons and recommendations might be drawn from the findings of this evaluation to optimise future use of the NTF resources?

The evaluation covers the period of January 2009 to September 2024, encompassing the 23 NTF-funded operations amounting to UA 125.5 million (USD 166 million) in 16 countries approved since the NTF Operational Guidelines came into force in December 2008. It serves both accountability and learning purposes.

Methodology

The evaluation was guided by the Bank's Independent Evaluation Policy, the international evaluation criteria, and the latest Evaluation Cooperation Group (ECG) Good Practice Standards for Public Sector Operations. The evaluation was theory-based, using a theory of change (ToC) that defines the linkages between Bank initiatives and the observed outcomes, including the conditions under which the outcomes were achieved, and the contextual factors affecting implementation and outcomes. This approach allows a focus on assessing actual against planned results. To answer the evaluation questions and sub-questions (see annex 3), the evaluation has drawn evidence up to the end of September 2024 from six separate sources, allowing for a wide triangulation of findings. These were: (i) a review of NTF documentation; (ii) the IDEV Synthesis Report on the Validation of Completion Reports of Projects Co-financed by the Nigeria Trust Fund, 2009-2023; (iii) an NTF Portfolio Review; (iv) A Comparative Review of Trust Funds/Facilities; (v) semi-structured interviews with Bank resource persons and Nigerian Federal Government officials; and (vi) country case studies in three NTF beneficiary countries – Liberia, Malawi and Mauritania. The data from these sources were cross-tabulated against the evaluation questions and sub-questions, thus ensuring that all findings were supported by at least three sources.

In accordance with the IDEV evaluation manual, a four-level rating scale (ranging from Highly Satisfactory to Unsatisfactory) was used for the effectiveness criterion (see annex 5).

Main Findings

Relevance

The evaluation assessed the extent to which the NTF is relevant and appropriate as a standalone financing window in the current AfDB business context vis-à-vis alternative options, and the NTF's value proposition.

The evaluation found the NTF to be relevant to the AfDB's RMCs and in particular to low-income RMCs. The NTF has proven especially useful as a source of "gap-filling" complementary finance to meet unexpected financing needs, either by supplementing core ADF funding at the project approval stage or providing flexible access to additional funding during project implementation. It is not evident that this function could easily be met through alternative mechanisms in the current ecosystem of the Bank's financial instruments, which further reinforces the relevance of the NTF.

However, it is not clear that this adds up to a sufficient value proposition for the NTF as a standalone financing window. Since 2009, lending volumes have been lower than foreseen (UA 125.5 million vs. 220 million planned). At its current scale (UA 38 million / USD 50.31 million of funding available for the last call for proposals, with a ceiling of USD 10 million / UA 7.6 million per project), the NTF is deemed too small to provide a significant and relevant boost to the resources available for low-income RMCs. After its replenishment in 1981, the NTF had USD 150 million of funding available, an amount equivalent at current prices to approximately USD 3.8 billion today[1]: in other words, comparable with the larger current funds/facilities, such as the Japan-funded Accelerated Co-financing Facility for Africa (ACFA) (USD 4 billion) or the China-funded Africa Growing Together Fund (AGTF) (USD 2 billion). However, in the absence of any replenishments since 1981, and following two withdrawals of USD 200 million each, these newer funds and the ADF itself now dwarf the NTF, placing significant doubts over its relevance as a standalone financing window, particularly given the experience and strategic interest of the Bank in infrastructure investment, where projects tend to be high value, and its intention to pursue larger operations under its new Ten-Year Strategy.

The evaluation found that the NTF has demonstrated the potential for leveraging new funding, for example, in Mauritania, where it has helped to attract substantial additional financing in the agricultural sector. **However, with its current design, the NTF can only facilitate the leveraging of additional resources for RMCs through demonstration effects, which were not deemed systematic**. Well-informed interviewees noted that a more structured approach to leveraged lending, through risk-sharing instruments, equity, etc., might allow the NTF to have a stronger leveraging function, but this would require structural design changes and revision of the NTF Operational Guidelines.

With co-funded projects in seven sectors of the Bank, the overall distribution of the NTF portfolio was found to be consistent with the Operational Guidelines. However, the evaluation found that there have been no private sector projects funded, contrary to the NTF's long-term target of 80:20.[2] Also, the NTF only provides funding in the form of loans, while the ADF provides grants to RMCs at high risk of, or in debt distress.[3]

Regarding the visibility of the NTF, the evaluation found that it was limited in the case study countries of Liberia, Mauritania, and Malawi, undermining the recognition of Nigeria's contributions to development efforts in these countries. Drawing on these three case studies and interviews with Task Managers in other countries, the evaluation found that there is awareness of "NTF" as the source of funding within the project management teams for NTF projects and the counterpart government departments dealing with these projects, but that NTF visibility is limited to these actors for the majority of NTF projects. Direct beneficiaries were found to be unaware of NTF as the funding source. This finding should, however, be placed in context: firstly, the evaluation found no evidence of a formal visibility plan for the NTF ever having been formulated; secondly, according to the Bank staff interviewed, the overall visibility of the AfDB is not high, as compared with that of other Multilateral Development Banks and Agencies. Thus, both for the AfDB as a whole and for the NTF as a funding window, there is scope for significant improvements in visibility through the introduction of more deliberate actions and the application of specific resources.

Effectiveness

The evaluation assessed the extent to which the NTF-funded operations have been successful in delivering their targeted outputs and outcomes, compared with alternative funding modalities (mainly the ADF) that might have contributed to these same objectives.

Evidence on effectiveness was drawn from IDEV Project Completion Report Evaluation Notes (PCRENs) of all eight NTF-funded projects completed during the evaluation period, combined with case studies in Liberia, Malawi and Mauritania (seven projects).

NTF co-funded projects are judged to have generally been effective in achieving their targeted outputs and outcomes in several sectors of the Bank. For the eight completed NTF projects with available PCRENs, the proportion reporting Satisfactory or above ratings on effectiveness was 75 percent, higher than the average for all 529 ADF projects approved and completed over the same period (64 percent).[4] This may be because a number of NTF projects comprise extensions of existing projects and can thus rely on well-established project management teams, who have built up a knowledge of the context and the main constraints to effective implementation. However, evidence is insufficient to reach firm conclusions on the causal factors behind the NTF's slightly better performance.

In terms of output production, all eight completed NTF projects were rated Satisfactory (none Highly Satisfactory), compared with 77 percent for all ADF projects. Indeed, even if the achievement of certain outputs sometimes exceeded the planned targets, for various reasons, no project achieved all of the planned outputs. This is explained by factors including the underestimation of costs (Bumbuna Hydroelectric Project [BHP] – Sierra Leone), the failure of service providers (Project for Modernisation of Land Registration and Improvement of the Business Climate [PAMOCCA] – Cameroon) and the absence or insufficiency of evidence in the Project Completion Reports (PCRs) to justify certain achievements (Higher Education, Science and Technology [HEST] and Technical and Vocational Education and Training [TVET] – Malawi; Gambia Artisanal Fisheries Development Project [GAFDP]).

Regarding the achievement of outcomes, 75 percent of the completed NTF projects were rated Satisfactory (64 percent for all ADF projects). The evaluation noted the non-achievement of certain outputs (thereby impacting outcomes), and in some cases, an absence of evidence in the PCRs to demonstrate the achievement of certain outcome targets. At the same time, the evaluation found that NTF projects contributed to a number of important outcomes, specifically: i) considerably reducing the time taken to issue land titles and improve women's access to land in Cameroon; ii) improving the performance of the artisanal fisheries sector in the Gambia; iii) improving the quality and relevance of skills development in Malawi for job creation and employability of graduates; iv) improving access to affordable energy in Côte d'Ivoire, Liberia, Sierra Leone and Guinea; v) improving health service delivery at Mulago Hospital and Kampala City; vi) improving the agricultural productivity of the southwest region of Madagascar; and vii) improving access to clean drinking water and sanitation in Malawi.

The case studies in the three countries confirmed the findings of the desk review of two projects in Malawi (HEST and Sustainable Rural Water and Sanitation Infrastructure for Improved Health and Livelihoods [SRWSIHL]) and collected detailed evidence on five other recently completed or ongoing NTF projects.[5] All these projects have achieved or are likely to achieve their outputs and outcomes satisfactorily.

Evidence has shown that NTF-funded projects have also been effective on some cross-cutting issues. On **gender mainstreaming**, for example, the PAMOCCA project in Cameroon provided 27 percent of land certificates to women, far surpassing the initial 5 percent target. Similarly, in Sierra Leone, the BHP successfully connected 27,500 women to electricity, exceeding the target of 20,000. Conversely, the South-West Region Agricultural Infrastructure Rehabilitation Project (PRIASO) in Madagascar faced obstacles in reaching its objectives related to women's participation in Water Users' Associations and land ownership among women farmers.

Regarding youth employment and entrepreneurship, the evaluation found that progress has been limited compared with the targeted goals. In Malawi, within the SRWSIHL project, youth employment was targeted through activities such as beekeeping and construction works, with the project aiming to generate roughly 660 and 4,750 jobs, respectively. However, no clear indicators were available to confirm that these targets had been achieved. Similarly, the HEST project focused on youth through scholarships and training, but the absence of graduate impact assessments has limited the evaluation of its actual effects on employment against initial plans. The ongoing Agricultural Transformation Support Programme (PATAM) in Mauritania also includes a youth entrepreneurship component entitled *Promotion of Youth Entrepreneurship – TECHGHIL Convention.* As the programme is still ongoing, outcomes have yet to be fully realised.

On **climate change**, the BHP in Sierra Leone has effectively installed 50 MW of renewable energy capacity, achieving its planned target. In Madagascar, PRIASO has successfully encouraged the adoption of climate-resilient practices among farmers, including planting three climate-resilient crops with pre-basic seeds and validating three community climate change adaptation plans, as planned. However, the percentage of producers embracing climate change resilient practices stood at 40 percent, slightly below the targeted 50 percent.

Despite the results achieved, **with an average contribution of 13.3 percent of the overall cost of the 13 analysed projects, the NTF's financial contribution to the outcomes recorded was found to remain limited**. Moreover, the evaluation found no apparent NTF-specific policies or practices that would give greater attention to cross-cutting issues than within purely ADF-funded projects.

In addition to the findings of the projects funded by the NTF, the evaluation found that the arrears clearance programme under the Post-Conflict Country Facility was instrumental in re-establishing Liberia's financial credibility and normalising Liberia's relations with international financial institutions, including the AfDB. However, the effectiveness of NTF resources used for this purpose could not be fully assessed due to gaps in documented evidence and the absence of resource persons.

In terms of comparison with alternative funding modalities, mainly the ADF, the Synthesis Report reports a higher proportion of NTF projects having a Satisfactory rating (75 percent) than the average for ADF projects over the same period (64 percent). However, with a sample of only eight projects, no statistical significance can be attributed to this result.

The evaluation notes that a high proportion of NTF-funded projects comprise extensions of existing projects. The fact that these projects are already under implementation and led by established project management teams provides a stronger basis for effective implementation. If a stronger performance on effectiveness were found to be a generalised trend, this might be an explanatory factor.

Efficiency

The efficiency of the NTF was assessed both by examining the efficiency of NTF-funded projects in comparison with ADF-funded projects and, at the aggregate level, by comparing the overall management efficiency of the NTF with that of two other funds/facilities: the AGTF and the ACFA.

The implementation efficiency of NTF-funded projects was found generally Satisfactory. Overall, 63 per cent of the NTF projects reviewed obtained a Satisfactory rating or higher for overall efficiency, the same as for all ADF projects across the continent during the same period. The fact that following project approval, project cycle management procedures are the same for both NTF and ADF projects was clearly found to be the driving factor. In addition, where NTF resources have been used to finance project extensions or to "gap-fill" within existing projects, there are likely to have been efficiency gains due to the use of existing Project Implementation Units (PIUs), project procedures, technical designs and existing contractors. In the NTF component of the Shire Valley Transformation Project (SVTP) in Malawi, for example, these efficiency gains were clearly manifested.

At the aggregate (fund) level, a critical finding is that scale matters for efficiency**.** Larger funds/facilities can take advantage of a wider range of investment opportunities and also benefit from economies of scale in fund administration and in project management.

In terms of management efficiency, the NTF was found to be more efficient in disbursement procedures than the comparators due to its resources being entirely managed by the Bank, following its internal procedures. On the other hand, managing the NTF was found to generate higher transaction costs for the Bank than the ACFA and the AGTF, and its predictability in terms of programming to be lower than its comparators. The NTF uses a call for proposals once a year, which generally yields a large number of proposals to be assessed by the Bank, with only a very limited number of projects selected for NTF funding. In contrast, funding requests from the ACFA and the AGTF are admissible at any time, and more requests can be approved since more funding is available. The monitoring and reporting requirements of the NTF were found to be similar to its comparators.

In terms of fund administration, the NTF Agreement foresees that the Fund will pay the Bank for the expenses incurred in its management, as long as it does not exceed 20 percent of the gross income of the Fund during the course of each year. The management fees paid to the Bank by the NTF during the evaluation period (2009–2023) amount to UA 8.3 million, or an average of UA 553,400 (USD 727,706) per year. For ACFA, USD 245,000 (EPSA fees) is paid to the Bank each year, plus USD 272,000 per loan signed for joint co-financing. Similarly, for the AGTF, a fixed annual fee of USD 466,765 is paid to the Bank plus a variable fee of USD 13,500 per loan signed.

Conclusion

The NTF has been relevant in meeting the needs of AfDB RMCs, providing timely co-financing of projects across various sectors and countries – particularly in lower-income RMCs. In addition, NTF projects have been implemented to satisfactory standards of efficiency and effectiveness, comparable or marginally higher than for purely ADF-funded projects.

A key contribution of the NTF has been to provide "gap-filling" complementary finance to meet unexpected financing needs and/or to take advantage of opportunities arising from the extension of successful projects. The NTF fulfils this function either by supplementing core ADF funding at the project approval stage or by providing flexible access to additional funding during project implementation. It is not evident that this function could be easily met through alternative mechanisms.

At the same time, it is not clear that this in itself adds up to a sufficient value proposition for the NTF. Lending volumes have been lower than planned. At its current scale, the NTF is too small to provide a significant and relevant boost to the resources available for low-income RMCs. In addition, its financing terms are less advantageous than the ADF's, particularly for countries currently receiving grants due to their debt sustainability situation. The NTF limit of USD 10 million per project, set in 2008, is also increasingly being questioned as the AfDB pursues larger operations. Moreover, the NTF's small scale increases the relative burden of transaction costs and diminishes the potential for economies of scale in management and administration. The relevance and viability of the NTF as a standalone third funding window of the Bank Group will come increasingly into question if it does not prove possible to increase the volume, relevance, and utility of the resources available within the Fund.

The evaluation outlines a set of lessons and recommendations to optimise the future use of NTF resources.

Lessons

The following are the key lessons from this evaluation:

- The "gap-filling", complementary function of the NTF is important: not only is there high demand from Task Managers and country beneficiaries, but there is also evidence of its positive benefits in the effectiveness and efficiency of project implementation. It will be important to retain and enhance this function in future.
- At the aggregate level, scale matters for efficiency. Larger funds/facilities can take advantage of a wider range of investment opportunities and benefit from economies of scale in fund administration and project management.
- Accessibility throughout the year as well as reliable and predictable programming improve project planning and execution, as illustrated by the experiences of ACFA and AGTF.
- There is scope for using the NTF as part of an innovative financial approach to leveraged lending, through risk-sharing instruments, equity, etc., as well as for balance sheet optimisation. Such an approach might allow the NTF to have a stronger leverage function.
- Insufficient visibility and communication diminish the recognition of the NTF's contribution to the development of beneficiary countries and undermine the potential to attract additional resources. In some low-income RMCs, neither the NTF nor the Bank as a whole enjoy high visibility. While this may not affect the effectiveness, efficiency or impact of individual ADF-funded or NTF-funded projects, it could represent a missed opportunity to promote support and encourage parallel investments and projects by the private and philanthropic sectors.

Recommendations

IDEV makes the following recommendations to AfDB Management and the Nigerian authorities:

1. **Discuss and agree on the desirability and feasibility of the NTF remaining a standalone window within the Bank Group vis-à-vis alternative options**. Priority issues to consider include:
    - Determining the level of funding required by the NTF to make it relevant and viable;
    - Reviewing the NTF's financing terms, conditions and instruments to ensure optimal relevance and utility to RMCs and the NTF's objectives;
    - Enabling the NTF to reap adequate economies of scale in its management and administration, and enhance visibility;
    - Harnessing the potential for more powerful demonstration effects, focused on drawing in additional private sector and philanthropic funding for low-income RMCs.
2. **Enhance the role and effectiveness of the NTF by reviewing and/or reconfirming its functions, focus, and use**. Areas to consider include:
    - Retaining the existing focus on lower-income RMCs and the broad range of

eligible sectors, for strong responsiveness to needs;

- Confirming the complementary function of the NTF by explicitly targeting the provision of co-financing or standalone financing to meet unexpected project funding needs and/or to take advantage of opportunities arising from the extension of successful projects;
- Exploring the diversification of NTF financing instruments, for example using a proportion of the NTF resources as part of a structured approach to leveraged lending, through risk-sharing instruments, equity, etc., while ensuring compatibility with the core NTF objective of enhancing economic development and social progress in lower-income RMCs.

3. **Improve the efficiency and effectiveness of the NTF and the projects it funds by addressing key hampering factors.** Priority areas of action to consider include:
    - Reviewing and streamlining procedures for accessing NTF resources to reduce transaction costs and improve funding predictability. This can include simplifying project identification and selection for funding and ensuring that NTF financing requests can be submitted at any time with relatively short response times, similar to ACFA and AGTF, to improve project planning and execution;
    - Exploring the possibility of introducing a grant component in NTF-funded operations to enhance project implementation effectiveness. This could include capacity building/training, technical assistance, and the sharing of good practices from successful NTF projects.
4. **Increase the visibility and communication of the NTF alongside or as part of the AfDB to more effectively mobilise domestic resources and raise awareness in RMCs.** Priority areas of action to consider include:
    - Allocating adequate resources for AfDB- and NTF-targeted visibility campaigns and communications in Nigeria and beneficiary countries, showcasing the tangible results and positive impacts of NTF-(co)funded projects and aiming to inspire confidence and encourage further investment;
    - Enhance engagement with project management teams, government departments, and direct beneficiaries to strengthen awareness of the AfDB's and the NTF's contributions.

1. INTRODUCTION

1.1 Background and Rationale

Independent Development Evaluation (IDEV) at the African Development Bank Group (AfDB or "the Bank") has undertaken a corporate evaluation of the Nigeria Trust Fund (NTF) as part of its 2024 Work Programme endorsed by the Committee on Operations and Development Effectiveness of the AfDB Board of Directors.

The NTF has been the subject of several reviews and audits since its establishment,[6] but the lack of detailed knowledge on the NTF's effectiveness, outcomes, and efficiency highlighted the need for a more comprehensive evaluation to inform potential reforms and a possible replenishment of the Fund. For this reason, this evaluation has been requested by the Bank's Vice Presidency for Finance and the Nigerian authorities, represented by their Executive Director (ED).

1.2 NTF Objectives and Implementation Modalities

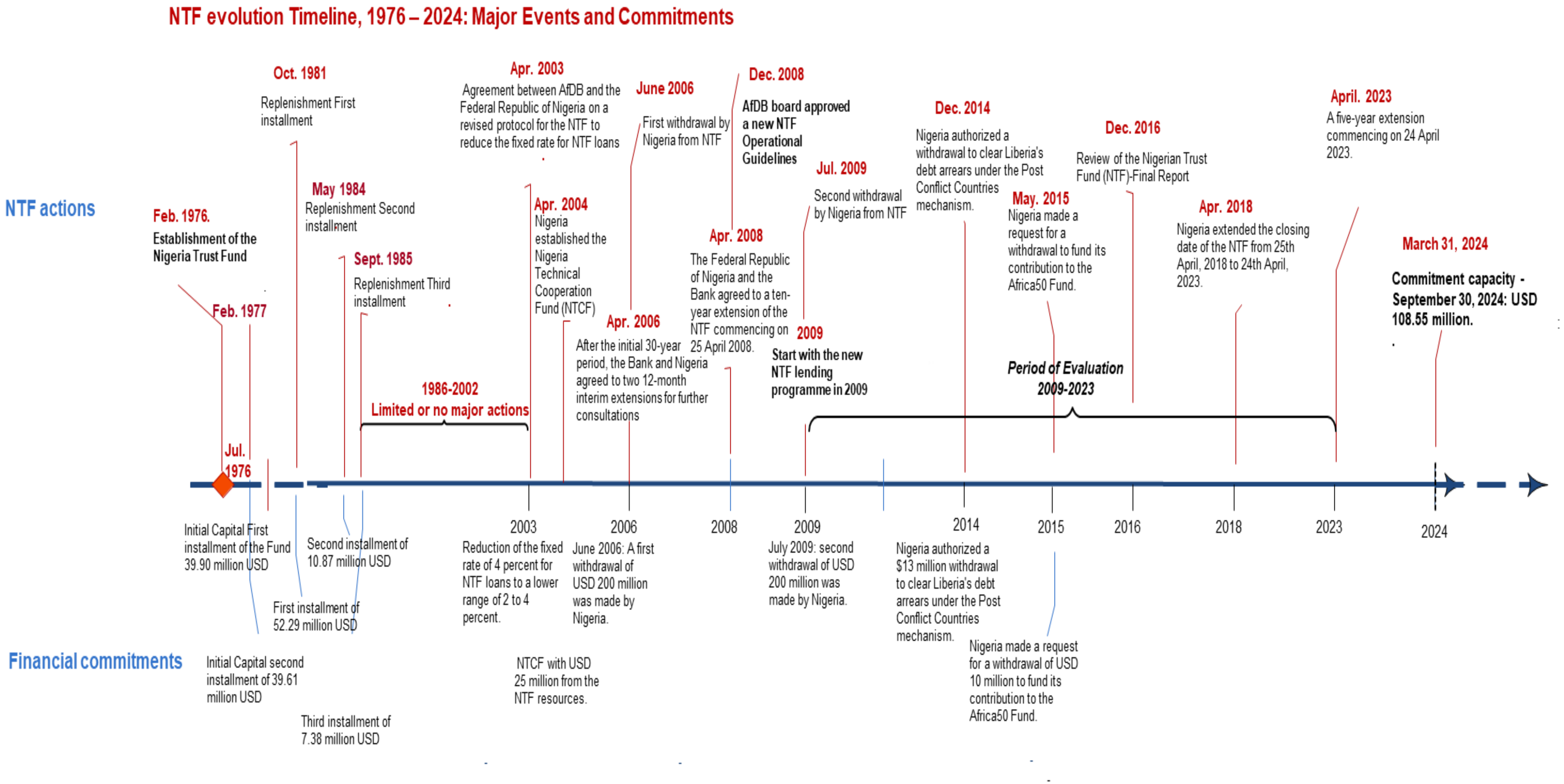
The NTF is a revolving special fund administered by the Bank based on subscriptions by the Federal Republic of Nigeria. It was established in 1976 with the overall purpose of providing additional resources to co-finance public and private sector operations with the African Development Bank (ADB) and the African Development Fund (ADF) and to finance standalone operations in the AfDB's Regional Member Countries (RMCs), with the objectives of enhancing economic development and social progress in Africa, particularly in the least developed countries. It has also been used to finance arrears clearance, contributions to Africa50,[7] and the establishment of the Nigeria Technical Cooperation Facility. Since its inception, the NTF has funded or co-funded 92 operations in 33 countries, for a total loan amount of UA 429.8 million (USD 572 million) of NTF funds invested, representing 23.1 percent of the total value of these operations. As of the end of September 2024, the NTF had an available balance of UA 80.03 million (USD 108.55 million).

The NTF has been extended at various times since its launch, most recently in 2023. The latest extension is set to close in April 2028, and this evaluation is in part intended to inform decisions on the NTF's future strategic orientation and use, as well as a potential further replenishment. Figure 1 presents an overall timeline, showing the evolution of the NTF and highlighting major events and financial commitments since its establishment.

At the time of the NTF's establishment in 1976, the scale of the Bank's operations was considerably smaller, and the primary objective of the NTF was to boost available resources. The ADF had only become operational in 1974 and was still comparatively small, comprising approximately USD 100 million at the time, when Nigeria provided the initial capital of USD 80 million for the NTF, an amount which, with the replenishment in 1981, grew to USD 150 million (see figure 1). The original NTF Agreement of 1976 states as its purpose:

> "*The purpose of the Fund shall be to enable Nigeria to make an increasingly effective contribution to the economic development and social progress of Africa, especially of those member countries of the Bank which are relatively less developed or are most seriously affected by unpredictable catastrophes, including adverse international economic events, through the financing of projects which will further economic and social development in their territories.*"

Figure 1: NTF Timeline 1976–2024: Procedural and policy changes, and financial commitments



The motivation for the establishment of the NTF as a third funding window alongside the ADB and the ADF was, in part, political. As rationale for establishing the NTF, the 1976 agreement references the African Declaration on Co-operation, Development and Economic Independence adopted by the African Heads of State and Government of the Organisation of African Unity in Addis Ababa on 25 May 1973, and speaks about *"the ineffectiveness of the measures adopted during the past decade to combat underdevelopment, and the inability of the international community to create conditions for the development of Africa"* and the need "*to strengthen African solidarity by means of economic cooperation between African States,*" stating that "*Nigeria has expressed its desire to contribute to the strengthening of African solidarity and economic independence.*"

Within the general objective of providing additional resources to support the less developed RMCs, the initial agreement did not limit resources to specific sectors or specific types of projects. It stated: "*The resources of the Fund shall be devoted primarily to long-term project financing in the fields of agriculture, including livestock, fishery, and forestry, health, transport, water supply, and any other project as may be agreed between the parties. Financial assistance may also be provided from the resources of the Fund for engineering studies, where these are vital for project financing.*"

From 1986, there were no changes in the purposes or procedures of the Fund until April 2003, when a new protocol was agreed to reduce the interest rate on NTF loans, bringing its loan conditions closer to those of the ADF. This reflected the growing importance of the ADF and the need for the NTF to remain comparable to ADF funding, to continue fulfilling its original purpose of making an effective contribution to the economic development of the lower-income RMCs. However, the NTF does not provide grants to countries at high risk of, or in debt distress, as the ADF has been doing since 2005.[8]

Comprehensive Operational Guidelines for the NTF were developed in 2008 and approved by the AfDB Board of Directors in December 2008,[9] reasserting the purpose and focus of the initial 1976 Agreement. The NTF Operational Guidelines set the objectives, purpose and modalities of NTF-funded operations as of 2009 and remained in force as of September 2024, the period covered by this evaluation. There are five especially important features from the NTF guidelines relevant to the evaluation:

- The NTF's purpose is to support and provide additional resources to RMCs, and therefore it does not serve objectives separate from the AfDB's own objectives in each RMC.
- The NTF can co-finance operations with the ADB and the ADF, as well as fund standalone operations. The pipeline of projects to be financed by the NTF is submitted annually, during the last quarter of the preceding year, for approval by the ED for Nigeria in consultation with Nigeria's Federal Ministry of Finance, prior to their consideration by the Bank.
- The NTF provides three sets of financing terms: (i) loan operations with long-term maturity,[10] (ii) loan operations with short-term maturity,[11] and (iii) resources for private sector operations.[12] A ceiling of USD 10 million per project applies.
- The NTF uses the AfDB project cycle preparation, approval, implementation, monitoring and evaluation procedures, and each operation's performance is assessed using the Bank's Results-based Log Frame Matrix.
- Additionally, supervision teams prepare annual reports on the NTF-funded projects to be submitted annually to the NTF Coordinator.

1.3 Overview of the NTF Project Portfolio 2009-2023

Over the period under review, a total of 23[13] operations financed or co-financed by the NTF were approved for the benefit of 16 RMCs[14] for a total volume of USD 166 million (UA 125.5 million). This lending volume is lower than that foreseen in the Operational Guidelines, which planned "a lending programme of UA 50 million for 2009; UA 30 million annually from 2010 to 2013; and UA 10 million annually from 2014 to 2018" (par. 1.4), totalling UA 220 million over 10 years.

Of the 16 beneficiaries, Malawi, Liberia, Togo, and Uganda were the leading recipients. Malawi has secured the highest share of funding, receiving 13 percent of total approvals, followed by Liberia with 11 percent, while Togo and Uganda each obtained 8 percent. São Tome, Gambia, and Côte d'Ivoire received the least funding, with approvals of 2 percent, 4 percent, and 3 percent, respectively.

100 percent of the approved funds were directed towards ADF countries, of which 48 percent were for Transition States. Notably, no ADB country received NTF funding during the period under review. It should also be noted that despite having been extended several times, no new NTF operation has been approved since 2021 due to the request of the Nigerian authorities to undertake an independent evaluation to guide decisions regarding the future of the Fund. As of July 2024, 13 out of the 23 NTF operations were ongoing, with the remainder either completed or in the process of being completed, with an overall disbursement rate of 76 percent.

Consistent with its intended broad sectoral focus, the NTF contributed to financing operations in seven sectors of the Bank in the following proportions, by volume of resources: Agriculture (32 percent); Energy (28 percent); Social (20 percent); Water and Sanitation (9 percent); Transport (5 percent); Multi-sector (4 percent); and Finance (2 percent).

Regarding regional distribution, the West Africa region benefitted the most from NTF financing, with 50 percent of the total approvals by value, followed by the Southern Africa region (25 percent), the East Africa Region (13 percent), the North Africa region (8 percent), and the Central Africa Region with 4 percent, respectively. Within the Bank's North Africa region, only Mauritania benefitted from NTF financing, as all the other countries in the region are ADB countries, based on their income classification.

In terms of instruments, all funding was provided through loans. Twenty-two of the 23 NTF-funded projects were investment projects, while one was a capacity building programme. All projects were sovereign operations.

1.4 Evaluation Purpose, Scope and Questions

The goal of this evaluation is to provide the Board of Directors and Management of the Bank with timely, relevant evidence on the management and the effectiveness of projects funded by the NTF to help shape an improved approach to its management. Importantly, the evaluation findings will inform the ongoing discussions between the Bank and the Nigerian authorities on a possible further extension or replenishment of the NTF and provide guidance on its future strategic directions and management.

The NTF evaluation covered the 2009-2023 period, thus covering the NTF's operations approved after the NTF Operational Guidelines entered into force (December 2008). It serves both accountability and learning purposes. It addresses accountability requirements by reporting on the performance of the NTF and assessing the efficiency and effectiveness of NTF standalone and part-funded projects by comparison with wholly ADF-funded projects. It addresses learning purposes by firstly considering the relevance of the NTF as an additional funding window for the Bank, and secondly by examining the efficiency of the NTF's management. In this way, it assesses the extent to which the NTF continues to hold significance and value for the Bank, draws lessons, and makes recommendations to improve the design and management of the NTF resources to optimise their value add.

The evaluation addressed the following four main evaluation questions (EQ), which collectively seek to assess how effectively the transmission mechanisms underlying the NTF Theory of Change (ToC) have operated in practice:

- **EQ1:** To what extent is the NTF relevant and appropriate as a standalone financing window in the current Bank business context, vis-à-vis alternative options? What is the NTF's value proposition?
- **EQ2:** To what extent has the NTF been successful in delivering on its objectives as compared with the alternative funding modalities that might have contributed to these same objectives?
- **EQ3:** How efficiently has the NTF been managed and used, and what lessons and/or good practices could be learned from the implementation of other funds/facilities considered to be well-managed?
- **EQ4:** Which lessons and recommendations might be drawn from the findings of this evaluation to optimise future use of the NTF resources?

The four EQs are detailed in the Evaluation Matrix presented in Annex 3. This also presents sub-questions, judgement criteria, potential indicators, and sources of evidence.

1.5 Structure of the Report

Following the introductory sections above, section 2 of the evaluation report focuses on the methodology, sources of evidence and limitations. Section 3 focuses on key findings on the relevance, effectiveness and efficiency of the NTF. The report concludes with section 4, highlighting the conclusions, key lessons and recommendations.

2. EVALUATION METHODOLOGY AND LIMITATIONS

2.1 Overall Approach

The evaluation is primarily summative, assessing the 'sum' of the NTF performance to date and making a judgement on its relevance, efficiency and effectiveness, but it also has a strong formative or forward-looking dimension, including a synthesis of the lessons that may be learned from NTF implementation and specific recommendations to improve the design, programming and implementation of the NTF resources.

The AfDB Independent Evaluation Policy and international Good Practice Standards have guided the evaluation. It has applied a mix of quantitative and qualitative methods, structured around a set of EQs, which have been examined using six evidence sources: (i) a review of NTF documentation; (ii) the IDEV Synthesis Report on the Validation of Completion Reports of Projects Co-financed by the Nigeria Trust Fund, 2009-2023 (available separately); (iii) an NTF Portfolio Review; (iv) a Comparative Review of Trust Funds/Facilities; (v) semi-structured interviews with Bank resource persons and Nigerian Federal Government officials; and (vi) three country case studies in Liberia, Malawi and Mauritania. This has permitted an adequate triangulation of evidence for all the findings presented. Where it has proven impossible to triangulate a potential finding from at least three sources of reasonable evidence, these have been presented as hypotheses for discussion and further testing. However, the distinction between the two is clearly maintained.

The evaluation is designed to ensure that any findings and recommendations are based on a strong foundation of evidence. It is theory-based and, as such, its starting point is the NTF Theory of Change (ToC) (see annex 1). The NTF Operational Guidelines do not present an explicit ToC; an indicative ToC was therefore developed from an analysis of the causal relationships inferred from the agreement establishing the NTF in 1976 and the NTF Operational Guidelines of 2008. This ToC was then validated through interviews conducted in Abidjan and Abuja with the Nigerian ED and key Bank stakeholders, and through the feedback received from the Evaluation Reference Group.

The EQs, formulated along the three international evaluation criteria and a question regarding lessons and recommendations, comprise the Evaluation Matrix (see annex 3). This framework helped to assess how effectively the transmission mechanisms underlying the Theory of Change have operated in practice. The Evaluation Matrix assesses the following criteria:

- **The relevance of the NTF: EQ1:** as a corporate evaluation, this EQ considered the NTF's value proposition and whether that value proposition is being realised.
- **The effectiveness of the NTF: EQ2:** This EQ assessed the evidence of whether the NTF has been successful in achieving its stated purpose of "providing additional resources for projects in various sectors in the RMCs to enhance economic development and social progress, particularly in the least developed countries."
- **The efficiency of the NTF: EQ3:** This EQ had two dimensions: the first addressed the efficiency in implementing standalone and part-funded NTF projects as compared with ADF projects, and the second examined the NTF Trust Fund as a whole, considering aggregate disbursement rates, programming and implementation processes along with their associated transactions costs, and comparing the overall management efficiency of the NTF with that of two other funds/facilities: the AGTF and the Accelerated Co-financing Facility for Africa (ACFA).
- **Lessons and recommendations: EQ4**: This EQ identified which lessons and recommendations may be drawn from the evaluation findings to improve the design, programming and implementation of the NTF resources.

2.2 Sources of Evidence

Based on discussions with key internal stakeholders to determine the usefulness, feasibility, and desired focus of the evaluation, IDEV decided to undertake a corporate evaluation in two phases. The first phase was a Synthesis Report on the Validation of Completion Reports of Projects Co-financed by the Nigeria Trust Fund, 2009-2023, to inform discussions between Bank Management and the Nigerian authorities on the margins of the Bank's Annual Meetings in Kenya in May 2024. The second phase, which forms the basis for this report, was a broader corporate evaluation of the NTF, with the Synthesis Report serving as one of its foundational building blocks.

The evaluation has drawn evidence from six separate sources, allowing for a wide triangulation of findings and conclusions. The data-gathering instruments that bring together information from these sources are presented in Table 1 below. These instruments represent three different types of information, which collectively provide the evidence needed to respond to the EQs:

- Reference documents, evaluation reports and existing secondary data;
- Qualitative primary data on the perceptions and opinions of key resource persons; and
- Case studies of NTF operations, drawing on existing secondary data and new in-country research.

Table 1: Overview of sources of evidence for the NTF evaluation

Information Type		Source of Evidence/Data Gathering Instrument
Reference documents, evaluation reports and existing secondary data	**(i)**	**NTF Document Review** – Agreement Establishing the NTF, including updates over time; NTF Operational Guidelines (2008), 2007 NTF evaluation, 2016 NTF Review, Bank Policy and Strategy documents and documentation on NTF systems and procedures.
	(ii)	**Phase 1 Synthesis Report** – Analysis of NTF funding by project, sector, country, and region over 2009-2023, and review of available data from eight NTF projects with Project Completion Report Evaluation Notes (PCRENs).
	(iii)	**NTF Portfolio Review** – Analysis of NTF funding by project, sector, country, and region over 2009-2023, distinguishing standalone and part-funded projects.
	(iv)	**Comparative Review of Trust Funds/Facilities** – Analysis of practices of two comparable AfDB Trust Funds/Facilities; the Africa Growing Together Fund (AGTF) and the Accelerated Co-financing Facility for Africa (ACFA).
Qualitative primary data: perceptions of key resource persons	**(v)**	**Semi-structured interviews with Bank resource persons and Nigerian Federal Government officials,** involved in decision-making on NTF (design/ management of Fund, project approval, etc.) – undertaken through missions to Abidjan and Abuja in July 2024.
Case studies of NTF operations	(vi)	**Country case studies of NTF operations,** conducted in three beneficiary countries **(Liberia, Malawi, and Mauritania), and based on detailed document analyses,** and interviews during visits to these countries with RMC and AfDB Country Office officials and project management teams during field visits. The case studies reviewed standalone and part-funded NTF projects, assessing any specific portfolio focus, flexibility and responsiveness, effectiveness and efficiency, and visibility.

In accordance with the IDEV evaluation manual, a four-level rating scale was applied to the effectiveness criterion and some efficiency sub-criteria, namely: Highly Satisfactory – 4, Satisfactory – 3, Partly Unsatisfactory – 2 or Unsatisfactory – 1 (see annex 5). To apply this scale, a scoring grid was developed to define how to rate each evaluation criterion.

2.3 Limitations and Mitigation Measures

Assessing the relevance, added value, and efficiency of the NTF presented some challenges, highlighting the specific complexity of a corporate evaluation. Assessment criteria are necessarily varied and often difficult to quantify, making it difficult to determine how the evaluation should weight the different aspects addressed by the sub-questions within each criterion. For example, within the relevance criterion, determining the appropriate weight to give to flexibility and responsiveness in relation to visibility is subjective, depending on one's point of view. To maintain impartiality, no overall ratings were assigned for relevance and efficiency. Instead, a more extensive analysis and discussion of the relative importance of the different aspects of these criteria were provided.

The evaluation struggled to obtain accurate information from key informants regarding some NTF initiatives. For example, the assessment of the withdrawal approved by the Nigerian authorities to clear Liberia's debt arrears under the post-conflict countries mechanism was hampered by limited institutional memory. Many stakeholders were unfamiliar with this aspect of the NTF, and the absence of documentation further complicated efforts to assess the impact of clearing Liberia's debt arrears on its recovery.

3. FINDINGS

3.1 Relevance of the NTF

The evaluation assessed the extent to which the NTF is relevant and appropriate as a standalone financing window in the current Bank business context vis-à-vis alternative options. It examined the NTF's relevance, flexibility and responsiveness to RMCs' needs, its sectoral focus, its value proposition[15] compared with alternative funding modalities, its leverage potential, and its visibility.

Although the NTF did not have a Theory of Change at the outset, the evaluation team reconstructed it based on documentation and interactions with various observers and users of the NTF (see annex 1 for the reconstructed ToC). EQ1 was structured to analyse the evidence regarding the different causal pathways proposed in this ToC. The sub-sections below present the evaluation's findings on these pathways, that is, the different aspects of the NTF's value proposition.

The evaluation found that the NTF has been relevant to RMCs, particularly low-income RMCs. It has proven especially useful as a source of "gap-filling" complementary finance to meet unexpected financing needs, either by supplementing core ADF funding at the project approval stage or providing flexible access to additional funding during project implementation. The Task Managers of NTF projects expressed a strong, unanimous appreciation of this role. It is not evident that this function could be easily met through alternative mechanisms within the Bank's funding arrangements.

However, it is not clear that this adds up to a sufficient value proposition for the NTF. Lending levels have been lower than planned and on less advantageous terms than ADF funding. At its current scale, the NTF is deemed too small to provide a significant and relevant boost to the resources available for low-income RMCs as intended. Moreover, not being designed to facilitate the scaling up of additional resources for RMCs through leverage can be seen as a missed opportunity. In terms of visibility, the evaluation found awareness of "NTF" as the source of funding within the project management teams for NTF projects and the counterpart government departments dealing with these projects. However, NTF visibility was found to be limited to these actors and did not extend to the level of direct beneficiaries of NTF projects.

3.1.1 Relevance, flexibility and responsiveness of the NTF to RMCs' needs

The evaluation found that the NTF has been relevant to AfDB RMCs, particularly low-income RMCs, as intended in the Agreement Establishing the NTF and the Operational Guidelines. The fact that NTF resources are not limited to specific countries or sectors means that they have the potential to be more flexible and responsive than ADF funds[16] and other trust funds/facilities. An assessment of procedures showed that ADF funds are channelled primarily[17] through the Performance Based Allocation (PBA) framework, which divides the available resources among the eligible countries based on a formula linked to i) country performance, evaluated through the Country Policy and Institutional Assessment ratings and the Portfolio Performance Assessment, and ii) an assessment of country needs, based on population, Gross National Income (GNI) per capita, and the country ranking on the Africa Infrastructure Development Index. Following this formula, ADF resources are pre-assigned to the eligible countries to finance projects summing up to the value of the available resources. Due to the limited availability of ADF resources relative to the needs, the unallocated resources are negligible. As a result, there is limited potential for flexibility and responsiveness in the event of unexpected project financing requirements, for example, due to the need for a project extension or change of scope. In contrast, NTF resources are allocated on a project-by-project basis and can respond to emerging funding needs in ADF countries whose PBA allocations have been fully assigned.

The NTF was found to respond to RMCs' unexpected funding needs both by supplementing core ADF funding at the project approval stage and by providing flexible access to additional funding during project implementation. Through the country case studies and interviews with NTF project Task Managers, the evaluation found multiple examples of the NTF responding to critical funding needs:

- The Liberia Country Case Study confirmed the importance of the "gap-filling" finance provided for the Côte d'Ivoire–Liberia–Sierra Leone–Guinea (CLSG) Electricity Interconnection project. Although the NTF provided finance of UA 6.5 million, only 1.69 percent of the total project cost of UA 384 million, the timely filling of this funding gap allowed project implementation to proceed on schedule.
- The Sierra Leone Bumbuna Hydro Electrification project (BHP) provides a similar example, with the NTF providing "gap-filling" finance of UA 705,000. Although this represented only 0.34 percent of the total project cost of UA 208 million, it bridged a funding gap that allowed project implementation to start.
- The Project for the Modernisation of Land Registration and Improvement of the Business Climate (PAMOCCA) project in Cameroon was analysed in the IDEV Synthesis Report (May 2024) based on its PCREN. It demonstrates the use of the NTF to extend the scale of an ADF project's results. Specifically, the NTF was used to consolidate PAMOCCA's outcomes and extend its land registration activities to six regional headquarters of Cameroon not covered in the project's first phase, which was solely ADF-funded.
- In the Malawi Country Case Study, it was found that critical aspects of the three projects reviewed would have been scaled back or delayed in the absence of NTF funding:
  - In the Shire Valley Transformation Programme (SVTP), a multi-donor agricultural programme, the NTF-supported investment in canal construction, a critical programme element that had been underfunded in the original project design.
  - In the Support to Higher Education, Science, Technology (HEST) and Technical and Vocational Education and Training (TVET) project, the available ADF loans and grants (UA 20 million) were insufficient to cover the infrastructure and capacity building needs of the seven targeted higher education institutions. Without the NTF contribution of UA 5 million to finance Information, Communication and Technology equipment and related services, the programme would either have had to reduce its coverage to five institutions or leave the seven institutions with inadequate equipment to deliver the required services.
  - In the Sustainable Rural Water and Sanitation Infrastructure for Improved Health and Livelihoods (SRWSIHL) project in Malawi, the available ADF funding could only cover the infrastructure needs for the planned rehabilitation of 12 key water supply and sanitation facilities in five districts, but none of the capacity building essential for management and maintenance of the schemes. The NTF funding of UA 5 million allowed for the financing of this capacity building, thus avoiding the need to downscale the project or proceed with infrastructure development without maintenance training, which would have significantly jeopardised the sustainability of the schemes.
- The Mauritania Country Case Study also found evidence of the NTF's critical "gap-filling" role:
  - The *Projet d'Appui à la Transformation Agricole en Mauritanie* (PATAM) project (UA 14.67 million) was 40 percent financed through NTF funds due to the limited ADF funding available for Mauritania at the time. This enabled the project to proceed in its entirety when alternative external funding was not readily available.
  - The *Projet de Promotion des Chaînes de Valeur Agricoles Sensibles au Genre* (PCVASG) project was 90 percent financed by the NTF (the balance being counterpart funding from the government), because ADF-14 funds had been fully allocated and alternative external resources were not readily available. Although NTF funding had been suspended at that time (2021) pending the planned evaluation of the NTF, a special request to the Bank and the Nigerian authorities secured UA 3.6 million in NTF funding. The focus on food security

and the promotion of rural women's livelihoods were especially important in securing this decision.

In terms of flexibility of procedures, the evaluation found that the NTF approval and management procedures are the same as those pertaining to ADF funding, so there is no significant difference in flexibility. The exception lies in the procedure to access the NTF resources, which is by an annual call for proposals, an internal review, and approval by the Nigerian authorities prior to the Bank's approval procedures, and a limit of USD 10 million per project. All NTF operations are guided by existing Bank Group policies, guidelines and rules, which apply to all aspects of the NTF, including the review process, project appraisal and supervision, procurement of goods and services, reporting, disbursement, Bank arrears and sanctions policy, project auditing, information disclosure, and monitoring and evaluation (Operational Guidelines par. 3.1). Task Managers of NTF projects, interviewed both at the headquarters and country level, all confirmed that the project cycle management procedures for NTF projects are the same as for ADF projects, both in principle and in practice. Despite having no more flexibility than ADF projects, Task Managers perceived the use of the same procedures as an advantage, as they were fully familiar with these procedures.

3.1.2 Sectoral focus of the NTF

The Operational Guidelines laid out a broad sectoral focus for the NTF while stressing an ambition to increase support for private sector projects. They state: "*For the public sector operations, the focus will be on projects in infrastructure, agriculture, and regional integration,"* and specify: "*While the resources are primarily intended to support public sector operations in the lower-income countries, a long-term target of an 80:20 percent share between the public and private sector projects will be maintained."*

The evaluation observed that, consistent with its intended broad sectoral focus, the NTF contributed to financing operations in seven sectors of the Bank over 2009-2023: Agriculture, Energy, Social, Water and Sanitation, Transport, Multi-Sector, and Finance (see section 1.3). The evaluation noted that "Infrastructure" is not formally a sector within the Bank's categorisation, but projects with significant infrastructure investment components have featured heavily in the NTF portfolio since 2009 within Transport, Energy, Water and Sanitation, and Agriculture, whereby irrigation infrastructure and rural roads comprised sub-components of several projects. Overall, the evaluation considered the distribution of the portfolio to be consistent with the Operational Guidelines, which allow for a high level of flexibility in the sectors where projects may be selected.

The evaluation found no concerns expressed at the operational level about a lack of strong sectoral focus in the NTF. In interviews with Task Managers of NTF projects and other resource persons, including some government officials in beneficiary countries, no concerns were raised about the absence of a more sharply defined and applied sectoral focus. In fact, interviewees all saw this as an advantage, stressing that '*too much selectivity can be an obstacle*' and that '*a narrow sectoral focus would reduce flexibility.'* This argument is deemed logical, especially if responsiveness and the ability to fill funding gaps at short notice are perceived as the principal comparative advantage of the NTF, as noted above. The evaluation also found the portfolio balance of the NTF to be consistent with that of the ADF, reflecting on the one hand the relative sectoral strengths of the Bank in terms of project identification, design, and implementation, and on the other a portfolio for which there is strong demand in RMCs, particularly the lower-income RMCs.

Regarding the private sector share, the evaluation found that no private sector projects were funded by the NTF over the evaluation period, with the portfolio comprising 100 percent public sector projects. In addition, the evaluation found that no explicit measures have been taken to change this balance, for example by limiting calls for proposals to private sector projects or issuing specific calls for proposals targeting private sector projects. The evaluation found no clear explanation for this.

3.1.3 NTF value proposition compared with alternative funding modalities

The evaluation found the responsiveness of the NTF and its ability to provide "gap-filling" complementary funding for projects to be its principal value-added and most relevant advantage. The evaluation identified important contributions made by the NTF in responding to unexpected funding needs by supplementing core ADF funding at the approval stage and providing flexible access to additional funding during implementation. In every one of the 13 projects analysed in detail by the evaluation, this "gap-filling" function was found to be present and was uniformly valued by the Task Managers.

The evaluation examined the potential for alternative mechanisms to address this value proposition and judged that the "gap-filling" advantages would not be easily obtained by channelling resources through alternative mechanisms. An assessment of three potential alternatives showed that they could not provide the "gap-filling" funding for projects in the way that the NTF does:

- In principle, the allocation of **ADF** funds could be adapted to retain a small proportion of unallocated funds, for example, 4-5 percent of the ADF envelope. These unallocated funds could then be used in a similar way to how the NTF has been used in the recent past—providing "top-ups" to core ADF funding at the project approval stage or as additional funding during implementation. However, there are both logistical and conceptual problems with this alternative. First, the PBA allocation system is intended to provide a predictable funding framework and to incentivise better performance, and the introduction of an unallocated sub-envelope might undermine both of these objectives. Second, the ADF allocation process is relatively complex and already includes special arrangements for the TSF and for Regional Operations; introducing an unallocated envelope as an additional "special arrangement" (with its own criteria and decision-making process) would add another level of complexity, which would not be desirable.

- The **Transition Support Facility** (TSF) already provides a framework for supplementing the ADF resources allocated to Transition countries through the PBA allocation process. This could be expanded to provide the "gap-filling" support currently available through the NTF. However, such support would remain limited to Transition countries and would not serve other low-income RMCs currently covered by the NTF. Moreover, the TSF allocation and management arrangements were recently updated and confirmed following a 2021 evaluation. Nonetheless, new changes may come soon that could expand access to TSF resources.

- Amendments to **existing trust funds**, such as the AGTF, **or co-financing arrangements**, such as ACFA, might be made to introduce an unallocated envelope to serve the "gap-filling" function currently served by the NTF. However, such amendments would risk undermining the coherence of these Funds and might also entail complicated re-negotiations with the respective funding countries/agencies.

At the same time, the evaluation found that the NTF's value proposition, based on boosting resources for the AfDB's RMCs and "enabling Nigeria to make an increasingly effective contribution to the economic development and social progress of Africa" as foreseen in the NTF Agreement, has lost relevance and credibility over time. At the time of the NTF's establishment in 1976, the scale of the Bank's operations was considerably smaller, and it is evident that the value proposition of the NTF derived from its important boost to available resources at that time. The ADF had only become operational in 1974. It was still comparatively small, comprising approximately USD 100 million when Nigeria provided the initial capital of USD 80 million for the NTF, an amount which, with the replenishment in 1981, grew to USD 150 million. At current prices, this amount is equivalent to approximately USD 3.8 billion; in other words, it is comparable with the larger current funds/facilities, such as the Japan-funded ACFA (USD 4 billion) or the China-funded AGTF (USD 2 billion). However, in the absence of any replenishments since 1985, and following two withdrawals of USD 200 million each in 2006 and 2009, these newer funds and the ADF itself (USD 8.9 billion for ADF-16[18]) now dwarf the NTF, whose commitment capacity amounted to USD 108.55 million as of 30 September 2024.

The evaluation notes that the motivation for the establishment of the NTF in 1976 as a third funding window alongside the ADB and the ADF was both to boost resources directly and to provide a powerful example of African support for the poorer RMCs. It found that the implicit objective was to encourage other potential funders (especially other African countries) to contribute resources for Africa (through the Bank). The 1976 agreement speaks about *"the ineffectiveness of the measures adopted during the past decade to combat underdevelopment, and the inability of the international community to create conditions for the development of Africa"* and "*the strengthening of African solidarity and economic independence.*" In light of the growth of the ADF and the ADB in the subsequent decades through the contributions of regional and especially non-regional member countries, it might be said that the success of the NTF in achieving this second objective is mixed. However, it is difficult to assess its degree of influence retrospectively. Only recently have a larger number of RMCs started announcing their intention to contribute resources to the ADF.

The evaluation questions the extent to which the original value proposition of the NTF — to boost Bank resources and stimulate contributions from other countries — is still operative and relevant. It notes that from 1986, no changes were made to the purposes or procedures of the Fund until April 2003, when a new protocol was issued to reduce the interest rate on NTF loans, bringing its loan conditions closer to those of the ADF. This reflected the growing importance of the ADF and the need for the NTF to remain comparable to ADF funding to continue to fulfil its original purpose of making an effective contribution to the economic development of lower-income RMCs.

The evaluation observed that the 2008 Operational Guidelines for the NTF reasserted the purpose and focus of the initial 1976 Agreement, stating: "*The overall purpose of the NTF is to provide additional resources for projects in various sectors in the RMCs to enhance economic development and social progress in Africa, particularly in the least developed countries.*" At that time (December 2008), the NTF resources were estimated to be USD 330 million, and Nigeria made its second request to withdraw USD 200 million from the Fund.[19] The ADF had, in the meantime, grown to USD 8.9 billion (ADF-11).[20] The evaluation found that the NTF financing terms set out in the Operational Guidelines are less concessional than those of the ADF (see section 1.2), and it does not provide grants to countries at high risk of, or in debt distress, as the ADF does.

The evaluation found that over the period 2009-2023, only 23 operations were financed or co-financed by the NTF for a total volume of USD 166 million (UA 125.5 million)**.** This amounts to 3-4 percent of ADF net lending over this period and falls short of the UA 220 million in lending foreseen in the 2008 Operational Guidelines. For the last call for proposals, only UA 38 million (USD 50.31 million) of funding was available, with a ceiling of USD 10 million (UA 7.6 million) per project. **Thus, the evaluation found that the NTF funding levels over 2009-2023 have been too small for a value proposition based on boosting resources to be truly credible.** This, combined with the above-mentioned relatively small size of the NTF compared to other funds/facilities and the ADF, places significant doubts over its relevance as a standalone financing window, particularly given the experience and strategic interest of the Bank in infrastructure investment, where projects tend to be high value, and its intention to pursue larger operations under its new Ten-Year Strategy.

3.1.4 Potential of the NTF in leveraging funding flows to RMCs

In line with the stated purpose of the NTF to provide additional resources for projects in RMCs and the implicit objective of encouraging other (African) funders to likewise contribute resources, the evaluation examined the extent to which the NTF was designed and able to attract or catalyse additional resources from others at the project level. It found that **the NTF has shown potential for leveraging new funding through a demonstration effect, for example, in Mauritania, where it has helped to attract substantial additional financing in the agricultural sector.**

Case studies found that the NTF has the potential to attract additional funding for RMCs. Notably, the Mauritania Case Study showed that the NTF-funded PATAM and PCVASG projects opened up opportunities for significant external funding because of their success. The PATAM was 40 percent funded by the NTF (the balance being ADF-funded) and, since 2019, has served both to strengthen rural infrastructure (irrigation and rural roads) and to consolidate the key value chains in the sector. It has been followed since 2022 by the PCVASG, a UA 4 million standalone NTF project, 90 percent funded by the NTF and 10 percent by government counterpart funding. It aims to strengthen the irrigation infrastructure and financial and market access for market gardening by women and youth groups in rural areas, to compete with and potentially displace the horticultural imports traditionally sourced from neighbouring Senegal and Morocco.[21] Both projects were found to have been effective, substantially improving agricultural production and rural incomes, especially for women producers. The success of these two important projects – for which the availability of NTF funding was crucial to their implementation – had a catalytic effect on mobilisation of additional external finance, allowing the government to secure funding from the Islamic Development Bank (Euro 33 million) and the Global Agriculture and Food Security Programme (USD 17 million), aimed at extending and strengthening the established irrigation networks while further expanding the scope and reach of the associated agricultural value chains. There is thus some evidence of the NTF working to leverage additional resources through demonstration effects at the project level; however, these effects were not found to be systematic.

At the same time, **neither the agreement establishing the NTF in 1976 nor the Operational Guidelines of 2008 mention leveraging third-party resources as a formal objective of the NTF**. The evaluation found that none of the formal documentation of the NTF, including the texts of the calls for proposals that have been issued for NTF funding, propose the use of the NTF as a method of leveraging additional finance through the provision of seed capital, equity, guarantees or other risk-sharing instruments. Leveraging resources was thus not built into the NTF's design. **Nevertheless, interactions with resource persons at the Bank pointed to the potential for introducing structured approaches to leverage lending through the NTF.** Well-informed resource persons identified the potential to broaden the NTF instrumentarium to include risk-sharing instruments to facilitate inflows of third-party funding. For example, by providing a funded first loss guarantee, typically 2 percent of the total funding, an NTF first loss guarantee of USD 20 million could potentially unlock USD 1 billion in additional financing. These and other methods of leveraged lending might potentially be provided by the NTF in future, but they have not formed part of the scope of lending in the evaluation period, as this would require structural design changes and revision of the NTF Operational Guidelines.

3.1.5 Visibility of the NTF

The evaluation found that in the three case study countries (Liberia, Malawi and Mauritania), there is awareness of "NTF" as the source of funding within the project management teams for NTF projects and the counterpart government departments dealing with these projects. However, NTF visibility is limited to these actors and does not extend to the level of direct beneficiaries of NTF projects. This finding should be seen in the context of the overall visibility of the Bank in these countries, which was not found to be high. Therefore, promoting greater NTF visibility would need to go hand in hand with greater Bank visibility.

The Comparative Review of Trust Funds/Facilities (see chapter 2) found that visibility requirements for the NTF are clearer and more explicit than for the ACFA or the AGTF. The NTF is the only fund among the three with a specific visibility clause in its operational/contractual documents. Moreover, the NTF is referenced considerably more often in the Bank's annual reporting than the other two (see box 1).

Box 1: Visibility policies and practices for the NTF, ACFA and AGTF

"Art 4.6 NTF Operational Guidelines (2008): "The Bank will ensure that the NTF is granted visibility as one of the financing windows of the Bank Group. In this regard, all financing agreements for NTF-supported projects will clearly indicate the source of financing as the Nigeria Trust Fund. In addition, internal and external information and sensitisation campaigns will be carried out in order to promote the use of the NTF among Bank staff and RMC partners."

ACFA has no clause regarding visibility policies or commitments in its agreement or in its Operational Guidelines.

The 2014 Agreement for the AGTF simply specifies (Clause 14.1) that loan agreements should indicate the origin of the resources but there is no further guidance on visibility.

Additionally, the NTF, despite being considerably smaller in financial terms, is referenced significantly more often than AGTF and ACFA in the AfDB 2022 annual report, as shown in the following analysis:

References to funds/facilities in the AfDB annual report 2022	Main document	Financial reporting or footnote reference	Total references
References to NTF	11	8	19
References to AGTF	2		2
References to EPSA/ACFA	2		2

NTF visibility was examined in the three country case studies and through interviews with Bank Task Managers of NTF projects, government representatives, and NTF project direct beneficiaries. The findings from these sources showed that:

- Project loan agreements and other official documentation for NTF projects systematically mention the NTF as the source of funding.

- Within the project management teams for NTF projects and the counterpart government departments dealing with these projects, there is awareness of "NTF" as the source of funding. However, as most NTF projects are co-financed with ADF funds, there is no clear appreciation that the NTF is exclusively financed by Nigeria. In addition, there is a lack of awareness of NTF Operational Guidelines even among some Bank staff (see box 2).
- Outside the immediate group of officials involved with NTF projects in beneficiary countries, knowledge of the source of funding is very limited. Notably, the direct project beneficiaries in the case study countries were not aware of NTF as the source of funding.
- Nigeria's diplomatic representations in the three countries were not involved in the launch of the projects, nor in the reception/inauguration of the infrastructure co-financed by the NTF.
- The evaluation found no evidence in the case study countries of measures being taken by Bank staff, government counterparts or project staff to raise the visibility of the NTF as a source of funding through media campaigns or publicity events. Project billboards were not always present and when they were, they referred to the ADF but very rarely to the NTF.

In short, the basic aspects of the NTF visibility policy were found to have been applied but the practice does not appear fully compliant with the Operational Guidelines. While all financing agreements for NTF-supported projects do *'clearly indicate the source of financing as the Nigeria Trust Fund',* the evaluation found no evidence of '*internal and external information and sensitisation campaigns'* being carried out to promote the use of the NTF among Bank staff and RMC partners. No formal visibility plan for the NTF seems to have been formulated. At the same time, it could be questioned to what extent it was reasonable to expect specific NTF visibility, given the small amount and percentage of resources provided by the NTF to the projects it co-funded.

Given the limited scope of the visibility measures in place for the NTF, the evaluation judged that it is not plausible that these would stimulate private or philanthropic investments in RMCs by Nigerian companies and institutions. This was seen as a missed opportunity. Project staff in the case study countries expressed the view that a more extensive visibility strategy would be required to generate such effects.

At the same time, many Task Managers interviewed in the case study countries, at the Bank's headquarters, and in other RMCs noted that the overall visibility of the AfDB is not high and that promoting greater NTF visibility would need to go hand in hand with greater Bank visibility. They expressed that projects funded by the World Bank, the European Union (EU) or the UN agencies were all accorded greater visibility than Bank projects, and that several Multilateral Development Banks and Agencies, including the World Bank, the EU, the International Fund for Agricultural Development (IFAD) and the United Nations Children's Fund (UNICEF), actively promote their visibility and dedicate specific resources to this task. They felt that a more developed and better-resourced visibility strategy for the Bank would probably create space for enhancing the visibility of the NTF as one of the three windows of the Bank Group and possibly promote and encourage parallel investments and projects by the private or philanthropic sectors.

Box 2: NTF visibility: Key Informant Interviews with stakeholders during data collection missions in Liberia, Malawi and Mauritania

The evaluation found that direct stakeholders of NTF-funded projects, including RMC officials, Bank staff, and Project Implementation Units (PIUs), are typically mostly aware of the NTF's financing of operations at the inception stage of an operation. At that stage, the NTF financing is clearly spelt out. During project implementation, however, the NTF financing is appreciated mainly by Task Managers, PIUs, and disbursement staff. The evaluation found a lack of awareness of the NTF Operational Guidelines, even among some Bank staff. The awareness of the NTF was not found to extend to the national communities of the three countries, particularly to the direct beneficiaries of NTF projects.

The evaluation found that the low visibility of the NTF in these countries is primarily due to the weak communication strategies and expertise of the Bank and the Nigerian Government. Within the Bank, there is a general lack of awareness of the value of visibility among the staff, and the Bank's communication strategy seems to mainly focus on the activities of its very senior officials at the President, Executive Director, and Vice President levels. Similarly, the Nigerian Government's foreign policy communication strategy in relation to the NTF was deemed weak. Although Liberia, Mauritania and Malawi are among the largest beneficiaries of the NTF, the Nigerian High Commissioners to these countries were, until recently, unaware of how much funding the NTF had provided. It would be beneficial for the Nigerian Government to forge linkages between its foreign policy and the NTF, especially in its relations with NTF beneficiary countries such as Malawi.

As concerns the Bank, stakeholders consistently emphasised the need for deliberate and systematic efforts to enhance the profile of the Bank and the NTF. This includes incorporating dedicated budgets for visibility and communication into project designs, organising public events such as commissioning or launching ceremonies, and ensuring prominent branding on project materials and infrastructure. These findings underscore missed opportunities to showcase the contributions of the NTF and the Bank, and emphasise the need for strategic communication and branding to ensure that Nigeria's support is adequately recognised alongside the Bank's.

3.2 Effectiveness of the NTF

The effectiveness of the NTF was assessed by examining the extent to which NTF-funded projects have successfully delivered their targeted outputs and outcomes, compared with alternative funding modalities (mainly the ADF) that might have contributed to these same objectives.

NTF-funded projects are judged to have generally been effective in achieving their targeted outputs and outcomes in several sectors of the Bank as well as in cross-cutting issues. The evidence showed that 75 percent (of the sample of completed NTF projects with available PCRENs) reported Satisfactory ratings on effectiveness, which is higher than the average for all ADF projects approved and completed over the same period (64 percent). While the evaluation found insufficient evidence to reach firm conclusions, a possible explanation is that many NTF projects are extensions of existing projects and can therefore rely on well-established project management teams, who have built up a knowledge of the context and the main constraints to effective implementation. However, the contribution of the NTF to project results was found to remain limited due to its low financial contribution.

3.2.1 NTF-funded projects' effectiveness in achieving targeted outputs and outcomes

Evidence on the effectiveness of the NTF projects within the evaluation period is provided by triangulating insights from the IDEV Synthesis Report based on eight completed NTF projects with a PCREN, field visits, and interviews with key stakeholders, including Bank staff, government representatives in Liberia, Malawi and Mauritania, Project Implementation Units (PIUs), and community-level discussions. This section assesses the effectiveness of NTF-funded projects based on a detailed analysis of 13 of the 23 NTF projects approved during the evaluation period. These projects were compared to the 529 ADF projects approved and completed across the continent over the same period. It is, therefore, appropriate to be careful in the comparative analysis, given the very large difference in size between the two samples.

Six out of the eight completed projects analysed by IDEV (75 per cent) scored Satisfactory on effectiveness. With only 10 completed and/or closed projects in the portfolio, this is of necessity a small number but nevertheless representative of the regions and sectors covered by the NTF portfolio for the period. In comparison, 64 percent of all ADF projects scored Satisfactory on effectiveness.

In terms of output production, all eight projects (100 percent) were rated Satisfactory according to the PCR guidelines.[22] This compares with 77 percent for all ADF projects. However, no project scored Highly Satisfactory on the achievement of expected outputs. Indeed, even if the achievement of certain outputs sometimes exceeded the planned targets, no project reviewed achieved all the planned outputs. Reasons for this include the underestimation of costs (BHP – Sierra Leone), the failure of service providers (PAMOCCA – Cameroon) and the absence or insufficiency of evidence in the PCR to justify certain achievements (HEST – Malawi and Gambia Artisanal Fisheries Development Project [GAFDP] – Gambia). For instance, in the PAMOCCA project, 10 regional chief-towns received modern geodesy equipment implementation, which met one expected output. However, the target of 10 regional chief-towns with new/rehabilitated buildings was only partially achieved, with around six chief-towns completing the infrastructure improvements. Similarly, while the project successfully organised the expected 12 sensitisation campaigns on land rights in accordance with the agreements, it fell short of establishing the target number of 4th and 5th generation geodetic points in the four pilot towns, achieving 767 points out of the expected 925. In the case of GAFDP – Gambia, while clear evidence is lacking, the project appears to have exceeded some of its output targets. For example, in training, it trained 340 beneficiaries compared to the expected 320. Similarly, it exceeded the target for the number of credits distributed to fishers, achieving 4,373 credits against an expected 3,496.

Regarding the achievement of outcomes, six of the eight projects (75 percent) were rated Satisfactory (64 percent for all ADF projects). This rating is not higher due to the non-achievement of certain outputs; in some cases, there was also an absence of evidence in the PCRs to demonstrate the achievement of certain outcome targets. The South-West Region Agricultural Infrastructure Rehabilitation Project (PRIASO) in Madagascar faced significant challenges in achieving its expected outcomes. While the project was anticipated to reach 115,000 tonnes of rice production, the actual amount was far lower, at 47,330 tonnes. Similarly, the multinational electricity project CLSG fell short of its target energy trade volume of 590 GWh. However, it surpassed the expected share of income generated for women through access to electricity, reaching 70 percent compared to the target of 30 percent.

The evaluation notes that the NTF projects reviewed contributed to a number of important outcomes. Specifically: i) considerably reducing the time taken to issue land titles and improve women's access to land in Cameroon; ii) improving the performance of the artisanal fish sector in the Gambia; iii) improving the quality and relevance of skills development in Malawi for job creation and employability of graduates; iv) improving access to affordable energy in Côte d'Ivoire, Liberia, Sierra Leone and Guinea; v) improving health service delivery at Mulago Hospital and Kampala City; vi) improving the agricultural productivity of the southwest region of Madagascar; and vii) improving access to clean drinking water and sanitation in Malawi.

The country case studies undertaken in Liberia, Malawi and Mauritania provided evidence of Satisfactory and Highly Satisfactory effectiveness. Two of the projects in Malawi (HEST and SRWSIHL) had been completed and were analysed in the Synthesis Report, while the Shire Valley Transformation Project is ongoing (see box 3). In Mauritania, the PCVASG project was not sufficiently advanced to draw conclusions on effectiveness, but the PATAM project could be assessed (see findings in box 3).

Box 3: Findings from case studies of two ongoing projects in Malawi and Mauritania.

Data collected on the **Shire Valley Transformation Project (SVTP) in Malawi**[23] showed that 34 kilometres of canal had been constructed out of the planned 51.6 kilometres for Phase I, achieving 66 percent effectiveness. The Bank's Implementation Progress Report (IPR) of March 2024 shows that the constructed 34 kilometres of canal would cater for the irrigation of 10,000 of the planned 22,800 hectares of land, thus registering 43.8 percent progress against the target of 22,800 for the entire SVTP, including Phase II. Relating progress to Phase I alone, programme effectiveness can be estimated at 87.6 percent of the progress expected for Phase I of the SVTP. This was a Satisfactory level of programme implementation effectiveness, considering the damages to the canal intake and other assets caused by Cyclone Ana in January 2022. The five IPRs reviewed also showed that the programme made Satisfactory progress on the key outputs that contributed to building capacities for communities to utilise the facilities provided by the programme.

Data collected on the **Project of Support to Agricultural Transformation in Mauritania (PATAM) in Mauritania**[24] showed a Highly Satisfactory level of effectiveness with regard to targeted outputs and outcomes, despite some challenges encountered, such as delays caused by the COVID-19 pandemic, administrative hurdles, and coordination difficulties. The PATAM has succeeded in increasing the area of irrigated land, with the development of 4,520 hectares of flood recession areas, surpassing its original target by 36 percent. To date, as initially targeted, the dredging and recalibration of 21,900 metres of hydraulic axes have been successfully completed, enhancing the availability of surface water to flood seven basins with a total exploitable area of 4,520 hectares. As targeted, the project also successfully constructed a protective dyke for the village of N'Gorel, effectively mitigating the recurrent flooding that the village experienced during this year's exceptional flood season. Another key achievement is the rehabilitation of the Boghé-Mboyo dyke-road and associated infrastructure, which fully achieved its initial targets of consolidating the Boghé-Mboyo road embankment over 63 kilometres, including related structures. This has not only improved access for all nearby villages but also unlocked over 6,000 hectares of existing irrigated land and an additional agricultural potential of more than 40,000 hectares. However, the project is falling short of its target to provide advisory support to 135 women's cooperatives, reaching only 95 cooperatives. Despite this shortfall, the advisory support delivered has contributed to improving agricultural productivity and food security while bolstering the resilience of farming households to climate variability.

The two completed NTF projects assessed in Liberia (FTHRP-1 and Liberia Energy Efficiency and Access Project [LEEAP]) demonstrated satisfactory results despite some challenges.

The evaluation found that the FTHRP-1 project achieved significant infrastructure and connectivity improvements, but its broader socioeconomic objectives were not fully realised. The project successfully reduced travel times between Harper and Karloken by 52.38 percent, from 126 minutes in 2015 to 60 minutes in 2020, substantially enhancing regional connectivity, though remaining above the target of 40 minutes. Vehicle Operating Costs declined by 84 percent during the same period, far surpassing the target reduction of 25 percent, reflecting improved road conditions and the economic efficiency of the upgraded infrastructure. Road safety outcomes were similarly noteworthy, with a 27 percent reduction in accident rates and a 92 percent decline in fatalities. These achievements were found to have contributed to enhanced mobility, access to services, and trade along the road corridor, demonstrating the project's effectiveness in achieving its core transport infrastructure goals. **Despite these successes, the project fell short of achieving its broader socioeconomic objectives, particularly poverty reduction and livelihood improvements in the Project Area of Influence.** For instance, the percentage of the population living below the poverty line in the project area increased from 40.2 percent in 2015 to 44.7 percent in 2020, contrary to the project's poverty alleviation goal. Additionally, structural and logistical challenges further limited the project's impact on local economic activity.

LEEAP was found to have exceeded its appraisal targets, delivering critical improvements to Liberia's energy infrastructure. As of June 2024, the project had connected 36,000[25] new customers to the electricity grid, surpassing the initial target of 12,950 connections by 178.02 percent. The project also successfully achieved the target of constructing 46.1 kilometres of 66kV double-circuit transmission lines and 980 kilometres of distribution lines (far above the initial target of 280 kilometres). It also completed two 66/(33/22)kV substations along the Paynesville–Roberts International Airport (RIA) corridor, as planned. Notably, the latter substation provides the electricity required to operate Liberia's only International Airport, the RIA. **However, the project encountered substantial challenges in ensuring the sustainability of its outcomes.** The most recent quarterly progress report (June 2024) showed that technical and commercial losses in the electricity distribution system stood at 42.3 percent[26] as of June 2024, more than double the project's target of 20 percent. These losses, driven by outdated infrastructure and illegal connections, undermined the financial viability of the energy network and reduced the ability of the Liberia Electricity Corporation (LEC) to generate revenue. Inadequate technical capacity, limited equipment, and insufficient resources at LEC further compounded these issues, as noted in IDEV's recent Country Strategy and Program Evaluation (CSPE) for Liberia. These findings corroborate IDEV's CSPE evidence, which highlighted inadequate financial sustainability in the Bank's investments in Liberia's energy sector.

3.2.2 Contribution to cross-cutting priorities

Gender: The Synthesis Report revealed that all NTF-funded projects analysed incorporated gender mainstreaming but with varying degrees of success. In Cameroon, the PAMOCCA project provided 27 percent of land certificates to women, far surpassing the initial 5 percent target. Similarly, in Sierra Leone, the BHP successfully connected 27,500 women to electricity, exceeding the target of 20,000. In Uganda, the Improvement of Health Services Delivery at Mulago Hospital and the City of Kampala (MKCCA) Project made significant strides in training women in various capacities within the healthcare sector, surpassing several targets related to women's involvement and training. Conversely, the PRIASO project in Madagascar faced obstacles in reaching its objectives related to women's participation in Water Users' Associations and land ownership among women farmers.

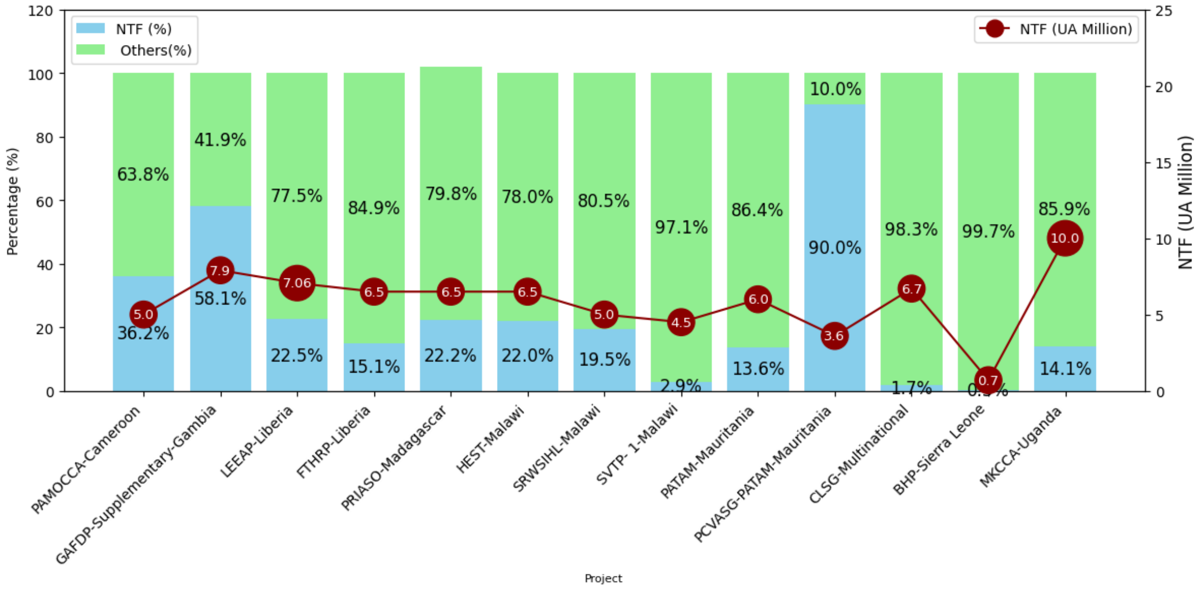
The case studies found that the NTF loan to the ongoing PCVASG project in Mauritania is entirely dedicated to empowering women through land tenure securitisation, financial inclusion, capacity building, infrastructure investments that support value chain development, and market linkages. As key achievements and expected results, the PCVASG is enhancing food security and providing sustainable livelihoods for 12,500 women, generating 20,000 workdays and strengthening governance in 120 cooperatives, as initially targeted.

Progress on youth employment and entrepreneurship was found to have been limited compared with the targeted goals. In Malawi, within the SRWSIHL project, youth employment was targeted through activities such as beekeeping and construction works, with the project aiming to generate roughly 660 and 4,750 jobs, respectively. However, no clear indicators were available to confirm that these targets had been achieved. Similarly, the HEST project focused on youth through scholarships and training, but the absence of graduate impact assessments has limited the evaluation of its actual effects on employment, against initial plans. The PATAM project in Mauritania also includes a youth entrepreneurship component entitled *Promotion of Youth Entrepreneurship – TECHGHIL Convention.* While a number of activities have been undertaken to facilitate young people's engagement in entrepreneurship, such as establishing and equipping the agency in Boghé with IT and office equipment, providing a 4x4 vehicle for mobility, conducting training sessions for 10 employment advisors in French and IT skills, delivering training for 10 employment advisors on incubation support techniques, providing training for 10 employment advisors on innovations and value chains, and completing a feasibility study for the establishment of a youth entrepreneurship incubator, progress appears to be far below the expectations. Key targets, including the training of 2,000 young people (of which 40 percent young women), the establishment of a youth and women entrepreneurship incubation structure, and the induction of 700 Young Agricultural Entrepreneurs (of which 40 percent young women), were set for 2023. As the programme is ongoing, these outcomes have yet to be fully realised.

In Malawi, the SRWSIHL project clearly integrated **climate change** mitigation perspectives, with measures like tree planting exceeding targets (432,095 trees planted against 240,000 planned). These efforts helped to minimise soil erosion and carbon emissions, promoting environmental resilience. However, budgetary constraints prevented the implementation of the training on climate change for 31,650 people, which was a critical endeavour for community awareness. The SVTP, designed to withstand climate variability, improved water management practices and energy efficiency, with gravity-fed irrigation systems helping to conserve power, while also promoting agroforestry and reducing deforestation. The HEST project focused on reducing environmental impact by promoting Information and Communication Technology to reduce paper usage, but specific climate mitigation indicators were found to be underdeveloped. In Mauritania, the ongoing PCVASG is a climate change adaptation operation. It will build the resilience of the beneficiaries, especially women, to shocks, and production will be less vulnerable to climatic hazards thanks to water management and the development of renewable energy sources, such as solar pumps. Moreover, the BHP in Sierra Leone has effectively installed 50 MW of renewable energy capacity, achieving its planned target. In Madagascar, PRIASO has successfully encouraged the adoption of climate-resilient practices among farmers, including planting three climate-resilient crops with pre-basic seeds and validating three community climate change adaptation plans, as planned. However, the percentage of producers embracing climate change resilient practices stood at 40 percent, slightly below the targeted 50 percent.

Through all these projects, the NTF contributed to the achievement and consolidation of projects' development outcomes. However, the evaluation found that the NTF contributed approximately UA 76 million to the total costs of the 13 analysed projects, amounting to only 13.3 percent of the combined project cost of UA 571.9 million. On average, this represents UA 5.8 million per project financed or co-financed, covering 24.3 percent of the cost for individually financed projects. NTF financing for individual projects ranged from UA 0.7 million to UA 10 million (see figure 2). **Thus, with a low level of funding, the contribution of the NTF to the recorded outcomes is limited** if its resources have not been used strategically (catalytic role instead of "gap-filling"). This also calls into question the continued relevance of the ceiling of USD 10 million per project.[27] **NTF project Task Managers and interviewees in the case study countries also identified the loan ceiling of USD 10 million per project as a significant constraint**. They noted that this ceiling is imposed to maintain a degree of balance across beneficiary countries, given the small scale of the overall funding available, but felt that it risked excluding good, large projects with high economic rates of return.

Figure 2: Financial contribution of the NTF to the 13 projects reviewed



The evaluation found that while the arrears clearance programme under the Post-Conflict Country Facility was instrumental in re-establishing Liberia's financial credibility, the effectiveness of the NTF resources used for this purpose could not be fully assessed due to gaps in documented evidence and the absence of resource persons. The NTF's financial statements confirm that during the year ended 31 December 2014, the Government of the Federal Republic of Nigeria authorised the withdrawal of USD 13 million (UA 8.41 million) from the NTF reserves to settle its commitment on the arrears clearance of debt owed by Liberia under the internationally coordinated arrears clearance mechanism for post-conflict countries (African Development Bank, 2020, p. 171). In the biweekly 'NTF – Situation of Arrears on Loans' document produced by the Bank's Financial Control Department (FIFC),[28] it can also be seen that between 15 and 30 June 2014, UA 1.24 million of arrears from Group C countries (to be cleared under the Post-Conflict Country Framework) to the NTF itself were cleared. The use of NTF resources to clear Liberia's debt arrears with the Bank Group under the Post-Conflict Country Framework was critical in normalising Liberia's relations with international financial institutions, including the African Development Bank, and unlocking resources for key development projects such as the FTHRP-1 and LEEAP. **However, interviews with stakeholders at the Ministry of Finance and Planning and the Debt Management Unit revealed significant gaps in institutional knowledge about the specific role of NTF resources in the arrears clearance process.** Stakeholders were largely unaware of the NTF's contribution, highlighting a critical communication gap and raising questions about the visibility of NTF-financed activities even in Nigeria.

3.2.3 Relative performance of NTF-funded projects compared with ADF projects and factors underlying the differences

As indicated above, the proportion of projects reported in the Synthesis Report to have a Satisfactory rating for overall effectiveness (75 percent) is slightly higher than the performance of ADF projects across the continent over the same period (64 percent). This finding must be contextualised by the fact that the ADF project analysis is based on 529 projects, compared to only eight NTF projects.

In the interviews undertaken with Task Managers, the view expressed was that NTF co-financed projects performed similarly to purely ADF-funded projects with regard to effectiveness. The staff interviewed emphasised that the procedures and processes for project design and implementation were the same for ADF and NTF projects – including NTF standalone projects – and they, therefore, saw no reason why levels of effectiveness should be different.

In terms of factors underlying the difference, the evaluation team noted that many NTF-funded projects comprised extensions of existing projects. The PAMOCCA project in Cameroon, discussed above with regard to NTF relevance, is a particularly good example of this. The fact that these projects were already under implementation and led by established project management teams provided a stronger basis for effective implementation. If a stronger performance on effectiveness were found to be a generalised trend, this might be an explanatory factor.

3.3 Efficiency of the NTF

The efficiency of the NTF was assessed both by examining the efficiency of NTF-funded projects in comparison with ADF-funded projects and, at the aggregate level, by comparing the overall management efficiency of the NTF with that of two other funds/facilities: the AGTF and the ACFA (see Evaluation Matrix, annex 3).

At the project level, the implementation efficiency of NTF projects was found generally Satisfactory, just as it was for ADF projects. Overall, 63 percent of the NTF projects reviewed obtained a Satisfactory rating or higher for overall efficiency, the same as for all ADF projects across the continent during the same period. The evaluation judged that the use of similar project cycle management procedures was the driving factor. In addition, where NTF resources have been used to finance project extensions or to gap-fill within existing projects, efficiency gains were likely due to the use of existing PIUs, project procedures, technical designs, and, where relevant, existing contractors.

At the aggregate (fund) level, the most important finding is that scale matters for efficiency. Larger funds and facilities can take advantage of a wider range of investment opportunities and benefit from economies of scale in fund administration and project management. In terms of management efficiency, the NTF was found to be more efficient in its disbursement procedures than the comparators. However, its management was found to generate higher transaction costs for the Bank than the ACFA and the AGTF. Additionally, its predictability in terms of programming was found to be lower than its comparators. The monitoring and reporting requirements of the NTF were found similar to those of its comparators.

3.3.1 Implementation efficiency of NTF-funded projects in comparison with ADF-funded projects

The Synthesis Report of May 2024 is the main source of evidence on the efficiency of the NTF-funded projects completed within the evaluation period. Annex 2 provides detailed information on the eight completed NTF projects whose PCRENs were analysed for information on efficiency. The Synthesis Report analysed the efficiency of NTF operations according to four sub-criteria: Timeliness, resource use efficiency, cost-benefit analysis, and implementation progress. As the cost-benefit analysis could not be applied to all eight projects,[29] the findings are presented here regarding the other three sub-criteria.

The **timeliness** of project implementation is based on a comparison between the planned and actual implementation period from the date of effectiveness to the first disbursement. **To varying degrees, all eight projects reviewed experienced delays in their implementation. Only one, HEST – Malawi (12.5 percent), obtained a Satisfactory rating for compliance with the schedule, compared to 43 percent** for ADF projects across the continent over the same period. The common reasons given are: delays in satisfying the conditions for entry into force and first disbursement, administrative delays in the procurement process at the level of the beneficiary countries and within the Bank, delays in making national counterpart funds available, and the failure of service providers.

Resource use efficiency provides an assessment of physical implementation (based on outputs delivered) against resources used (based on cumulative commitments/disbursements) at completion for all contributors to the project (the Bank, Government, and others). **Of the eight projects reviewed, one project could not be validated by IDEV due to the absence of evidence. The other seven projects received a Satisfactory rating or higher for this criterion.** Several projects experienced cost overruns linked to the underestimation of initial costs, the non-performance of certain activities due to the failure of service providers, or the addition of new activities not initially planned. These implementation problems were also found to be very common in the ADF portfolio.

Regarding implementation progress,[30] seven out of the eight projects reviewed (88 percent) obtained Satisfactory scores or higher. The implementation of most projects was deemed satisfactory, although several experienced difficulties in their start-up and implementation phases. The difficulties were varied and included: i) meeting the conditions for implementation and first disbursement; ii) slowness in the procurement process; iii) cost underestimations and the omission of certain important activities; iv) weak monitoring and evaluation implementation; v) non-compliance with financial commitments particularly from national counterpart funds (PRIASO) and co-financiers (GAFDP); and vi) the failure of service providers. The Bank's environmental and social safeguards, financial management provisions (particularly audits), and procurement rules and procedures were found to have been broadly respected during NTF project implementation.

In aggregate, 63 percent of the NTF projects reviewed obtained a Satisfactory rating or higher for overall efficiency, the same as for all ADF projects across the continent during the same period. This observation is not surprising to the extent that NTF projects do not have specific implementation requirements but instead follow the same implementation procedures as all of the Bank's sovereign operations**.** At the same time, the finding confirms that there were no unexpected factors or hidden constraints that negatively affected the efficiency of NTF operations.

The Malawi Country Case Study permitted the analysis of the efficiency of one ongoing project within the NTF portfolio, namely the SVTP (see annex 2). Regarding implementation timeliness, the case study showed that parts of the SVTP main canal financed by the NTF were fully constructed within the project period. This high level of efficiency was attained because the loan used an existing PIU, existing technical designs, and an existing contractor, which reduced loan processing and procurement challenges. Moreover, no cost overruns were experienced, although the efficiency of the project, in terms of delivering its outcomes in a timely manner, was somewhat reduced by the damage to the canal intake due to Cyclone Ana. Regarding resource use efficiency, findings showed that the SVTP had disbursed nearly 100 percent of its NTF funding at the time of the case study and the sections of the main canal that it financed had been fully constructed, at least a year before project completion.

3.3.2 Efficiency in NTF fund management as compared with comparable funds/facilities

To address this sub-question, the evaluation team undertook an Institutional Comparative Review of the NTF with two comparable funds/facilities – the AGTF and the ACFA, which is a component of the Enhanced Private Sector Assistance initiative (EPSA). Both entities operate – as does the NTF – within the strategic framework, policies and procedures of the Bank, including its safeguards. They are both deliberately designed for simplicity and low transaction costs. It should be noted that the AGTF is a trust fund which, like the NTF, is funded by a contributor who is not a lender, unlike the ACFA which is a co-financing facility funded by a lender. However, the evaluation team believes that both entities can provide valuable points of comparison to the NTF, from which lessons for the future deployment and management of the NTF resources might be learned.

The full Institutional Comparative Review is presented in Annex 4. A summary of the key features and points of difference is presented in Table 2. It should be noted that the Institutional Review was based on a documentary analysis. It was complemented with evidence obtained through interviews with NTF Task Managers and resource persons at the Bank Headquarters (HQ) from the Resource Mobilisation and Partnerships Department (FIRM) and the Syndications and Client Solutions Department (FIST), responsible for managing the three funds/facilities and for administering the calls for proposals for the NTF. These interviews provided valuable complementary information on transaction costs.

Table 2: Comparison of the NTF with the AGTF and the ACFA

NTF-Nigeria Based on the Operational Guidelines approved in December 2008	ACFA-Japan (Joint co-financing only) Based on the Operational Guidelines approved in August 2019	AGTF- China Based on the Operational Guidelines approved in February 2024
- **Sectoral scope:** NTF prioritises infrastructure in various sectors including agriculture, energy, transport, social, water and sanitation, and regional integration. - **Fund resources:** USD 108.5 million available in September 2024. - **Procedures**: Call for proposals is launched once a year; proposals are reviewed by the Bank and submitted to Nigerian authorities for approval. - **Fees**: Agreement foresees in reimbursement of expenses incurred as long as it does not exceed 20% of the gross income of the Fund during the course of each year. The management fees paid to the Bank by the NTF during the evaluation period (2009–2023) amount to UA 8.3 million, or an average of UA 553,400 (USD 727,706) per year. - **Project approval**: The NTF pipeline needs to be annually endorsed by the Nigerian Authorities. - **Project ceiling**: The NTF limits its contribution per project to USD 10 million. - **Financial terms:** loans only, less concessional than the ADF.	- **Sectoral scope**: All sectors that are related to or have an impact on private sector development. - **Fund resources**: USD 4 billion (joint target of the Bank and ACFA for the period 2023-2025). - **Procedures**: Intensive procedure management for all project cycle phases; specific procedures for every phase. - **Fees**: Annual USD 245,000 EPSA fees paid to the Bank, plus USD 272,000 per loan signed for joint co-financing. - **Financial terms**: Overall, less onerous than ADB or ADF terms. Negotiated separately for each loan.	- **Sectoral scope:** They are aligned to AfDB priorities. - **Fund Resources**: USD 2 billion available. - **Procedures**: AGTF is the least intensive in terms of procedures and management – very little additional management burden to the Bank. - **Fees**: Fixed annual fee of USD 466,765 paid to the Bank plus a variable fee of USD 13,500 per loan signed. - **Financial terms**: Applies the Bank conditions for each project type. - **Project ceiling:** USD 50 million for a sovereign guaranteed loan and 30 million for non-sovereign guaranteed loan. Additional limits apply to aggregate sector and country funding.

Comparing NTF to ACFA and AGTF, the findings showed that:

- **The NTF is by far the smallest in terms of resources.** With a total availability of USD 108.5 million in 2024, it is considerably smaller than ACFA and AGTF, which, combined, gave access to over USD 5 billion for the 2014-2024 period.
- **The NTF is the only fund that sets sector priorities, even if they are defined broadly and not applied restrictively**. ACFA and AGTF do not specify any funding priorities, leaving this decision entirely to the Bank criteria. AGTF sets specific portfolio concentration parameters – single country, single ticket and single sector limits. These limits are intended to ensure diversification and maintain prudent fund management. Therefore, the NTF is, in principle, marginally more restrictive than the other two in terms of project selection, although in practice, there is great flexibility.
- **Unlike ACFA and AGTF, the NTF does not pay a fixed fee to the Bank for its management services.** The NTF Agreement foresees that the Fund will pay the Bank the expenses incurred in its management, specifically, the separately identifiable costs incurred by the Bank for the Fund and the indirect costs incurred by the Bank in the management of the Fund (Article IX). These expenses are paid quarterly in arrears. The ACFA and the AGTF, in contrast, pay a fixed amount in annual fees to the Bank for general management expenses and additional fees for each signed loan.
- **The NTF project ceilings are lower than other funds/facilities**. The NTF establishes a USD 10 million ceiling for individual projects. The AGTF has ceilings of USD 50 million for sovereign guaranteed loans and USD 30 million for non-sovereign guaranteed loans, while the ACFA has no pre-defined ceilings.

The smaller financial envelope of NTF compared to the ACFA and the AGTF was found to have relevance for the relative weight of transaction costs. **The key additional transaction cost associated with the NTF derives from the need to undertake annual calls for proposals**. The transaction costs of this process fall on FIRM and FIST as the managers of the calls for proposals and the reviewers of the proposals received, and it is here that the scale of funding becomes important. They reported that a call for proposals to allocate USD 50 million of NTF funds might easily attract 100 project proposals or more, of which only 5-10 might be allocated funding. In contrast, the relative transaction costs are substantially reduced for a larger fund because the number of project proposals submitted does not generally rise proportionately. Portfolio review data indicate that with 23 NTF projects approved during the evaluation period (15 years), fewer than two projects are approved per year. The number of projects approved per year ranged from 0 to a maximum of 5.

In terms of programming, the NTF was found to have less predictability than the ACFA and the AGTF. The NTF call for proposals process, combined with the limited resources available per year, did not allow for credible programming in the short-term. Indeed, the call for proposals is carried out only once a year, and the average duration of the selection process for establishing the project pipeline was found to be 3.5 months.[31] To this must be added the one-month deadline agreed with the Nigerian authorities to approve the list of selected projects. In addition, the low availability of resources per year limited the chances of projects being selected, even if they met all the criteria. On the other hand, with the ACFA and the AGTF, funding requests are admissible at any time, and obtaining a first letter of intent from the partner indicating the intention to finance the project is done within a reasonable time from the project concept note. All this allows for better programming and project instruction.

The evaluation found that the NTF has demonstrated greater efficiency in disbursement compared to the AGTF and the ACFA. The NTF's resources are fully managed by the Bank, adhering to its disbursement procedures, which enhances efficiency. In contrast, the AGTF involves joint financing whereby each entity initiates the disbursement process independently, leading to potential delays. Similarly, with the ACFA, the funds are entirely managed by China, which can result in less streamlined disbursement processes.

As indicated above, stakeholders identified the loan ceiling of USD 10 million per project as a constraint, both for the Bank and for RMCs. The evaluation found that it also impacts efficiency because it reduces the potential for economies of scale in administration and management.

The monitoring requirements for projects co-financed by the three instruments (NTF, ACFA and AGTF) were all found to be aligned with the Bank's procedures. This involves at least one supervision mission per year and the systematic production of an IPR and a Back-to-Office Report. In addition, ACFA is informed of the programming of each project supervision mission that it has financed, and it can decide whether to join or not.

NTF, ACFA and AGTF were found to have similar requirements regarding periodic reporting. For NTF, being fully managed by the Bank, a financial statement is prepared by FIFC on a quarterly basis, while for ACFA and AGTF, whose resources are not managed by the Bank, all IPRs, BTORs and PCRs or PCRENs are systematically shared with ACFA. In addition, PIUs must prepare monitoring reports on a quarterly basis.

In terms of fund administration, the NTF Agreement foresees that the Fund will pay the Bank for the expenses incurred in its management, as long as it does not exceed 20 percent of the gross income of the Fund during the course of each year. The evaluation found that the management fees paid to the Bank by the NTF during the evaluation period (2009–2023) amounted to UA 8.3 million, or an average of UA 553,400 (USD 727,706) per year. For ACFA, USD 245,000 (EPSA fees) is paid to the Bank each year, plus USD 272,000 per loan signed for joint co-financing. Similarly, for the AGTF, a fixed annual fee of USD 466,765 is paid to the Bank plus a variable fee of USD 13,500 per loan signed.

3.3.3 Lessons learned at the aggregate and the project level regarding the efficiency of NTF

The evidence shows that NTF projects score at least as well as ADF projects in relation to implementation efficiency. The fact that project cycle management procedures are the same was found to be the driving factor. It may also be the case that the frequent use of NTF funding for project extensions means that NTF projects are more often able to work with existing implementation frameworks, thus reducing loan processing and procurement challenges and in turn, permitting slightly higher levels of efficiency for NTF projects. Two lessons at the project level are discernible:

- Firstly, keeping procedures as close as possible to current ADB/ADF procedures has been advantageous for the implementation efficiency of projects funded by the NTF.

- Secondly, where NTF resources have been used to finance project extensions or to “gap-fill” within existing projects, there are likely to have been efficiency gains due to the use of existing PIUs, project procedures, technical designs, and where relevant, existing contractors.

At the aggregate level, the most important finding is that scale matters for efficiency. Larger funds/facilities can take advantage of a wider range of investment opportunities and benefit from economies of scale in fund administration and in project management:

- The NTF has set a project funding limit of USD 10 million, which has significantly constrained the variety of project investments, especially in infrastructure, due to inflation over the years.[32]
- The ceiling of USD 10 million per project was also found to reduce the scope for economies of scale in project design, implementation, monitoring and evaluation, given that on the one hand all of these functions require significant minimum levels of expenditure, and yet on the other hand these costs do not grow proportionately with project scale. For example, designing and managing a USD 20 million project does not cost four times as much as a USD 5 million project.[33]

4. CONCLUSIONS, LESSONS AND RECOMMENDATIONS

4.1 Conclusions

The NTF has been relevant in meeting the needs of AfDB RMCs, providing timely co-financing of projects across various sectors and countries – particularly in lower-income RMCs. In addition, NTF projects have been implemented to satisfactory standards of efficiency and effectiveness, comparable or marginally higher than for purely ADF-funded projects.

A key contribution of the NTF has been to provide “gap-filling” complementary finance to meet unexpected financing needs and/or to take advantage of opportunities arising from the extension of successful projects. The NTF fulfils this function either by supplementing core ADF funding at the project approval stage or by providing flexible access to additional funding during project implementation. It is not evident that this function could be easily met through alternative mechanisms.

At the same time, it is not clear that this in itself adds up to a sufficient value proposition for the NTF. Lending volumes have been lower than planned. At its current scale, the NTF is too small to provide a significant and relevant boost to the resources available for low-income RMCs. In addition, its financing terms are less advantageous than the ADF's, particularly for countries currently receiving grants due to their debt sustainability situation. The NTF limit of USD 10 million per project, set in 2008, is also increasingly being questioned as the AfDB pursues larger operations. Moreover, the NTF’s small scale increases the relative burden of transaction costs and diminishes the potential for economies of scale in management and administration. The relevance and viability of the NTF as a standalone third funding window of the Bank Group will come increasingly into question if it does not prove possible to increase the volume, relevance, and utility of the resources available within the Fund.

The evaluation outlines a set of lessons and recommendations to optimise the future use of NTF resources.

4.2 Lessons

Five key lessons have emerged from the evaluation process and the related discussions:

➲ **The “gap-filling”, complementary function of the NTF is important: not only is there high demand from Task Managers and country beneficiaries, but there is also evidence of its positive benefits in the effectiveness and efficiency of project implementation. It will be important to retain and enhance this function in future**. There is high demand from Task Managers and country beneficiaries to use the NTF to meet unexpected financing needs and/or to take advantage of opportunities arising from the extension of successful projects. This is generally due to unpredictable events, which are, unfortunately, very common in the precarious implementation contexts of low-income RMCs. These changes may be both negative, for example, a project funder dropping out at late notice or costs escalating due to extreme weather events, but also positive, for example, a project reaching successful completion early, opening up scope for an extension of coverage. The structure of project funding through the ADF and other sources makes it difficult to address these eventualities, especially because retaining large contingency budgets for this purpose may carry significant opportunity costs. Having the NTF to address these eventualities has brought benefits at various levels:

   - Firstly, it has helped projects to have a greater impact and increased sustainability – by ensuring that rehabilitation of water supplies is accompanied by extensive training on maintenance (SRWSIHL – Malawi), by ensuring that technical colleges are not only well built but also well-equipped (HEST – Malawi), and by extending the coverage of a successful land registry scheme (PAMOCCA, Cameroon).
   - Secondly, it has facilitated more efficient project implementation by taking advantage of existing PIUs and existing project delivery structures (SVTP – Malawi; amongst others).
   - Thirdly, it has allowed for more efficient use of Bank resources available for project formulation and management by building on existing successful projects rather than consistently having to identify and formulate new projects.

- **At the aggregate level, scale matters for efficiency**. Larger funds/facilities can take advantage of a wider range of investment opportunities and benefit from economies of scale in fund administration and project management.
- **Accessibility throughout the year, as well as reliable and predictable programming, improve project planning and execution**, as illustrated by the experiences of ACFA and AGTF.
- **There is scope for using the NTF as part of an innovative financial approach to leveraged lending**, through risk-sharing instruments, equity, etc., as well as for balance sheet optimisation. Such an approach might allow the NTF to have a stronger leverage function. The scope of financial operations now possible to leverage or scale up project lending is far broader than what existed at the time of the establishment of the NTF (1976) or even when its Operational Guidelines were updated (2008). The evaluation team learned from discussions with key informant interviewees that there now exists substantial scope for leveraged lending through funded guarantees (first loss insurance) and other risk-sharing and catalytic schemes, as well as for balance sheet optimisation. Such an approach might allow the NTF to have a stronger leveraging function in future and thus represents an important opportunity to consider.
- **Insufficient visibility and communication diminish the recognition of the NTF's contributions to the development of beneficiary countries and undermine the potential to attract additional resources**. In some low-income RMCs, neither the NTF nor the Bank as a whole enjoy high visibility. While this may not affect the effectiveness, efficiency or impact of individual ADF-funded or NTF-funded projects, it could represent a missed opportunity to promote support and encourage parallel investments and projects by the private and philanthropic sectors. Several Multilateral Development Banks and Agencies, including the World Bank, the EU, IFAD and UNICEF promote their visibility more actively and dedicate specific resources to this task. A small investment in visibility by the NTF and, indeed, by the Bank as a whole may open up currently hidden opportunities and benefits.

4.3 Recommendations

IDEV makes the following recommendations to AfDB Management and the Nigerian authorities:

1. **Discuss and agree on the desirability and feasibility of the NTF remaining a standalone window within the Bank Group vis-à-vis alternative options**. Priority issues to consider include:
   - Determining the level of funding required by the NTF to make it relevant and viable;
   - Reviewing the NTF’s financing terms, conditions and instruments to ensure optimal relevance and utility to RMCs and the NTF’s objectives;
   - Enabling the NTF to reap adequate economies of scale in its management and administration, and enhance visibility;

- Harnessing the potential for more powerful demonstration effects, focused on drawing in additional private sector and philanthropic funding for low-income RMCs.

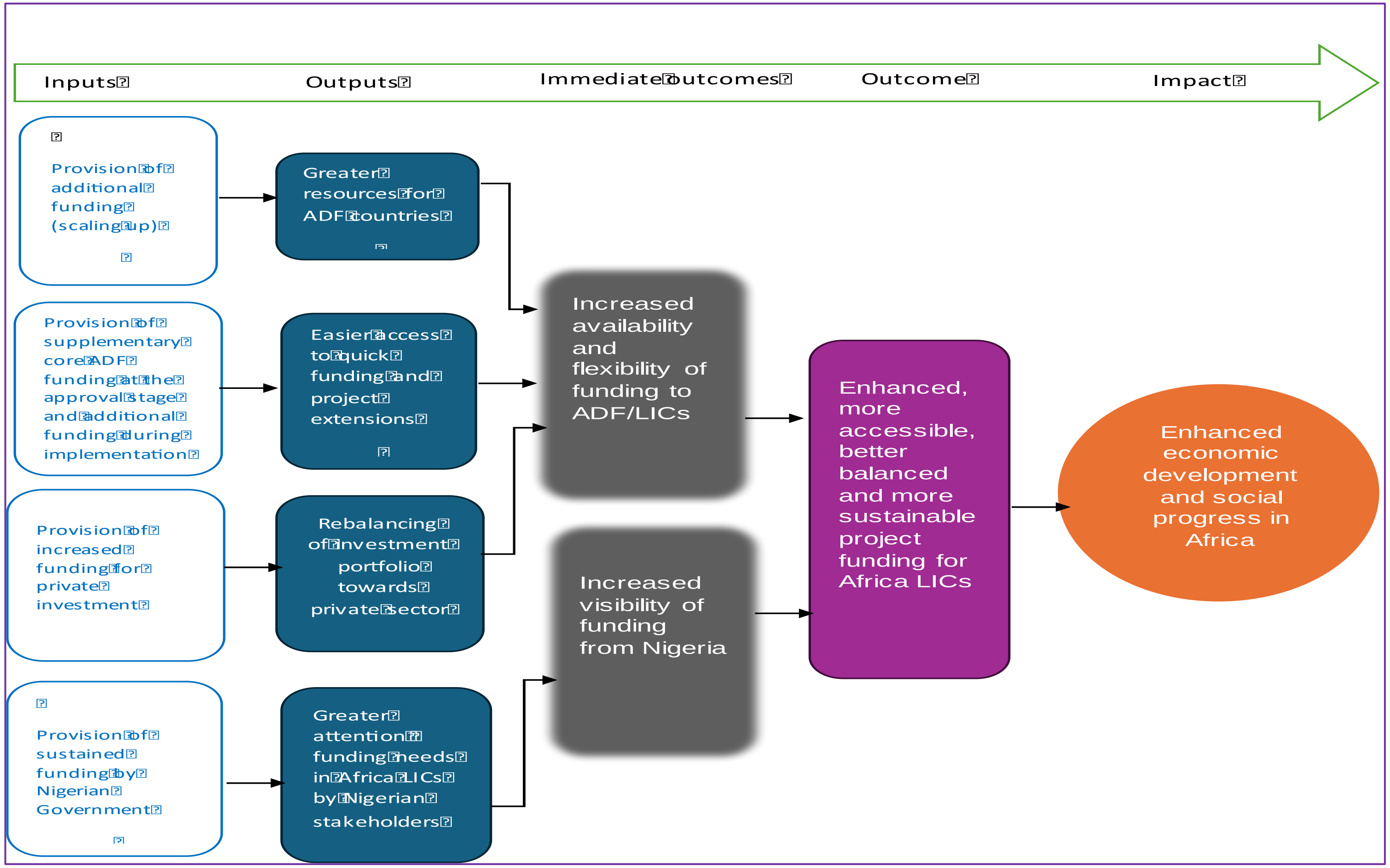
2. **Enhance the role and effectiveness of the NTF by reviewing and/or reconfirming its functions, focus, and use**. Areas to consider include:
   - Retaining the existing focus on lower-income RMCs and the broad range of eligible sectors for strong responsiveness to needs;
   - Confirming the complementary function of the NTF by explicitly targeting the provision of co-financing or standalone financing to meet unexpected project funding needs and/or to take advantage of opportunities arising from the extension of successful projects;
   - Exploring the diversification of NTF financing instruments, for example, using a proportion of the NTF resources as part of a structured approach to leveraged lending through risk-sharing instruments, equity, etc., while ensuring compatibility with the core NTF objective of enhancing economic development and social progress in lower-income RMCs.

3. **Improve the efficiency and effectiveness of the NTF and the projects it funds by addressing key hampering factors.** Priority areas of action to consider include:
   - Reviewing and streamlining procedures for accessing NTF resources to reduce transaction costs and improve funding predictability. This can include simplifying project identification and selection for funding and ensuring that NTF financing requests can be submitted at any time with relatively short response times, similar to ACFA and AGTF, to improve project planning and execution;
   - Exploring the possibility of introducing a grant component in NTF-funded operations to enhance project implementation effectiveness. This could include capacity building/training, technical assistance, and the sharing of good practices from successful NTF projects.

4. **Increase the visibility and communication of the NTF alongside or as part of the AfDB to more effectively mobilise domestic resources and raise awareness in RMCs.** Priority areas of action to consider include:
   - Allocating adequate resources for AfDB- and NTF-targeted visibility campaigns and communications in Nigeria and beneficiary countries, showcasing the tangible results and positive impacts of NTF-(co)funded projects and aiming to inspire confidence and encourage further investment;
   - Enhance engagement with project management teams, government departments, and direct beneficiaries to strengthen awareness of the AfDB's and the NTF's contributions.

5. ANNEXES

Annex 1: The NTF Theory of Change



Annex 2: List of All NTF Co-Financed Operations Approved Since 2009

Project Name	Sector	Country	Approval Year	Status	Govt. Counterpart	AfDB			Other Co-Financing	Project Total Cost	NTF Funding Percent	Disbursement Ratios (Project Maturity)	Case Study
						ADF	NTF	Other					
Project for Modernisation of Land Registration and Improvement of the Business Climate (PAMOCCA)	Multi-Sector	Cameroon	15 Nov 2010	Completed	1.8	7.0	5.0	-	-	13.8	36.2	100.0	Desk
Gambia Artisanal Fisheries Development Project (Supplementary; GAFDP)	Agriculture	Gambia	22 Jun 2009	Completed	1.2	-	7.9	-	4.4	13.6	58.1	100.0	Desk
Liberia Energy Efficiency Access Project (LEEAP)	Power	Liberia	12 Dec 2016	Ongoing	0.79	9.42	7.06	4.2	9.91	31.38	22.5	99.99	In person
Fish Town-Harper Road Project (FTHRP)	Transport	Liberia	04 Sept 2013	Ongoing	1.0	22. 23	6.5	13.31	-	43.04	15.1	90.4	In person
South-West Region Agricultural Infrastructure Rehabilitation Project (PRIASO)	Agriculture	Madagascar	19 Jun 2013	Completed	3.2	18.3	6.5	-	4.2	32.2	20.2	100.0	Desk
Support to Higher Education Science and Technology and TVET (HEST)	Social-Education	Malawi	08 Feb 2012	Completed	3.0	20.0	6.5	-	-	29.5	22	99.85	Desk and In person
Sustainable Rural Water and Sanitation Infrastructure for Improved Health and Livelihoods (SRWSIHL)	Water supply & Sanitation	Malawi	30 Apr 2014	Completed	2.5	15.0	5.0	3.1	-	25.6	19.5	99.97	Desk and In person
Shire Valley Transformation Programme (SVTP) Phase 1	Agriculture	Malawi	04 Dec 2018	Ongoing	5.15	20.0	4.5	11,13	115,15	155.93	2.9	99.99	In person
Agricultural Transformation Support Project (PATAM)	Agriculture	Mauritania	12 Dec 2018	Ongoing	2.9	7	6	-	28.2	44.1	13.6	50.72	In person
Promotion of Gender-Sensitive Agricultural Value Chains to Support the Agricultural Transformation Support Programme (PCVASG-PATAM)	Agriculture	Mauritania	24 Sept 2021	Ongoing	0.4	-	3.6	-	-	4	90.0	9.5	In person
CLSG Electricity Interconnection Project	Power	Multinational	06 Nov 2013	Completed	14.0	80.1	6.7	-	284.0	383.7	1.7	100.0	Desk

Project Name	Sector	Country	Approval Year	Status	Govt. Counterpart	AfDB			Other Co-Financing	Project Total Cost	NTF Funding Percent	Disbursement Ratios (Project Maturity)	Case Study
						ADF	NTF	Other					
Bumbuna Hydro-Electric Project (BHP)	Power	Sierra Leone	29 Sept 2010	Completed	27.5	33.2	0.7	20.6	126.0	208.0	0.34	100.0	Desk
Improvement of Health Services Delivery at Mulago Hospital and the City of Kampala (MKCCA)	Social	Uganda	06 Jul 2011	Completed	15.0	46.0	10.0	-	-	71.0	14.1	100.0	Desk
Reduction de Perte d'Eau SONEB	Water and Sanitation	Benin	12 Oct 2015	Ongoing	0.64	-	6.0	-	-	6.64	90.4	81.81	-
Projet de Développement des Chaînes de Valeur dans la Région	Agriculture	Côte D'Ivoire	21 Oct 2016	Completed	0.4	-	4.0	-	-	4.4	90.9	89.0	-
Projet de Renforcement de la Sécurité Alimentaire et Nutritionnelle dans la Région de Koulikoro (PReSAN-KL)	Agriculture	Mali	17 Sept 2014	Ongoing	3.8	3.0	6.5	-	35.3	48.5	13.4	53.0	-
Projet d'Autonomisation Économique des Femmes dans la Filière Karité (PAEFFK)	Social	Mali	03 Dec 2018	Ongoing	0.62	2.2	2.8	-	-	5.62	49.8	46.0	-
Projet d'Électrification en Milieu Rural, Périurbain et Urbain	Power	Niger	09 Dec 2016	Ongoing	7.2	44.32	7.4	-	-	58.92	12.6	69.8	-
Payments System Infrastructure and Financial Inclusion Project	Finance	São Tome	03 Feb 2017	Ongoing	0.21	1.50	2.40		0.21	4.33	55.5	59.4	-
Projet de Transformation Agro-Alimentaire du Togo - Prêt Additionnel	Agriculture	Togo	15 Apr 2019	Ongoing	7.74	12.68	4.0	8.32	6.33	39.1	10.2	36.4	-
Projet d'Appui **à** l'Employabilité et l'Insertion des Jeunes dans les Secteurs Porteurs (PAEIJ-SP)	Social	Togo	28 Oct 2015	Ongoing	0.77	6.67	6. 50	1.33	-	15.27	42.6	96.4	-
Rwanda Regional Rusumo Hydropower	Power	Rwanda	27 Nov 2013	Completed	1.35	18.88	6.50	-	-	26.735	24.3	100.0	-
Power Transmission Project	Power	Zambia	13 Jun 2012	Ongoing	-	30.0	6.40	22.14	144.88	3.1	203.42	98.2	-

Source: IDEV Synthesis Report (May 2024) and country case studies.

Annex 3: Evaluation Matrix

Evaluation Questions	Sub-Questions	Judgement Criteria and Proposed Indicators	Potential Evidence Sources
Relevance *EQ1: To what extent is the NTF relevant and appropriate as a standalone financing window in the current Bank business context vis-à-vis alternative options? What is the NTF's value proposition?*	**1a)** Does the NTF have a credible value proposition, compared with the alternative funding modalities, explaining how it is anticipated to make a difference to funding flows, systems and procedures relevant to RMCs?	▪ **(1a)** NTF documentation and testimonies from key stakeholders reveal a credible NTF value proposition: ✓ A value proposition can be identified detailing how the NTF should make a difference to funding flows, systems and procedures relevant to RMCs ✓ There is a shared perception of this value proposition amongst key stakeholders	• NTF Operational Guidelines 2008, and other statements of NTF purpose/objectives • Communications of Nigeria Federal Government on NTF • Interviews with Nigeria ED and key AfDB stakeholders • Interviews for country case studies
	1b) Has the NTF mechanism facilitated the scaling up of Bank funding flows to RMCs, in particular low-income RMCs?	▪ **(1b)** NTF beneficiary RMCs, in particular low-income RMCs, have received greater AfDB resources than non-NTF beneficiaries: ✓ Average AfDB funding flows 2009-2023 for NTF beneficiary RMCs and non-NTF beneficiaries ✓ Data adjusted for sub-periods and for per capita analysis ✓ Comparison of funding flows to comparable country pairs, NTF beneficiary vs. non-beneficiary	• NTF Portfolio Review
	1c) Is there flexibility and responsiveness in the NTF funding arrangements – relative to other modalities, which is of relevance to RMCs?	▪ **(1c)** NTF funding systems are flexible and able to respond at short notice to unanticipated funding needs: ✓ NTF approval procedures are more flexible than for regular ADF or ADB funding ✓ There are documented examples of fast responses to unanticipated funding needs ✓ RMC officials and AfDB Country Office staff value this flexibility and responsiveness and speak to its relevance	• NTF Operational Guidelines 2008, and other NTF procedural documents • Phase 1 Synthesis Report • Country case studies • Interviews with AfDB and RMC officials

Evaluation Questions	Sub-Questions	Judgement Criteria and Proposed Indicators	Potential Evidence Sources
	1d) Does the NTF have a specific portfolio focus – in particular, a focus on private investment, which is of special relevance to RMCs, and in particular low-income RMCs?	▪ **(1d)** The NTF portfolio prioritises certain types of projects (e.g. private investments) or beneficiary sectors, which are of greater relevance to RMCs, especially low-income RMCs: ✓ NTF portfolio 2009-2023 reveals funding priorities which are different from the ADF portfolio ✓ These differences derive from deliberate funding choices ✓ RMC officials and AfDB staff perceive this portfolio focus as especially relevant to low-income RMCs	• NTF Portfolio Review • Country case studies • Interviews with AfDB and RMC officials
	1e) Does the NTF succeed in raising the visibility of Nigerian funding and does this bring additional benefits in the form of private or philanthropic investments in RMCs by Nigerian companies and institutions?	▪ (**1e)** Interviews reveal a higher level of visibility of the NTF and its projects compared to regular ADF projects, and this visibility and knowledge of the source of funding is perceived to bring tangible benefits to NTF beneficiary RMCs: ✓ Level of visibility of NTF and its projects relative to regular ADF projects[34] ✓ Testimonies of AfDB and RMC officials affirming higher visibility and its relevance	• Country case studies • Interviews with AfDB and RMC officials
	1f) Would these same advantages have been obtained by channelling the NTF resources through alternative mechanisms?	▪ **(1f)** Procedures and practices for non-NTF projects, especially for regular ADF-funded projects, would not permit the identified specific advantages of the NTF highlighted in the value proposition and related ToC: ✓ Comparison of NTF Operational Guidelines with guidelines and procedures for ADF projects ✓ Testimonies of AfDB and RMC officials regarding the operational attributes of NTF-funded projects	• NTF Operational Guidelines 2008, and other statements of NTF procedures, compared with ADF procedures • Country case studies • Interviews with AfDB and RMC officials
Effectiveness **EQ2**: *To what extent has the NTF been successful in*	**2a)** Have standalone and part-funded NTF projects been effective in achieving their targeted outputs and outcomes?	▪ **(2a)** Standalone and part-funded NTF projects demonstrate high success rates in achieving their targeted outputs and outcomes: ✓ Performance of completed NTF projects by category as recorded in PCRs and PCRENs	

Evaluation Questions	Sub-Questions	Judgement Criteria and Proposed Indicators	Potential Evidence Sources
delivering on its objectives, as compared with the alternative funding modalities that might have contributed to these same objectives?	 **2b)** How does the relative performance of standalone and part-funded NTF projects compare with ADF projects? **2c)** To what factors may be attributed the differences, if any, in the relative performance of standalone, part-funded NTF projects and ADF projects?	✓ Potential of ongoing NTF projects to achieve their targeted outputs and outcomes, as assessed in the case studies ▪ **(2b)** ADF projects in similar contexts show lower success rates than NTF projects in achieving their targeted outputs and outcomes: ✓ Performance of completed ADF projects in NTF beneficiary countries as recorded in PCRs and PCREN ✓ Potential of ongoing ADF projects to achieve their targeted outputs and outcomes, as assessed in the country case studies ▪ **(2c)** Informed stakeholders at the operational level have credible and consistent explanations for the observed differences in performance, where relevant: ✓ Informed RMC officials and AfDB staff in operational positions at country level and HQ have credible and consistent explanations for the observed differences ✓ Project management staff at the country level have credible and consistent explanations for the observed differences, as assessed in the country case studies	• Phase 1 Synthesis Report • Country case studies • Interviews with AfDB and RMC officials • Other relevant project evaluations, reviews and audits
Efficiency **EQ3:** *How efficiently has the NTF been managed and used, and what lessons could be learned from the implementation of other funds?*	**3a)** Have standalone and part-funded NTF projects been efficiently implemented in comparison with ADF-funded projects?	▪ **(3a)** Standalone and part-funded NTF projects demonstrate more efficient implementation and timeliness indicators as compared with ADF projects: ✓ Disbursement rates for standalone and part-funded NTF projects and ADF projects ✓ Rates for timeliness of project approval, loan effectiveness and first disbursement for standalone and part-funded NTF projects and ADF projects ✓ Comparative performance in delivering project outputs on time and avoiding time and cost overruns	• Phase 1 Synthesis Report • NTF Portfolio Review • Country Case Studies

Evaluation Questions	Sub-Questions	Judgement Criteria and Proposed Indicators	Potential Evidence Sources
	3b) To what factors may be attributed the differences, if any, in the relative implementation efficiency of standalone, part-funded NTF projects and ADF projects?	▪ **(3b)** Informed stakeholders at the operational level have credible and consistent explanations for the observed differences in implementation efficiency: ✓ Informed RMC officials and AfDB staff in operational positions in Country Offices and at HQ have credible and consistent explanations for the observed differences ✓ Project management staff at the country level have credible and consistent explanations for the observed differences, as assessed in the country case studies.	• Interviews with AfDB and RMC officials • Other relevant project evaluations, reviews and audits
	3c) How efficiently has the overall NTF been managed – in terms of aggregate disbursements, programming, monitoring and reporting – as compared with comparable funds within the AfDB?	▪ **(3c)** The NTF compares well with the AGTF and the ACFA funds in terms of its efficiency: ✓ Clarity of objectives ✓ Effectiveness of monitoring, evaluating and communicating results ✓ Aggregate disbursement rates and relative significance of undisbursed funds ✓ Timeliness and completeness of annual financial reporting ✓ Relative levels of transaction costs associated with programming, approval and reporting processes	• Comparative Review of Trust Funds covering two comparable facilities in the Bank, the AGTF and the ACFA
	3d) What lessons might be learned both at the aggregate and the project level regarding the efficiency of NTF implementation?	▪ **(3d)** There are relevant lessons for the efficient future management of the NTF, which may be drawn from the comparison of implementation efficiency at the aggregate and project levels.	
Lessons and Recommendations **EQ4**: *Which lessons might be drawn and recommendations formulated from the*	**4a)** What good practices and successful strategies have been identified from the use of NTF resources and the implementation of NTF-funded projects that can be applied to future management of the Bank's lending resources?	▪ **(4a)** Good practices and successful strategies have been identified through the analysis of the evaluation team in response to EQs 1-3: ✓ Analysis underlying EQs 1-3 helps to identify lessons learned and potential responses to those lessons	• Findings and Conclusions to EQs 1-3 and analysis and discussion with IDEV and ERG of those findings and conclusions

Evaluation Questions	Sub-Questions	Judgement Criteria and Proposed Indicators	Potential Evidence Sources
findings of this evaluation so as to optimise future use of the NTF resources?	**4b)** What actionable recommendations can be made to enhance the effectiveness, efficiency, and impact of the NTF resources?	▪ **(4b)** Actionable recommendations have been developed through the analysis of the evaluation team in response to EQs 1-3: ✓ Analysis and discussion within the evaluation team, supported by the Evaluation Reference Group (ERG) peer review process, and feedback during discussions with stakeholders has allowed the formulation of actionable recommendations regarding the use of existing NTF resources and their potential replenishment	

Annex 4: Institutional Comparative Review

Comparative Criteria and Description	NTF-Nigeria Based on the Latest Operational Guidelines Approved in December 2008	ACFA-Japan (Joint Co-financing only) Based on the Latest Operational Guidelines Approved in August 2019	AGTF- China Latest Operational Guidelines Approved in February 2024. The 2024 is the Second Version Released (Initial 2014, Amendment 1 in 2017)
Fund objective • What is the defined purpose of the Fund? • What are its intended socioeconomic outcomes? • How clear and specific are the objectives presented?	• Providing additional resources to co-finance public and private operations with the African Development Bank (ADB) (with an aspirational 80:20 ratio public and private). • Enhancing economic development and social progress in Africa, particularly in the least developed countries. Overall, objectives are clear but not very specific.	• ACFA funds are concessional, offering additional concessional resources to the Bank. • Its purpose is to allow the Bank to participate in projects with a more comprehensive scope, which would be especially useful for ADF countries. • Facilitates the provision of more attractively priced financing packages for ADB countries. • It is a co-financing facility for sovereign projects (typically infrastructure projects or, in some cases, programme loans). • It has two co-financing schemes: joint and parallel. For joint projects, AfDB functions as the Lender's Agent on behalf of JICA. The objectives of the fund are clear and specific. Its intended socioeconomic outcomes are aligned to those of the AfDB.	• To facilitate the economic growth of Africa. • To enable China to enhance its cooperation with the Bank and thereby contribute to the economic development and social progress of Africa by co-financing public and private sector projects that promote sustainable economic growth in the RMCs. • To enable the Bank to leverage its resources and bridge the funding gap of public and private sector projects in furtherance of its mandate. Overall, objectives are clear, but not very specific.
Geographical scope • What is the geographical coverage? • Which countries are prioritised?	• RMC, with emphasis on the least developed.	• For any country eligible to borrow from JICA, ACFA can be applied. JICA is basically in line with the World Bank IDA Signal System. • No geographical prioritisation is specified in the Operational Guidelines.	• Particular attention to projects which benefit two or more RMCs and which strengthen intra-African economic co-operation and regional integration.
Sectoral scope • What are the sectors subject to funding? • Which sectors are prioritised?	• Projects in infrastructure, agriculture and regional integration.	• They are not specified in the Operational Guidelines.	• They are aligned to AfDB priorities.
Funding available What is the actual funding available?	• Available funds: USD 108.55 million (September 2024).	• Subject to demand, may rise to USD 3.5 billion	• Subject to demand, USD 2 billion available for the 10-year period (2014-2024).

Comparative Criteria and Description	NTF-Nigeria Based on the Latest Operational Guidelines Approved in December 2008	ACFA-Japan (Joint Co-financing only) Based on the Latest Operational Guidelines Approved in August 2019	AGTF- China Latest Operational Guidelines Approved in February 2024. The 2024 is the Second Version Released (Initial 2014, Amendment 1 in 2017)
What has been the aggregate funding disbursed since the fund constitution?	2009–2023 USD 166 million was disbursed for project lending and USD 13 million for arrears clearance (Liberia).	The team was unable to ascertain how much has been disbursed to date.	The team was unable to ascertain how much has been disbursed to date.
Administration costs Are there any fees associated to the management of the Fund?	• The Fund pays the Bank the expenses incurred in the management of the fund: a) separately identifiable costs incurred by the Bank for the Fund and b) indirect costs incurred by the Bank in the management of the fund. The expenses of the fund are paid quarterly in arrears.	• JICA pays an annual fee to AfDB in the Joint Co-financing projects, calculated as a percentage of the overall loan agreement signed. For the first loan agreement, the fee was USD 250,000 per loan signed. • Currently, USD 245,000 (EPSA fees) are paid to the Bank each year, plus USD 272,000 per loan signed for joint co-financing.	• The agreement foresees an annual fixed management fee of USD 466,765, plus a variable fee of USD 13,500 per loan signed.
Funding procedures • What are the main procedures for projects to access funding? • What are the financing conditions?	• Yearly pipeline of potential projects is submitted to the Nigerian authorities for endorsement, with supporting concept notes for each project. • The AfDB will do the project preparation and appraisal according to their procedures. • If the pipeline is not endorsed 30 days after its submission, all projects are considered approved. • NTF resources will be provided in co-financing operations with the ADB and the ADF, as well as in standalone operations. • **Financial terms:** The following three options are envisaged for the utilisation of the NTF resources: (i) ADF loan operations with long-term maturity; (ii) ADF loan operations with short-term maturity, and (iii) private sector operations. • Since December 2008, none of the three options charge interests on NTF loans. • **Project ceiling:** USD 10 million per project.	• AfDB may request for a project to be co-financed by JICA, under the ACFA. The share will be determined by a percentage of the project's total cost. Any contract or expenditure is jointly financed in the agreed proportions. • There are several procedures and formats for each phase of the project[35] that the Bank must deliver to JICA. All these are contained in Technical Annex 1 of the Operational Guidelines. • **Financial terms:** Loan conditions vary depending on the country's classification by per capita income (low-income, least developed, low-income, lower middle and upper middle income). • JICA will determine its financing terms for every project, irrespective of the banks' terms. • They are generally less onerous to the signing countries than the AfDB financial terms. • **Project ceiling:** The agreement and Operational Guidelines do impose limits on the project, sector or country ceiling of ACFA loans.	• All AGTF operations will be subject to Bank's policies, guidelines and rules, which will apply to all aspects of the AGTF (including but not limited to the review process, project appraisal and supervision, procurement, reporting, disbursement, Bank arrears and sanctions policy, auditing, restructuring and recovering policies, information disclosure and monitoring and evaluation. • All sovereign and non-sovereign borrowers eligible to borrow from the AfDB window shall be eligible for financing through the AGTF. • Financial terms: the terms of any AGTF loan will match those of the AfDB relating to the same eligible project. • **Project ceiling:** USD 50 million for sovereign guaranteed loan and USD 30 million for non-sovereign guaranteed loan. Additional limits apply to aggregate sector and country funding.

Comparative Criteria and Description	NTF-Nigeria Based on the Latest Operational Guidelines Approved in December 2008	ACFA-Japan (Joint Co-financing only) Based on the Latest Operational Guidelines Approved in August 2019	AGTF- China Latest Operational Guidelines Approved in February 2024. The 2024 is the Second Version Released (Initial 2014, Amendment 1 in 2017)
Comparative observations	- **Sectoral scope:** NTF is the only fund that specifically prioritises infrastructure, agriculture and regional integration. - **Fees:** The Nigerian authorities do not pay a pre-set fee to the AfDB for the fund management but will pay indirect costs and separate identifiable costs in arrears quarterly. - **Fund resources:** the NTF (USD 108.5 million available September 2024) is considerably smaller in terms of funding than ACFA (USD 3.5 billion) and AGTF (USD 2 billion). - **Project approval:** NTF pipeline needs to be annually endorsed by the Nigerian Authorities. - **Project ceiling:** NTF limits its contribution per project to 10 million USD. - **Financial terms:** No interest charges on NTF loans.	- **Sectoral and geographical scope:** No specific priorities; entirely to the discretion of the Bank and RMCs. - **Fund resources:** JICA holds the largest fund, with resources of USD 3.5 billion. - **Procedures:** Intensive procedure management for all project cycle phases, with specific procedures for every phase. - **Fees:** USD 250,000 per loan signed will be paid to AfDB. - **Financial terms:** Overall, less onerous than AfDB terms. Negotiated separately for each loan.	- **Procedures:** AGTF is the least intensive in terms of procedures and management. - **Fund resources:** Large resource pool available with very little additional management burden to the AfDB. - **Fees:** Fixed annual fee of USD 466,765 paid to the Bank plus a variable fee of USD 13,500 per loan signed. - **Financial terms:** Applies the AfDB conditions for each project type.

Annex 5: Effectiveness Rating Scale

(a) Achievement of outputs

The assessment of outputs is based on the output execution ratio and the quality of outputs. It should consider the planned (targets) and actual output or those that are considered on track to be reached. In determining the final rating, no formula based on a pre-determined weight applied to individual outputs is undertaken. If possible, select no more than 10 key output indicators in the Logical Framework and take into account the relative importance of the various components of the intervention in their selection. The following rating scale applies:

4 - Highly Satisfactory: The intervention fully achieved or exceeded its intended outputs, or is likely to do so.

3 - Satisfactory: The intervention almost fully achieved its intended outputs, or is likely to do so.

2 - Partly Unsatisfactory: The intervention partly achieved its intended outputs or is likely to do so.

1 - Unsatisfactory: The intervention barely achieved its intended outputs, or it is unlikely to do so.

(b) Achievement of outcomes

Outcomes are assessed against the intervention's objectives as contained in the Intervention Appraisal Report. The assessment of outcome is based on the direct and intermediate outcomes stated in the retrospective intervention logic model.

If the statement of objectives in the appraisal documents is unclear or is focused on outputs rather than outcomes, the evaluator reconstructs an outcome-oriented statement of objectives using the intervention's results chain, performance indicators and targets, and other information including country strategies and interviews with government officials or private sector representatives and AfDB staff. If the results chain is absent or poorly defined, the evaluator constructs a retrospective results chain from the intervention's objectives, components, and key performance indicators. The following rating scale applies:

4 - Highly Satisfactory: The intervention fully achieved or exceeded its intended outcomes, or is likely to do so

3 - Satisfactory: The intervention almost fully achieved its intended outcomes, or is likely to do so.

2 - Partly Unsatisfactory: The intervention partly achieved its intended outcomes, or is likely to do so.

1 - Unsatisfactory: The intervention barely achieved its intended outcomes, or it is unlikely to do so.

<u>The overall rating for effectiveness</u>: If the intervention objectives (outputs or outcomes) are rated Highly Satisfactory or Satisfactory, the overall effectiveness rating will tend to be Highly Satisfactory or Satisfactory. If the intervention objectives are rated Partly Unsatisfactory, the Overall Effectiveness rating will tend to be Partly Unsatisfactory.

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Endnotes

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[1] To calculate the current value of USD 150 million from 1981 in Africa, we need to account for the inflation rate over the years. The inflation rate in Africa has varied significantly, with an average annual rate of around 8 percent. Using an average inflation rate of approximately 8 percent per year, the value of USD 150 million in 1981 would be roughly equivalent to USD 3.8 billion today.
[2] The 80:20 percent share between the public and private sector projects was proposed by the Nigerian authorities and adopted by the Finance Department in developing the financial projections.
[3] In 2024, this concerns 18 of the 37 ADF-eligible countries.
[4] It is appropriate to be careful in the comparative analysis given the very large difference in size between the two samples.
[5] The Agricultural Transformation Support Programme (PATAM) and Promotion of Gender-Sensitive Agricultural Value Chains Project (PCVASG) in Mauritania; the Shire Valley Transformation Project (SVTP) in Malawi; and the Fish Town-Harper Road Project Phase I (FTHRP-1) and Liberia Energy Efficiency and Access Project (LEEAP) in Liberia.
[6] In particular, there was an independent evaluation conducted in 2007 and a Corporate Review in 2016.
[7] Africa50 was established in 2013 by African governments and the African Development Bank to help bridge Africa's infrastructure funding gap by facilitating project development, mobilising public and private sector finance, and investing in infrastructure on the continent. Africa50 focuses on medium- to large-scale projects that have a significant development impact and that provide an appropriate risk-adjusted return to investors.
[8] Introduced in ADF-10. In 2024, it concerns 18 of the 37 ADF-eligible countries – see *ADF-16: Performance-Based Allocations for 2024*, ADF/BD/IF/2024/28.
[9] ADB/BD/WP/2008/196.
[10] (i) No interest charges on NTF loans; (ii) a service charge of 0.75 percent per annum on outstanding balances; (iii) a commitment fee of 0.5 percent per annum on un-disbursed commitments; and (iv) a 20-year repayment period with a 7-year grace period, for an estimated grant element of 51.4 percent. In comparison, over the evaluation period, regular ADF loans had a maturity of 40-50 years with a grace period of 10 years, for a grant element of 61-66 percent.
[11] (i) No interest charges on NTF loans; (ii) a service charge of 0.75 percent per annum on outstanding balances; (iii) a commitment fee of 0.5 percent per annum on un-disbursed commitments; and (iv) a 15-year repayment period with a 5-year grace period, for an estimated grant element of 41.38 percent.
[12] The same terms as the ADB would apply, taking into consideration the provisions of the Guidelines for the Bank's private sector financing, as well as the risk analysis of the project.
[13] Including 22 co-financed projects and one stand-alone project (PCVASG – Mauritania).
[14] The beneficiary countries comprise: Benin, Cameroon, Côte d'Ivoire, Gambia, Liberia, Madagascar, Malawi, Mali, Mauritania, Niger, Rwanda, Sao Tome & Principe, Sierra Leone, Togo, Uganda, Zambia (Annex 2).
[15] By value proposition, we refer to the specific value added of the NTF, what might be described in the private sector as its *unique selling point,* which differentiates it from other financing windows and funds/facilities and gives it a special value.
[16] ADF funding is the most relevant point of comparison in assessing the flexibility and responsiveness of the NTF because the NTF is targeted to lower-income RMCs rather than to countries eligible for ADB funding.
[17] They are also channelled indirectly through the Regional Operations envelope, which comprises 25 percent of ADF resources, and through the Transition Support Facility (TSF), which makes provision for topping up the funding to Transition States made available through the ADF PBA allocations.
[18] https://www.afdb.org/en/news-and-events/press-releases/african-development-fund-mobilizes-89-billion-africas-low-income-countries-highest-its-50-year-history-57132
[19] Resources of the Nigerian Trust Fund, 9 May 2009, ADB/BD/WP/2009/86/Approved.
[20] https://www.afdb.org/en/documents/document/adf-11-press-release-london-meeting-13489
[21] The need to protect domestic food security in horticulture had been dramatically demonstrated during the COVID-19 pandemic when production fell in the neighbouring countries, curtailing exports to Mauritania.
[22] A satisfactory rating requires that between 75 percent and 100 percent of project outputs are on track to reach the targets set for the end of the reporting year and it is likely that by the end of the project these output targets will be reached.
[23] Data was collected from five Implementation Progress Reports (IPRs) for the period 2021-24, and also confirmed in interviews with project staff and beneficiaries.
[24] Information was drawn from two IPRs (2022 and 2024), supported by interviews with project staff and beneficiaries.
[25] According to the latest Quarterly Progress Report (April–June 2024) prepared by the Liberia Electricity Corporation Project Implementation Unit on 23 July 2024, 29,000 new customers were connected along the RIA Corridor, while 7,000 customers were connected in the Pleebo–Fish Town Centre Corridor.
[26] The estimated percentage of system losses at project appraisal in 2016 was 30 percent, and by 2021, the percentage of losses had skyrocketed to approximately 62.7 percent. However, with the implementation of LEEAP, particularly with the connection of customers since 2022, the percentage of losses has progressively decreased.
[27] Assuming an 8 percent annual inflation rate over the years, the current value of USD 10 million from 2009 is approximately USD 31.7 million.
[28] ADB/BD/IF/2014/137 and ADB/BD/IF/2014/140.
[29] The Cost-Benefit Analysis criterion does not apply to two out of the eight projects reviewed (PAMOCCA, and MKCCA) and of the six remaining projects, IDEV was unable to validate the ERRs of two projects (GAFDP and SRWSIHL) due to lack of sufficient information in the PCRs.
[30] Implementation Progress (IP) is derived from the updated IPR (Implementation Progress Report) and takes into account IP criteria assessed under three categories: i) Compliance with covenants (project covenants, environmental and social safeguards and audit compliance), ii) Compliance with project systems and procedures (procurement, financial management and monitoring

and evaluation), and iii) Compliance with project execution and financing (disbursement, budget commitments, counterpart funding and co-financing).

[31] Determined from data from the 2018 and 2017 calls for proposals.

[32] Assuming an 8 percent annual inflation rate over the years, the current value of USD 10 million from 2009 is approximately USD 31.7 million.

[33] A widely used method to estimate project costs is the scaling factor method, which uses an exponent of less than 1 to reflect economies of scale. This method shows that doubling the capacity of a project does not double the cost.

[34] The level of visibility will be assessed in relation to four sub-criteria: i) Project beneficiaries and project management staff know that their projects are financed by the NTF; ii) They know that the NTF is financed exclusively by Nigeria; iii) The NTF is a widely known source of financing within the Bank; and iv) Existence of communication signs and documentation indicating the NTF as a financing source for projects.

[35] There are procedures and formats regarding: project preparation, appraisal, approval, procurement, loan administration, project supervision, monitoring and completion.