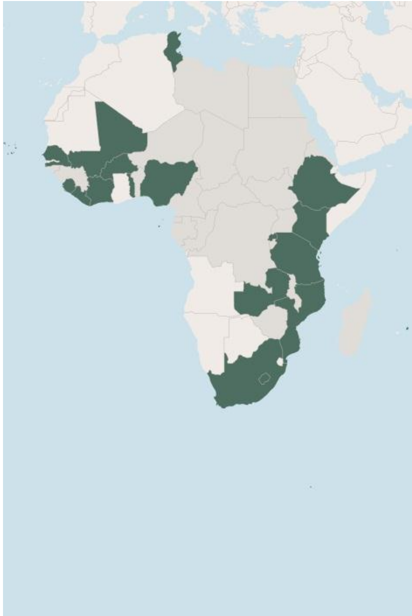
Ex post evaluation – Africa



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Sector: Sustainable economic development (CRS Code 2501)
Programme/Project: Investment Climate Facility for Africa - 2007 65 701 and 2010 36 557
Implementing agency: Investment Climate Facility for Africa (ICF)

Ex post evaluation report: 2015

		Plan	Actual
Investment costs (total)	USD million	550.00	145.00
Counterpart contribution	EUR million	0.00	0.00
Funding	USD million	550.00	145.00
of which private sector	USD million	22.50	15.00
of which BMZ budget funds	EUR million	30.00	24.00

*) Anticipated appraisal for EUR 30 million, commitment of EUR 10 million under 200765701 and of EUR 14 million under 201036557

Summary: The Investment Climate Facility for Africa (ICF) was established in 2007 as an independent charitable trust under UK law based in Tanzania by several donors and with private sector participation. The ICF intervention was originally limited to a seven year period. The Facility has supported and continues to support short to medium-term public sector investments in order to reduce or eliminate barriers to investment and trade in a large number of African countries. The Board of Trustees of the ICF consists of political leaders, representatives of business and donors and provides unbureaucratic, targeted financial support in Africa.

So far, 71 projects have been approved, of which 43 have been completed. Within those projects ICF collaborated directly with 21 African countries. Taking into account the cross-regional projects 35 countries in sub-Saharan Africa (incl. Tunisia) have been supported. The German government supported ICF with grants amounting to a total of EUR 24 million.

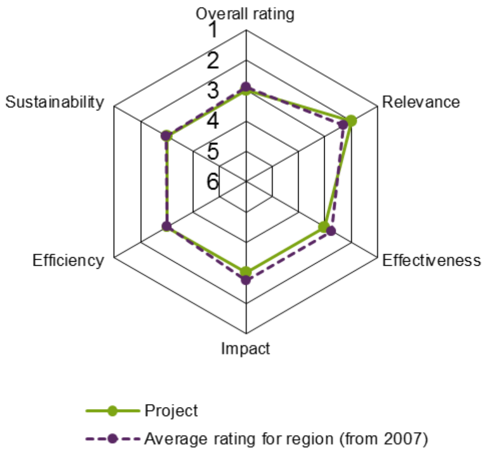
Objectives: To substantially reduce barriers to national and regional trade and investment (project objective). The aim was that the improvement in the investment climate in the intervention countries of ICF would increase economic activity and employment and indirectly help reduce poverty (ultimate objective).

Target group: The working population in Africa, particularly potential and current owners and employees of formal and informal businesses whose opportunities for growth and employment improve as a result of advantageous general conditions.

Overall rating: 3

Rationale: While the evaluation yielded good results at project level, restrictions are visible with regard to the results and efficiency at institutional level.

Highlights: Innovative and unique approach for the rapid movement of largely public-sector donor funds to short and medium-term public-sector investment measures requiring intensive consultation with the involvement of the private sector via an institution established in the private sector. A decision needs to be taken on whether to dissolve ICF and, if so, on how to complete the ongoing projects; or whether to provide ICF with appropriate funds and to continue it in its private sector form without direct participation from donors.



Unfortunately, sectoral comparison is not possible.

Rating according to DAC criteria

Overall rating: 3

General conditions and classification of the project

The Investment Climate Facility for Africa (ICF) was initiated by the British Prime Minister Tony Blair at the G8 Summit in Gleneagles in 2005. German support was provided at the political level in 2007 ahead of the G8 Summit in Heiligendamm under the motto "Growth and Responsibility" and the declaration of intent "Assistance for Africa". The ICF has been co-financed by the World Bank, the African Development Bank, Ireland, Norway, the Netherlands and South Africa, alongside Germany and the UK. From the private sector, eight multinationals have contributed around USD 15 million. At the time of its appraisal by KfW, ICF was already structured by DFID (Department for International Development of the UK government) and in the process of being established.

Relevance

Sustainable development requires economic activity which generates not only employment and income, but also public revenue. Entrepreneurial activity in African countries is often hampered by a lack of transparency in the underlying conditions, high costs and a huge amount of time spent on ensuring formal economic activity. In the World Bank's Doing Business ranking, which looks at the overall framework conditions for businesses in 189 countries, Sub-Saharan Africa ranks near the bottom with a median of 146 in 2007 and 152 in 2015 in a global comparison. Africa receives less than 5 % of global foreign direct investments. The continent is home to 31 of the world's 48 "least developed countries" and the median ranking in the "Human Development Index" is 159 out of 187 countries. The key challenge for the African countries is the lack of capacity to implement reforms and the lack of political will in some cases, together with the frequent prevalence of political instability and corruption.

The promotion of projects/programmes which specifically reduce barriers to trade and investment in the participating countries aims to save time and costs, in particular for private enterprise activity, and to create a reliable regulatory framework. The associated improvement in the investment climate would, it was hoped during the appraisal, lead to increasing economic - including cross-border - activity with a positive impact on employment (project objective) and it was also hoped that this would reduce poverty on the African continent (ultimate objective). The results chain is very long and expectations regarding the effects of individual projects/programmes in different countries are very high. Improved general conditions must first of all offer a sufficient incentive for growing economic activity, taking into account possible deficits in other areas. If businesses expand their activities and new businesses enter the market, this creates competition which broadens the offerings for consumers, and from a certain level onwards employment will also rise. Initially, the better-positioned sections of the population will benefit as consumers and, among them, those with a higher level of education will benefit as employees. Broad-based growth will not be achieved until the disadvantaged groups of the population also derive benefits from investments in public infrastructure as the result of a broader tax base and rising public revenue along with efficient public services and a suitable spending policy (trickle-down). Due to the length of the results chain, the objective system can be adapted for the evaluation as follows: Barriers to national and regional trade and investment are reduced substantially (project objective). The resulting improvement in the investment climate in the intervention countries of the ICF increases economic activity and employment, and indirectly helps reduce poverty (ultimate objective).

To improve the investment climate in Africa, the ICF was established as a lean African institution which supports the implementation of short to medium-term projects on the basis of private sector principles in a rapid and targeted manner with advice and, in particular, financing. These projects improve the underlying legal, regulatory and administrative conditions for private economic activity in the intervention countries. A volume of USD 550 million in funds for a 7-year period was envisaged. ICF's management was drawn from African managers from the private sector and monitored by the Board of Trustees (BoT), which was made up of eminent, mostly African, personalities (especially former government representatives and entrepreneurs). Apart from its management duties the BoT was tasked with contributing its contacts and experience to ICF's work. The finance providers (donors and entrepreneurs) were incorporated into the governance structure via a Technical Advisory Committee (subsequently the Contributors' Forum). Moreover, Germany was represented with one member on the BoT and delegated a project manager to the ICF from 2008-2011. At an operational level, the organisational structure was kept very lean. This structure enabled efficient processes from the identification to the implementation of the projects, complementing the international development cooperation. The participation of several relevant donors in the African context allowed investments to be coordinated.

The cooperation with the private sector was intended to take place at three levels: First of all, experience was to be contributed through the presence of important business representatives on the BoT; secondly, the private sector as finance provider was expected to contribute significant funds and, via the Technical Advisory Committee, its knowledge; and thirdly, the private sector was expected to participate in the intervention countries at project level. Little analysis was performed in assessing the direct added value to be gained by the private sector from its participation in a pan-African initiative.

No detailed needs assessment was performed regarding the strategic focus of the projects from a sector perspective or regarding the intervention countries. At the beginning, eight intervention areas were identified, which influence the perception of risks, the decisions with regard to entrepreneurial activity and their implementation and which largely correspond to the areas of the World Bank's Ease of Doing Business[1]: 1. Business registration and licensing, 2. Taxation and customs, 3. Property rights and contract enforcement, 4. Infrastructure, 5. Access to Finance, 6. Combatting Corruption and Violence, 7. Competition Policy, 8. Labour markets. The intervention countries were expected to take part in the African Peer Review Mechanism (APRM) as part of the African Union's New Partnership for Africa's Development (NePAD). This voluntary mechanism of mutual qualitative assessment and review of African states' governance provides a basis for the assessment of economic framework conditions and can be used as an indicator of the countries' willingness to implement reforms.

The demand-oriented project selection (following an application from potential executing agencies) was expected to be replaced after around 2 years by a strategic conceptual selection based on an analysis of the main bottlenecks with regard to the investment climate in the relevant countries and in a country comparison. Given the lean structure and tight personnel resources, the timeframe and the objective of promoting projects that can be rapidly implemented and are effective at short notice, this aspiration cannot be considered very realistic.

Generally speaking, the private business structure of ICF with its lean management and short decision-making paths can be deemed suitable to support smaller, targeted measures aimed at promoting the investment climate with the involvement of the knowledge and financial resources of the private sector as a complement to the long-term commitment of the international donor community. Short project terms and the limitation of ICF to a fixed period (7 years) are difficult in view of the time horizon required in order to implement reforms which break up old structures and patterns.

Relevance rating: 2

Effectiveness

The objective of the ICF, which has been adjusted for the evaluation, is to achieve a substantial reduction of barriers to national and regional trade and investment. Achievement of the target indicators (key performance indicators) formulated for each project, mostly with direct relevance for entrepreneurial decisions through cost and time savings, was used to assess effectiveness. Virtually all projects reached or even exceeded their target indicators. Many of these indicators were result indicators which, taking into account the size and timescale of projects, can be used as meaningful proxies for the reduction of barriers to investment and trade. A direct impact on the private sector was evidenced, in particular, by reduced outlay associated with bureaucratic requirements, which resulted in corresponding cost and time savings, increased transparency and lower vulnerability to corruption. Until the first quarter of 2015, a total of 71 projects were approved, of which 43 have been completed and 28 are still in the process of execution.

[1] Ease of doing business: Starting a business, Dealing with licenses, Employing workers, Registering property, Getting credit, Protecting Investors, Trading across borders, Enforcing contracts, Closing a business

ICF has performed an impact assessment for 8 projects. The projects promoted a total of 21 countries directly (60 projects), while 11 regional projects reached a further 14 countries.

The cooperation focused on smaller countries with a generally high willingness to carry out political reform in Eastern and Western Africa. Rwanda, Senegal, Burkina Faso and Sierra Leone secured almost 50 % of ICF funds for their reforms. Generally speaking (even without ICF), the promoted countries conducted an above-average number of reforms to improve their investment climate. ICF's call for the "3 Cs", i.e. commitment (political will), champion (person promoting a project) and capacity (capacity to implement the project) and demand-driven operation have enabled successful project implementation and positive effects, while weak countries were taken less into account despite their marked need for reform, as were large countries, where a small institution such as ICF faces high barriers to market entry. Through its focus on smaller countries with willingness to reform, ICF was also, in particular, able to promote the transfer of knowledge between countries through the transfer of concepts, knowledge sharing workshops, cross-border and cross-project training measures and direct cooperation between countries. Regional programmes and projects not only improved but also harmonised the underlying regulatory conditions.

The promoted public sector investments focus on two core areas in particular: Property rights and contract enforcement (36 % of ICF investments) and taxation and customs (32 %). Business registration and licensing (16 %) and infrastructure (10 %) were well catered for, whereas no projects related to the areas of employment, competition or corruption and crime. Due to increasing experience in certain areas, ICF specialised on automation processes and the use of IT (commercial court case systems, customs clearance systems, tax systems, one-stop shops), which led to the reduction of points of interaction and process steps, and the saving of costs and time. The projects have thus had an effect beyond the specific area of intervention: red tape has been reduced and transparency increased, thereby limiting the opportunities for corruption; less expensive and faster business registration and licensing have facilitated the transition from the informal to the formal sector, improving access to finance for businesses but also widening employment that offers social security benefits and increasing the tax base; efficient customs clearance has saved cost and time for trade, thus increasing the ability to compete internationally.

In many cases the cooperation with the private sector at project level has taken place via associations and chambers of commerce and their involvement in project steering committees. Thus the requirements of many businesses, especially small and medium-sized ones, were successfully included while at the same time the acceptance and public awareness of projects and programmes was promoted. Private sector funds were also secured for 14 projects in the form of co-financing at project level.

From an institutional perspective, the envisaged objectives and expectations were not fulfilled satisfactorily. With a total of USD 145 million, ICF's financial resources fell far short of the USD 550 million target. The private sector's commitment, which totals only a good 10 % of financing, illustrates the problems of a lack of direct added value for multinational companies as an incentive to participate in individual projects/programmes in mostly smaller African countries via a pan-African initiative. It is the large countries that contain the markets of interest to them, and their specific problems could not be resolved via ICF. The expectation that the trustees would contribute their regional and sector experience in the acquisitions and the structuring of projects was not met either. Due to its very tight personnel structure, ICF often found it very difficult to meet the project work requirements at an operational level, which necessitated the deployment of additional consultants (see also under Efficiency). The expectation and request of the finance providers for a switch from demand-oriented to strategically structured project selection is not considered to be viable for such a small institution and could not, in fact, be met.

Most of the completed projects fulfilled their objectives and made a contribution to the facilitation of economically efficient action. Although the demand-oriented project selection facilitated effective and efficient implementation, it was not able to fulfil the donors' strategic and conceptual hopes of serving the countries and sectors with the most serious problems. Expectations were not fulfilled at an institutional level, and effectiveness could have been improved further through a higher level of involvement of the trustees and the private sector in terms of content and an increase in personnel capacity at the operational level.

Effectiveness rating: 3

Efficiency

Allocative efficiency at project level is to be evaluated as good against the backdrop of the demand-oriented project selection because projects with higher ownership in a reform-minded environment were promoted, generating sustained effects with the funds available. However, ICF did not necessarily serve the areas or countries with the most serious problems impeding entrepreneurial action. Often, existing approaches for reform were built upon, and in many cases pilot projects were broadened. In most cases ICF involved itself in projects which other donors did not support or would not have done so on account of their size (volume of funds) and focus (technical assistance and IT equipment). Where ICF cooperated with other donors in projects, this was mostly on a complementary basis in order to create the prerequisites for greater investments or to process aspects they could not handle. Only in exceptional cases did ICF close funding gaps in the projects of other donors. Moreover, ICF proved to be mostly resistant to the specific expectations of individual businesses.

Most projects were completed without serious cost overruns and with the necessary flexibility regarding schedules. ICF's rapid, efficient and pragmatic action is guided by a private business approach, which proved a clear advantage over other donors and was appreciated by ICF's partners. Generally, ICF required less than a year from the identification of a project to its implementation. There were frequently delays in implementation attributable to either ambitious planning as a result of ICF's short-term focus or to external factors such as a lack of political willingness or political instability (e.g. Mali), difficulties in making available counterpart contributions due to budget restrictions, the lack of capacity for implementing projects or force majeure (e.g. the Ebola epidemic) as well as bureaucratic procurement procedures.

Funds totalling about USD 131 million (contributions from governments 84 %, private sector 11 %, other donors 4 %) were mobilised with ICF's contributions at project level, which means that ICF on average financed only 47 % of project costs. In 14 cases, the private sector provided co-finance at project level.

Production efficiency at an institutional level was rather low on account of high costs, although a comparison with other institutions is difficult because of the differences in tasks and focus, the variety of calculation methods and incomplete data. Based on a rough calculation, William Easterly[2] put the average administration expenses of bilateral donors in relation to ODA at 7 % and those of multilateral donors at an average of 12 %. Seen from this perspective, ICF is expensive with EUR 37 million compared to EUR 105 million[3] (assuming that all residual funds will be paid out in 2015) resulting in a 35 % ratio. In this calculation, governance costs alone (BoT remuneration and meetings, contributors' meetings) at USD 6.3 million (2007-2015) account for 5 % of funds made available and 7 % of funds disbursed.

According to the German Central Institute for Social Issues, it is acceptable for the advertising and administrative expenses (excluding project-specific costs) of charitable organisations to account for up to 30 % of overall expenses[4]. In the light of this, ICF's administrative expenses (total costs less project assistance and project personnel) of USD 20 million or 14 % of total funds of USD 145 million can be considered appropriate. The costs are put into perspective even more if we look at the ratio of costs to the open portfolio each year, which averages 8 %.

Such a comparison of ICF's administrative expenditure with that of charitable organisations collecting donations from the public seems somewhat questionable, because until recently, ICF did not have to engage in fundraising activities in order to finance its activities. Only recently, ICF has started fundraising efforts for a second phase. Against this background, ICF's administrative costs appear in a more critical light.

Because ICF was provided with substantially less funds than expected, i.e. USD 145 million instead of USD 550 million, the percentage of overheads for the minimum requirements for accounting, for monitoring and reporting to the donors turned out to be higher than expected. At the same time, the costs incurred by the finance providers for appraisal and monitoring must be taken into account.

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[2] William Easterly and Tobias Pfutze, "Where Does the Money Go? Best and Worst Practices in Foreign Aid"

[3] USD 117 million in project commitments less USD 12.4 million in project fund savings on implementation.

[4] Total expenditure consists of project expenses (project promotion, project assistance, campaign, information and educational work) and advertising and administrative expenses (advertising and general public relations work, administrative expenses such as, in particular, management and supervisory bodies, finance and accounting systems, personnel administration and organisation).

When compared with the generous size of the BoT (10 members) and the management board (CEO and COO), the operational staffing is very low with an average of between 4 and 5 project staff over the years, roughly the same number of administrative staff and vacancies throughout the period. Not all project work could be handled by the personnel, and staff shortages had to be compensated through the deployment of consultants, which in turn increased administrative expenses. Because the ICF was initially limited to 7 years, in the second half of the project term increasing resources were used to plan and raise funds for a possible second phase. At the same time, the project portfolio in implementation expanded. Yet the project management personnel was not increased; instead, in 2011 a Chief Operating Officer (COO) was put in place alongside the CEO, as a result of which the organisational structure became even more top-heavy. The often extreme workload of the project personnel led to high fluctuation, despite attractive remuneration.

All told, ICF is caught between its objective of acting efficiently as a lean organisation and the need to meet the minimum requirements and capacity to fulfil the mandate and expectations of the finance providers. In particular, the high governance costs and the monitoring and management demands of the donors reduce the positive aspects of ICF, which acts according to private sector criteria and is thus able to intervene more quickly. This contrasts with the alternative option wherein such projects/programmes are handled directly by international donors.

Efficiency at the institutional level is not considered to be satisfactory, due to the cost-intensive governance structure, which weighs particularly heavily because the funds received by ICF are substantially lower than originally planned. Secondly, it is worth pointing out that the monitoring and steering demands of the finance providers are unclear and inefficient and do not always agree with the deliberately streamlined way in which ICF operates, guided as it is by private sector principles. By contrast, ICF's unbureaucratic and results-oriented working style in most cases contributed to efficient project preparation and implementation at project level and was greatly esteemed by its partners; consequently, efficiency overall is assessed as still satisfactory.

Efficiency rating: 3

Impact

The ultimate objective, which has been adjusted for this evaluation, is that the improvement in the investment climate in the intervention countries of ICF increases economic activity and employment and indirectly helps reduce poverty. The indicators for assessing the achievement of the ultimate objective were also adjusted accordingly: indicators (1) and (2) were firmly established at programme objective level during appraisal and have been taken into account here for the evaluation in accordance with the objective formulated. In addition, to measure economic - including cross-border - activity the evaluation looked at the development of imports and exports and at the countries' gross domestic products.

Indicator	Status PA		Ex post evaluation	
(1) Perception of political risk (FDIs)	Sub-Saharan Africa 2007	ICF countries 2007	Sub-Saharan Africa 2013	ICF countries 2013
FDI flow inward in USD million (average)	650	942	951 (+46 %)	1471 (+56 %)
FDI stock inward in USD million (average)	6,349	11,194	10,359 (+63 %)	16,602 (+48 %)
(2) Changes in the Doing Business ranking	Sub-Saharan Africa 2007	ICF countries 2007	Sub-Saharan Africa 2015	ICF countries 2015

(comparison of medians)	145	132	151	132
(3) Export/import development			Sub-Saharan Africa	ICF countries
Average annual export growth 2007-2013			12 %	15 %
Average annual import growth 2007-2013			11 %	13 %
(4) Economic growth (annual average real GDP growth rates 2005-2013)			Sub-Saharan Africa	ICF countries
			4.92	5.48

The reference here is Sub-Saharan Africa because Tunisia was the only North African country to receive support from ICF. Tunisia was integrated both into the SSA figures and into the ICF countries.

SOURCES: (1), (3), (4) UNCTAD statistics, (2) www.DoingBusiness.org,

ICF's specific investments alone in areas relevant for the investment climate in individual African countries cannot have a significant effect on the indicators shown. Although the countries supported by ICF recorded above-average performance, it must be remembered that the difficult global economic situation had an impact on Africa's performance particularly around the year 2009. In the context of the many and varied reforms undertaken by the countries to improve the investment climate and via the structural effects of the individual projects/programmes, however, a contribution to a trend towards an improvement in the indicators can be discerned. A certain degree of distortion on account of the cooperation with countries willing to reform cannot be ruled out; at the same time, ICF did not for the most part cooperate with the countries with the strongest economies, such as, e.g. commodity exporters. On account of the fact that many projects/programmes were completed only recently or have not yet been completed and that the results chain is extremely long (see Relevance) the impact at development policy level has so far not unfolded in full.

With regard to the ranking in the Ease of Doing Business index, it is clear that although the ICF countries did not show an improvement in terms of the median, the countries in SSA in general have slipped by a remarkable 6 places. Generally speaking, the Ease of Doing Business index is more useful for comparing countries at the same point in time than for tracing the development of individual countries over the years. The extensive reform efforts by some of the countries become more evident in the number of reforms mentioned in the Doing Business reports. Equally, an improved ranking and improved perception of the investment climate often also fails to lead to an improvement in the macroeconomic indicators on account of other factors (e.g. land-locked county) or shortcomings in individual sub-areas (lack of legal certainty despite efficient processes in the public administration, political instability). 10 out of the 21 direct intervention countries of the ICF were also rated once or more than once among the top ten reformers worldwide with the biggest improvements in 3 or more areas of the Doing Business ranking.

The projects often achieved far-reaching structural effects in many different ways. Interventions in certain areas have had an impact on other factors that are relevant for the investment climate, particularly with regard to vulnerability to corruption; thanks to increased transparency (see also Effectiveness). Follow-on projects in the same country have contributed to further development in content terms or local dissemination (introduction of systems initially in the capital with subsequent rollout nationwide). Others have become a benchmark for other countries (one-stop shops with e-government on the Cape Verde islands as a benchmark for other countries, including Mozambique, Equatorial Guinea, Sao Tome, Guinea-Bissau, Mali, Guinea, Burkina Faso). Successful project concepts were spread through direct cooperation between countries (paperless import/export handling via a quasi-state-owned private company (GAINDE) in Senegal as an example for Ethiopia and Burkina Faso). In other cases ICF interventions created the basis for major projects/programmes by other donors or the countries themselves, as in the case of the Cape Verde islands, where the World Bank, African Development Bank and United Nations Industrial Development Organization expanded the intervention thematically.

For broad-based growth with relevance for a reduction in poverty the realised increases in public revenue must also go hand in hand with an efficient provision of public-sector services and an improved spending policy, although these aspects are not determined by the investment climate and they can be expected to show their effects with a certain delay.

Impact rating: 3

Sustainability

Due to their characteristics - reforms and introduction of new administrative procedures while taking into account the usually strong political interest - most of the projects/programmes can be expected to lead to a sustained improvement in the investment climate within the sub-area. ICF has supported projects in African countries which have carried out a relatively large number of reforms to improve the investment climate in recent years, which bears witness to a persistent willingness to reform. On average, in the countries supported directly by the ICF, 13 reforms have been carried out to improve the investment climate in the past 8 years (2008-2015), as mentioned in the Doing Business Report.

Nevertheless, for some projects there is a need for additional measures in order to secure the progress made on a sustained basis because only some sections of reform implementations have been realised (e.g. GAINDE Senegal) or pilot projects/programmes have been launched as projects in their own right. In both cases this need was partly met through projects building on each other with ICF support (e.g. OHADA I => OHADA II). The question remains to what extent a further need for support will be provided from other parties if ICF is dissolved.

Some projects are financially sustainable in structural terms through income/fees while others depend on budget allocations. From a project perspective, the biggest risks exist with regard to a continuing political commitment to reform and with regard to the insufficient capacity of institutions.

At an institutional level, long-term action by ICF has not been an explicit goal; ICF was established with an initial time horizon of 7 years although its continuation was not explicitly ruled out. Since the commitment of donors and the private sector has fallen short of expectations and the fundraising activities to secure the continuation of ICF have not yet been successfully completed, at the moment no statement can be made about the institution's continuation. Despite an extension by one year until the end of 2015, a significant number of projects have not yet been completed. If ICF continues until the remaining projects are resolved, the relative administrative expenses will continue to rise. An exit strategy should have been structured clearly earlier on, at least in light of the clearly apparent fundraising difficulties.

Sustainability rating: 3

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Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).