



1. Project Data :	
OEDID:	C2089
Project ID:	P000010
Project Name:	Third Regional Development Project
Country:	Benin/West African Development Bank
Sector:	Financial Sector Development
L/C Number:	C2089 and L3161
Partners involved :	None
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2. Project Objectives, Financing, Costs and Components :
The Bank has nurtured the West African Development Bank (BOAD), since its founding in 1978. It has been viewed as a potentially cost-effective intermediary for small projects and a promoter of regional integration . Bank staff were seconded to BOAD early on and the Bank/IDA financed technical assistance (1979) and a line of credit for on lending (1983). This Third Regional Development project provided the BOAD with an IDA credit of US\$ 40 million and an IBRD loan of US\$15 million for on lending for investment projects in the seven member countries of the West African Monetary Union (UMOA). The IDA credit also contained US\$ 1 million for technical assistance for feasibility studies, project preparation, appraisal and supervision . The IDA credit would be on lent for sub projects in the six IDA-eligible countries; the Bank loan would be on lent for sub projects in Cote d'Ivoire . The projects were supposed to emphasize economic integration of the UMOA and to strengthen BOAD, enhance its development impact, and facilitate its capacity for resource mobilization . BOAD's strategy called for increased lending to the private sector, enhanced concern about environmental impacts and greater emphasis on regional integration . The credit closed at the end of 1997, after a one-year extension and US\$8.6 million of the loan and US\$ 1.8 million of the credit were canceled.

3. Achievement of Relevant Objectives :
BOAD on lent US\$49.6 for 17 projects (28 % in the private sector, compared to a target of 35%). However, a Bank assessment concluded that 35% of the projects were either not viable, or potentially not viable . By the Bank's definition (a project involving a regional institution or at least two countries), no regional project was undertaken . BOAD contributed to the development of the financial sector by issuing its own bonds in the regional market, helping to establish a venture capital company, and making financing available for leasing companies . BOAD's financial situation was strengthened . Risk management was improved, the post evaluation unit has been reinvigorated and a private sector department has been created .

4. Significant Achievements :
BOAD has become a financially sound institution with appropriate policies and practices . However, its technical capacity for project formulation and supervision remains weak .

5. Significant Shortcomings :
The project got off to a slow start as the macroeconomic situation in the countries of the region was precarious, and, with the overvaluation of the CFA franc before the devaluation of 1994, there were few viable investment opportunities.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Marginally Satisfactory	The regional development impact was modest. Also, a significant proportion of sub projects were judged to be non viable .
Institutional Dev .:	Partial	Modest	

Sustainability :	Uncertain	Uncertain	
Bank Performance :	Deficient	Unsatisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

The ICR highlights the need to draw on the lessons of previous experience in preparing follow on projects . The ICR states that the third project would have had different objectives if the ICRs for the previous two projects had been available for review. This highlights the value of the ICR process . It is important to have a clear view of the performance of previous projects before moving ahead with follow up operations . It is specially important to have a concise written evaluation readily available when management and staff turnover are rapid . In the case of third project, appraisal was in May 1989, the first project had closed in December 1987 and an ICR should have available. The second project did not close until March 1991, but, since there were virtually no disbursements on the third project until FY93, it could easily have waited until the second project could be evaluated .

8. Audit Recommended? Yes No

9. Comments on Quality of ICR :

The ICR is generally satisfactory .