

March 2019

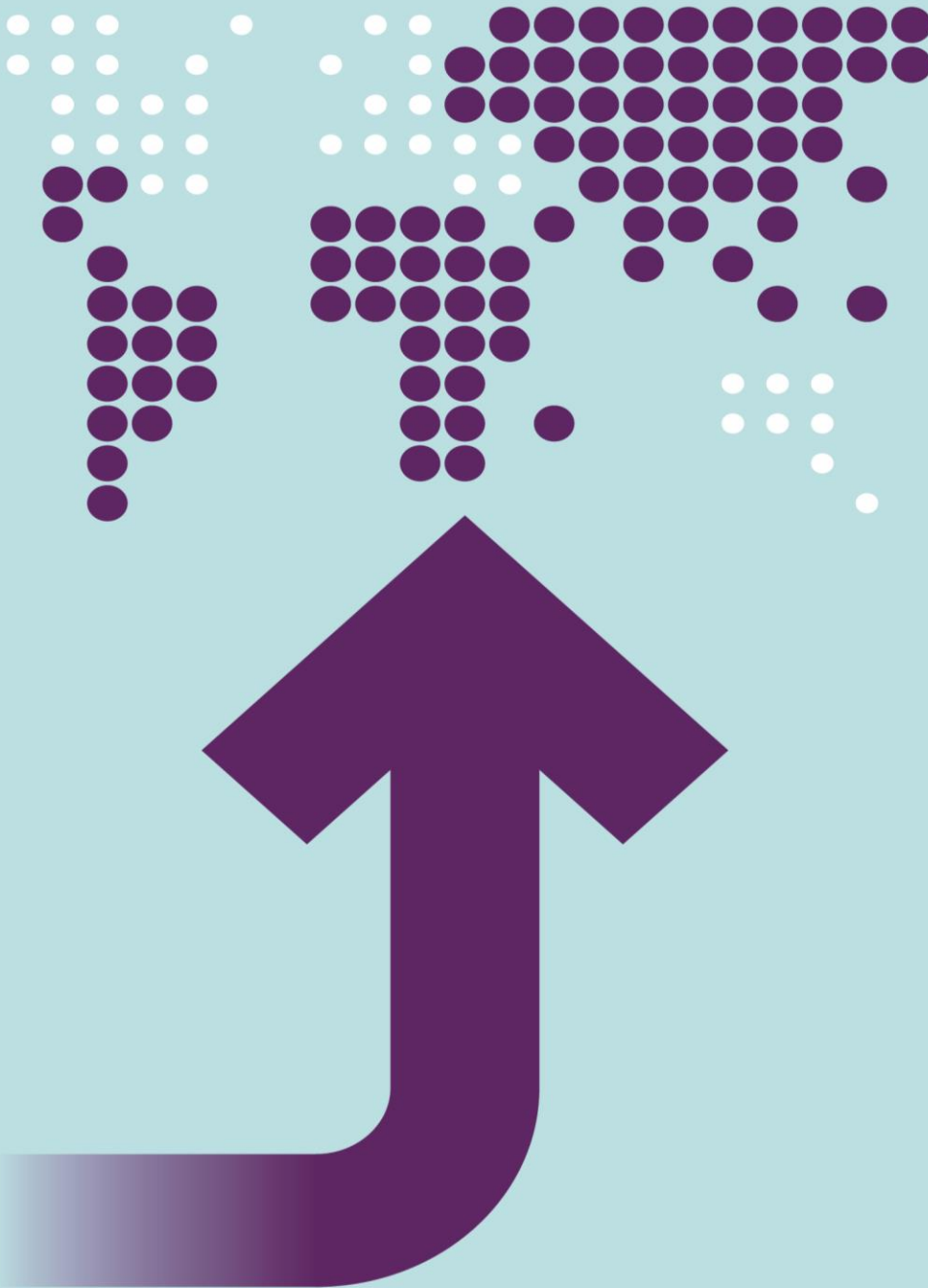
AFRICAN DEVELOPMENT BANK

Preparation of the
2017 Multisector,
Infrastructure,
Agriculture, and
Environment Project
Completion Report
Evaluation Notes
(PCRENs)

Independent
Development Evaluation
(IDEV)

Synthesis Report

Centennial Group
International



Contents

List of Acronyms.....	2
Executive Summary.....	3
Background to the Assignment.....	8
Objectives	8
Methodology and Limitations.....	8
Portfolio.....	9
Overall Project Performance	10
Relevance of Objectives and Project Design	12
Effectiveness (Outputs, Outcomes and Overall effectiveness).....	13
Efficiency (Timeliness, Resource use efficiency, cost benefit analysis, implementation progress)	14
Sustainability and Crosscutting themes (Financial, Institutional and strengthening capacity, ownership and sustainability of partnerships, environmental and social sustainability)	17
Bank performance	20
Borrower performance.....	21
Performance of other stakeholders	22
M&E quality	22
PCR quality	25
Lessons arising from the cohort of projects reviewed	27
Recommendations from the synthesis of projects reviewed	28
Concluding Comments	33

List of Acronyms

AfDB:	African Development Bank
EVRD:	Evaluation Results Database
IDEV:	Independent Evaluation Department
IPR:	Implementation Progress and Results Reports
M&E:	Monitoring and Evaluation
MTR:	Mid-Term Review
PCR:	Project Completion Report
PCREN:	Project Completion Report Evaluation Note
PCU:	Project Coordinating Unit
PIU:	Project Implementation Unit

Executive Summary

The African Development Bank Group (AfDB) undertakes self-evaluation of its projects through Project Completion Reports (PCRs) prepared by the appropriate operational departments at the end of project cycle. The Independent Development Evaluation Department (IDEV) subsequently reviews all PCRs on an annual basis and produces a PCR Evaluation Note (PCREN) for each PCR as well as a synthesis report on the yearly PCREN cohort.

This report synthesizes the findings of the review of the 88 PCRs completed in 2017. The objectives of this assignment included assessing the quality and validating the performance of each of the 88 projects covered in the PCRs, assisting AfDB management (hereafter referred to as “the Bank”) and staff to improve the quality of the PCR system, and contributing to IDEV’s Evaluation Results Database (EVRD) on project performance and PCR quality.

The findings of the review are expected to be disseminated widely to the Bank’s Board, management and staff, and shared with the public through discussions, workshops, printed reports, IDEV activities and the Bank’s website.

Main Findings

1. Relevance of Objectives and Project Design

Both PCRs and the review found the relevance of the development objectives for the projects in the portfolio to be highly satisfactory. The vast majority of the projects were highly relevant in terms of their objectives, signaling good alignment with the country’s development priorities and with the pertinent Bank strategies.

2. Effectiveness (Outputs, Outcomes and Overall Effectiveness)

On average, the PCRs rated development effectiveness as satisfactory whereas the PCRENS found it to be less than satisfactory. The difference was not in terms of the outputs as most projects completed the physical outputs but in the outcomes where often due to a flawed or over-optimistic results framework the outcomes were not achieved.

3. Efficiency (Timeliness, Resource use efficiency, cost benefit analysis and implementation progress)

While the PCRs on average rated this criterion as satisfactory, the review found it to be less than satisfactory. This can largely be imputed to the fact that the majority of infrastructure projects reviewed especially those in power, water and sanitation did not have an acceptable cost benefit analysis. Transport sector projects were somewhat better in this respect because they used highway development models.

4. Sustainability and Crosscutting Themes

The sustainability of the reviewed projects was found to be unsatisfactory by both the PCR and PCRENs. Generally speaking, water supply and sanitation, and energy projects were found to have low prospects of financial viability. The review found that projects in these two sectors often failed to contingencies in place for the generation of revenues that would absorb the operating costs of the utilities. Moreover, the review found that projects with a high level of community participation tended to have a better chance of sustainability, even where the broader operating environment was highly challenging

5. Bank Performance

In the case of the Bank's performance, the review found it to be less than satisfactory as opposed to the PCRs which on average found it to be satisfactory. In general, it was observed in the PCRs that the Bank performance was systematically rated satisfactory or above, even when the project had major implementation issues. Bank performance was an important issue in the preparation/appraisal phases where in many instances it was found to be inadequate, lacking rigor and technical depth. Sharper focus on the quality of project preparation should be supported by a strengthening of AfDB arrangements for the control of project quality at entry.

6. Borrower Performance

On average, both the PCRs and PCRENs found this measure to be less than satisfactory. In most cases, the rating of the borrower's performance in the PCRs was neutral and often evaluated as satisfactory, even in cases where borrower's performance was obviously poor. A frequent criticism that emerged from the review is the tardiness in providing counterpart funds, which slowed implementation due to delays in providing interim payment certificates.

7. Performance of other stakeholders

The performance of other stakeholders was found to be less than satisfactory by both the PCRs and PCRENs. Drilling down, the quality of work was sometimes inadequate. Criticism centred around the failure of contractors to furnish performance guarantees on time and sometimes reporting was less than diligent. Timeliness of disbursements by co-financiers was also flagged as an issue.

8. M&E Quality

The review found that the M&E results framework was often inadequate and there were issues with inadequate baseline data, inappropriate indicators, as well as weak implementation and utilization of the M&E system. The progress reporting of outputs was generally fair, though the M&E of outcomes was much weaker.

9. PCR Quality

The review found the quality of PCRs to be uneven. Several confused outputs and outcomes and there were instances where the outputs and outcomes given in the PCRs differed from the ones listed in the logical framework of the appraisal report. A tendency was to treat each PCR as a mechanical exercise and to cut and paste statements from one PCR to another, especially in the same sector in the same country. It is possible that working through the backlog of PCRs that had

built up compromised the quality. Of the 88 PCRs reviewed, 65 showed whether they were prepared on time or not and of these 66 per cent were prepared on time.

Recommendations for Bank Management in respect of project preparation and design

- 1. Accuracy of project cost estimates:** Appraisals should certify to the Board that the project designs and cost estimates were relevant and reliable. A standard for reliability should be set and incorporated into the appraisal guidelines.
- 2. Borrower Capacity:** The project scope should be limited when capacity is weak and where there are insufficient resources for O&M. Borrower capacity should be given greater emphasis in appraisal to ensure it is adequate for the proposed project
- 3. Pre-investment studies and technical assistance:** The Bank should only pursue such assistance if it has prioritized the proposed projects under its country strategies or in exceptional circumstances. It should also ensure that both the economic and financial viabilities are analysed carefully and the criteria used to test the concepts are clearly laid out at the time of preparation
- 4. Cost benefit analysis:** The issues in the way that cost benefit analysis are being conducted are serious enough that the Bank may want to set up a technical group to re-evaluate the approach used for cost benefit analysis especially in power, water and sanitation projects. The technical review group should be asked to review current guidelines and consider whether an update is warranted that would result in more consistent methodology being employed from project to project and more consistent use of appropriate measures of the benefits

Recommendations for Bank Management regarding project supervision/implementation support

- 1. Quality of supervision reports:** Supervision reports should not overly focus on check boxes but should address any major problem areas or strategic issues that may be of concern and which should be referred to higher management
- 2. Financial sustainability:** PCR assessments of financial sustainability should include a discussion of the average tariff being charged at completion, an analysis that indicates what tariffs would need to be to cover operations and maintenance - and where warranted, what the tariff would need to be to cover the investment

Recommended improvements to evaluate projects (Bank Management in consultation with IDEV)

- 1. Restructured projects:** The PCR guidelines should make it clear that the outputs and outcomes from the appraisal report logical framework need to be the basis for the PCR unless there is an official revision to the project. In that case the memorandum requesting the change and containing the justification for the change should be attached to the PCR

2. **Need for greater emphasis on design and readiness, and implementation:** The quality of project preparation (or quality at entry) should be given much greater prominence under Bank and borrower performance and should specifically cover the adequacy of engineering designs on which to base decisions, the accuracy of cost estimates, the quality and realism of the results framework, compliance with covenants and guidelines, the quality of the cost benefit analysis or other efficiency measures, as well as the plans for recovery of O&M costs
3. **Rating scales:** The adoption of a six-point scale would allow more gradations of performance including moderately satisfactory and moderately unsatisfactory. The use of such a scale would likely reduce the disconnection in ratings between the self-evaluators and IDEV reviewers.
4. **Need for PCR validation meetings:** The introduction of a formal validation meeting would be a step towards improving the quality and reducing the disconnect between self-evaluation ratings by operational staff and those by IDEV.
5. **Monitoring and evaluation:** M&E systems should be set up at the early stage as standard practice. Outcomes should also be clearly related to the project, rather than broad national goals.
6. **Lack of Bank Capacity:** The level of quality of both the PCRs and PCRENs may be constrained by the Bank's capacity. Consequently, it is suggested that a more effective strategy might be to prepare abbreviated PCRs for all projects but for some pre-selected projects there would be an augmented PCR involving enhanced field visits that would include an IDEV staff member.
7. **Review and Consolidation of Guidelines:** IDEV may wish to consider consolidating all the validation guidance into a single reference document. The current format is more conducive to the preparation of a research paper than as a tool to provide management with information to rectify operational procedures and learn from successes as well as failures.
8. **Improve the Bank document management and retrieval database:** Since this kind of review is undertaken annually it is important that a concerted effort is made to assemble all the needed documentation prior to the next round. It is also suggested that if PCRENs are pre populated in the EVRD database that the results framework be based on the approved appraisal report and not the PCR.
9. **The PCR and PCREN templates:** The template formats are overly repetitious and too long. They are not designed for optimum management attention and do not focus on priority issues or priority actions needed. The templates should be reduced in size and focused on items that require management attention. A shorter version for small projects of a capacity building nature should be considered.

Other Recommendations

1. **Naming of Contractors:** It is recommended that consultants, contractors, auditors and specialists referred to in PCR documents are not named for legal reasons if the PCR is to be disclosed to the public.

- 2. Utility Companies:** Many infrastructural projects, particularly roads and highways, require that existing utility lines be relocated and this can cause serious delays. To minimize delays caused by such relocations it should be normal practice to request these activities as early as possible during implementation or even before.

Synthesis of 2017 Project Completion Report Evaluation Notes for the Independent Evaluation Department of the African Development Bank

Background to the Assignment

The African Development Bank (AfDB) Group undertakes self-evaluations of its projects through Project Completion Reports (PCRs) prepared by the appropriate operational departments. Separately, the Independent Development Evaluation Department (IDEV) reviews all PCRs on an annual basis and produces a PCR evaluation note (PCREN) for each PCR as well as a synthesis report on each year's PCRENS. The latest report on these tasks was entrusted to Centennial Group International, which was awarded the contract after a competitive bidding process. The assignment concerned the preparation of PCRENS covering 88 PCRs prepared in 2017. In addition, a synthesis was produced giving an overview of the findings to help improve the quality of the PCR system together with suggestions for operational staff to enhance future performance.

Objectives

The objectives of the assignment in summary were to:

- To assess the quality and validate the performance of each of the 88 projects covered in the PCRs;
- To assist AfDB (hereafter referred to as “the Bank”) management and staff to improve the quality of the PCR system. This included monitoring and evaluation, as well as design and implementation of future operations; and
- To contribute to IDEV's Evaluation Results Database (EVRD) on project performance and PCR quality, to enhance its credibility, and to contribute to the Bank's Annual Development Effectiveness Review.

The results of the review are expected to be disseminated widely to the Bank's Board, management and staff, and shared with the public through discussions, workshops, printed reports, IDEV activities and the Bank's website.

Methodology and Limitations

The team was comprised of international evaluation experts from relevant disciplines. It reviewed pertinent project and program documentation and used other evidence from available documents to complete a standard PCREN template for each PCR in accordance with the Bank's “Staff Guidance on Project Completion Reporting and Rating,” (2012).

The team also prepared questions for IDEV to forward to the operational task managers to try to plug information gaps or to clarify certain points. Completed PCRENs were then further reviewed by independent peer reviewers selected by IDEV, adjusted according to the comments received, and uploaded with validated lessons and recommendations to the EVRD platform. A mechanism was set up to adjudicate any serious disagreements, before the final version was uploaded to the EVRD platform. In the event, there were no such disagreements. Where the country in which the project was located was French-speaking, the PCREN was prepared in French. In all other cases the language used was English. All the experts contributed to the synthesis document and to strengthening the lessons and recommendations from the PCRENs.

In the universe of 88 projects several sectors were represented in numbers that were in general not large enough for conclusive sector-specific statements to be made on some issues but were useful for identifying sector trends. Despite heroic efforts by IDEV to provide the team with all the requested documentation, there were many gaps in the information provided, especially with respect to supervision reports and Mid-term reviews. For some projects the minimum available to the team for an evaluation was just the appraisal report and the final version of the PCR (in about ten per cent of cases). Where documentation was sparse, this affected the quality of the review, but the team made the best judgement it could in accordance with the available information in each case.

Portfolio

The 88 projects reviewed included 14 multinational operations and covered 10 sectors. The regional breakdown (excluding multinational) was Central Africa 12, Eastern Africa 23, Northern Africa 4, Southern Africa 15 and Western Africa 20.

Table 1: Distribution of PCRs by Sector

Project Sectors	Number of Projects	% By Sector
Water and Sanitation	20	22.7
Transport	14	15.9
Agriculture	12	13.6
Power/Energy	11	12.5
Capacity building/Education	8	9.0
Private Sector Development	7	7.9
Environment	4	4.6
Governance	4	4.6
Natural Resources	4	4.6
Social	4	4.6
All Sectors	88	100.0

Overall Project Performance

As will be elaborated in the discussion that follows after reviewing the 88 PCRENs, four criteria in the current rating system gave some cause for concern, namely, the relevance of project design (meaning there were issues at quality of entry); achievement of development objective (there were problems in achieving outcomes as reflected in the results frameworks); cost benefit analysis (there were issues with the methodology or assumptions, or that the information to evaluate the analyses were not available); and, in the case of water and electricity projects, financial sustainability (there was insufficient evidence of provision of funds for operation and maintenance purposes).

PCRENs were less generously rated than the PCRs but the disconnects were not major. This was due to several factors including the objectivity of the reviewers following international best practice, the strict attention to the results framework, and the additional round of scrutiny by peer reviews undertaken by IDEV nominated consultants. There was mostly agreement between the two sets of reviewers, but as a result of the second round of reviews more scores were adjusted downwards than upwards. There were few outliers. No projects were rated Highly Unsatisfactory in either the PCRs or the PCREN's. Eight projects were rated Highly Satisfactory in the PCRs but only three in the PCRENs. The three highly rated projects were *Ghana Ffulso-Sawla Road*, *Uganda Bujagali Interconnection*, and *Zimbabwe Emergency Power Infrastructure Rehabilitation*.

	PCR	PCRN
RELEVANCE	3.6	3.2
Relevance of project development objective	3.9	3.7
Relevance of project design	3.3	2.8
EFFECTIVENESS	3.1	2.7
Development objective	3.1	2.6
EFFICIENCY	3.0	2.7
Timeliness	2.5	2.5
Resource use efficiency	3.4	3.3
Cost-benefit analysis	3.2	2.5
Implementation progress	2.9	2.7
SUSTAINABILITY	2.7	2.5
Financial sustainability	3.0	2.8
Institutional sustainability and strengthening of capacities	3.1	3.0
Environmental and social sustainability	3.0	2.9
OVERALL PROJECT COMPLETION RATING	3.1	2.7
Bank performance:	3.2	2.8
Borrower performance:	2.9	2.6
Performance of other shareholders:	2.8	2.7
Overall PCR quality:	---	2.9

Table 2: Average Scores for PCRs and PCRENs by criteria

Regarding Bank performance (Table 3), the major issues were with the design and implementation of the M&E system. However, in addition, the use of lessons learned from previous operations (i.e. not repeating the same mistakes), and the quality of Bank

supervision (too few Mid-term Reviews or too many changes in Task Manager) stood out as needing attention. Borrower performance gaps showed up in the quality of preparation, issues during implementation, and in the timeliness in preparing requests for “no objections.” Borrower shortcomings were likely related to inadequate capacity.

Table 3: Bank, Borrower and Other Stakeholder Performance for PCRs and PCRENs

Criteria	Sub-criteria	PCR Work score	IDEV review
BANK PERFORMANCE	Proactive identification and resolution of problems at different stage of the project cycle	3.1	2.8
	Use of previous lessons learned from previous operations during design and implementation	3.2	2.8
	Promotion of stakeholder participation to strengthen ownership	3.1	3.1
	Enforcement of safeguard and fiduciary requirements	3.1	3.0
	Design and implementation of Monitoring & Evaluation system	2.9	2.4
	Quality of Bank supervision	3.2	2.9
	Timeliness of responses to requests	3.1	3.0
OVERALL BANK PERFORMANCE SCORE		3.2	2.8
BORROWER PERFORMANCE	Quality of preparation and implementation	2.8	2.6
	Compliance with covenants, agreements and safeguards	2.9	2.8
	Provision of timely counterpart funding	2.6	2.8
	Responsiveness to supervision recommendations	2.9	2.8
	Measures taken to establish basis for project sustainability	2.8	2.7
	Timeliness of preparing requests	2.9	2.6
OVERALL BORROWER PERFORMANCE SCORE		2.9	2.7
PERFORMANCE OF OTHER STAKEHOLDERS	Timeliness of disbursements by co-financiers*	2.4	2.9
	Functioning of collaborative agreements	2.8	3.0
	Quality of policy dialogue with co-financiers (for PBOs only)	3.0	2.9
	Quality of work by service providers	2.9	2.7
	Responsiveness to client demands	2.8	2.8
OVERALL PERFORMANCE OF OTHER STAKEHOLDERS		2.8	2.7

*This criterion was only completed in 7 PCRs but 20 PCRENs.

Relevance of Objectives and Project Design

The average score for projects in the portfolio for the relevance of the development objectives was 3.9 in the PCRs and 3.7 in the PCRENs, which was highly satisfactory. In other words most projects were either substantially or highly relevant in terms of their objectives, which meant they were in good alignment with the country's development priorities and with the pertinent Bank strategies. There were a few instances where the outputs and outcomes given in PCRs differed from the ones listed in the logical framework of the appraisal report. Occasionally, authors appeared to struggle to understand the difference between the relevance of development objectives and the relevance of project design.

Although the performance regarding the relevance of the objectives were mostly satisfactory, project design was an area of serious concern to the evaluators and reviewers especially in the infrastructure sectors. The average score for project design for all projects was 3.3 in the PCRs and 2.8 in the PCRENs, the latter indicating a less than satisfactory performance. The aggregation of the two criteria for relevance (development objectives and design) gave a satisfactory overall relevance score, but this masked the identified problem area. The most common complaint was the lack of engineering designs sufficient to determine costs to a reasonable degree of accuracy. For example, old, outdated designs were adopted without a proper review as in the *Multinational Nacala Road Corridor, Phase II (Zambia)*. The consequence of inaccurate cost estimates was usually significant and led to project restructuring where sub-components had to be dropped or curtailed, which meant that all the benefits identified at appraisal could not be achieved as anticipated. Other problems were underestimating geological conditions or neglecting to obtain full feedback from the intended beneficiaries resulting in costly modifications as in the *Kenya Nairobi-Thika Highway Improvement Project*. In the *Ghana Tema-Aflao Road Rehabilitation Project* a 10.6 km road segment was completely omitted in error in the design used as the basis for the appraisal. In the case of the *Botswana Morupule B Power Project*, a serious flaw was the weak coordination between the Bank-financed project components and the separately funded generation component. In the *Madagascar PAEPAR Project* and the *Benin Grand Nokoue Sludge Management Project* the baseline data for the conditions at the sites and towns targeted by the project were not available at appraisal.

Water supply projects were typically designed from the supply side assuming preset levels of daily water requirements and assuming that all households in the service area would access the services. However, in several projects reviewed the entire population in the service area was counted as beneficiaries regardless of whether they could afford the water or not. In the case of the *D.R. Congo PEASU Project* the appraisal had no information on existing conditions of access to water in the target towns especially for Tshikapa. The systems built for this town proved to be financially unviable and non operational as there was no access to electric power necessary to run the pumps and the treatment plant. In the *Congo Water and Sanitation Pre-investment Project for Secondary Towns* detailed designs were provided for schemes irrespective of potential viability with O&M expenses as much as three times above projected revenues. These studies would be

unlikely to attract financing, or if they did, the projects would be unviable. Such basic errors highlight the lack of sufficient oversight of design relevance during preparation.

In addition, there were some examples, especially in the agricultural sector, where designs were too ambitious with over-optimism about implementation readiness including technical readiness and institutional capacity. In fragile and post-conflict countries, simplified project designs that took into account local realities were more likely to be successful. The *Angola Bom Jesus-Calenga Smallholder Agricultural Development Project* approved after 15 years of conflict, had a traditional design with a heavy infrastructure component that the borrower was unable to implement. A general observation was that project designs that included a high level of community participation, around small-scale infrastructure rehabilitation, productivity enhancement or marketing, often tended to work better than top-down approaches. In addition, the scope of the project should be limited to the amount of resources available. In the *Zimbabwe Youth and Tourism Enhancement Project*, for instance, activities were planned that were not covered in the Government's budget.

Effectiveness (Outputs, Outcomes and Overall effectiveness)

On average, the PCRs rated development effectiveness as satisfactory at 3.1, while the PCRENs average were 2.7, i.e. less than satisfactory. The difference was not in terms of the outputs as most projects completed the physical outputs but in the outcomes where often due to a flawed or over-optimistic results framework the outcomes were not achieved. In some PCRs and appraisal log frames, the authors had difficulty figuring out the difference between outcomes and goals. This review observes that project outcomes should be clearly measurable and related to the project, rather than broad national goals such as “the percentage of the national population with access to safe water.” Although nearly all PCRs placed great emphasis on the achievement of outcomes and outputs, they did not always place such achievements in the context of the broader program, especially when other financiers were funding projects in the same or a related program. Moreover, where additional components were added (in one example, a one-stop border post) there was little or no information about such new components, which made evaluation difficult. In a few instances the target was surpassed by such a huge magnitude that it begged the question as to whether the target was not set too low at appraisal.

When a project was restructured, the restructuring Bank staff did not always list the amended outputs and the effects (if any) on expected benefits and outcome indicators. In the case of restructuring, PCRs were usually unable to compare the original and revised costs, and rarely showed the reallocation of costs by component. The PCRs also did not necessarily comment on the final output and outcome results in comparison with those expected in the original design. Some projects ended as best they could in difficult circumstances. For example, the *Central African Republic Community Development and Support for Vulnerable Groups Project* completed only 28 out of 338 planned socio-economic community infrastructure improvements.

There were also pre-investment studies in the water and sanitation (W&S) sector funded by the Bank that did not lead to investments. Examples include *Cape Verde: Water Resource Mobilization and Capacity Building*, *Benin: Grand Nokoue Sludge Treatment* and *Congo: Water and Sanitation for Secondary Towns Projects*. While the contexts vary it appeared that the viability of the proposals should have been scrutinized more carefully at the outset. Pre-investment studies for projects should only be funded if the Bank intends to finance the main projects under its country strategies. Moreover, it is crucial to ensure that the economic and financial viability is analysed diligently and the criteria used to test the concept be clearly laid out at the time of preparation.

Efficiency (Timeliness, Resource use efficiency, cost benefit analysis, implementation progress)

The average score for PCRs was 3.0 (satisfactory, but barely so). The PCRENs average score was 2.7. This was primarily because many of the infrastructure projects reviewed, especially those in power, water and sanitation projects, (51 per cent) did not have an acceptable cost benefit analysis. Transport sector projects were somewhat better in this respect because they used highway development models. However, many analyses failed to allow the reviewers to make a proper evaluation because they lacked detail of assumptions, data and methodology. Typical problems with the cost benefit analyses were:

- The methodology was not clearly stated in the appraisal report or the PCR;
- In many cases, there were no annexes available either in the appraisal report or PCR that showed how the calculations were made or what assumptions were used including the basis of the data used;
- There was double counting of benefits (e.g. counting as benefits the price that users were willing to pay for water but also counting the health and convenience benefits of clean piped water);
- The monitoring and evaluation (M&E) system did not provide direct evidence of the number of users of the project; and
- Social benefits were not tracked (see Box 1).

Box 1: Social Benefits and Water Revenues

Economic cost benefit analysis includes social benefits (such as health, time-savings etc.). These benefits do not usually result in revenues for water system project operators. Hence the financial analysis is also important to ascertain that revenues are at least sufficient to meet operations and maintenance (O&M) expenses. As a rule the economic analysis would show a higher return than the financial one, so if the financial viability is assured a positive economic value is also likely. In the context of severe budget constraints and weak financial management, subsidy schemes for O&M are an unlikely solution. Following international practice, subsidies should be reserved for capital expenditures and technical support of small towns and rural water systems, while urban systems should move towards full cost recovery with eventual cross subsidies among various categories of customers.

To estimate benefits of a W&S project, health benefits were cited more often than the financial payments made by beneficiaries. Health benefits are indeed an important rationale on which to base the systems, and in principle, this would be a valid way to capture the benefits of the project. However, in none of the W&S projects reviewed did the M&E system actually track the many increased health benefits in the project area following the implementation of the project. In the absence of project specific data, the projects reviewed used countrywide or even international World Health Organization parameters to estimate the benefits per user. However, because of wide variations from country to country and region to region in disease incidence, and because of wide disparities in sanitation practices and preexisting conditions, the country wide or international parameters are unlikely to shed much light on the actual benefits of the project in a particular location. It appears that Bank staff may spend significant time during project preparation conducting a cost benefit analysis that in the end does not provide information at a level of accuracy that would improve decision-making or even validate project justification.

It was also observed that the economic and financial analyses were handled in all the energy sector projects reviewed in a fairly cursory manner. For instance, the US\$ 90 million *Kenya Power Transmission System Improvement Project* dealt with the economic and financial analyses in just four paragraphs in the appraisal, while in the PCR, the economic evaluation gives no details at all of the methodology.

The timeliness score for both PCRs and PCRENs was 2.5, unsatisfactory based on the formula in the guidelines that compares planned and actual implementation time. This in many infrastructure projects resulted in one or more extensions of the originally scheduled closing dates. Estimated times for completion at approval were usually too optimistic and there were delays in the flows of both costs and benefits (see Tables 4 and 5). Moreover, in several cases, it was not possible for the PCR to undertake an *ex-post* cost-benefit analysis due to insufficient data. This in turn reflected inadequacies in project M&E arrangements, including in some instances the lack of or insufficient baseline data.

Implementation delays were also encountered in education and capacity building projects. For instance the *Lesotho Support to Education Quality Enhancement Project* had a scope that was overly ambitious given the limited implementation capacity

available and an especially weak procurement unit. The project took nine years to complete instead of five as planned. In other cases there were capacity building projects that were comparatively small (less than one million dollars) where lack of Government ownership was identified as an important issue.

Table 4: Time Indicators by Region

Time dimension (region)	Sample of 88	West	East	Southern	Central	Multinational
Average Time between Approval and actual First Disbursement in months	12.4	16.7	11.0	14.2	7.6	9.8
Average Time between Planned Completion date and revised completion date in months	21.2	34.2	13.1	19.3	18.8	19.3

Table 5: Time Indicators by Sector

Time dimension (sector)	Sample of 88	Agriculture	Water Supply/Sanitation	Power	Transport
Average Time between Approval and actual First Disbursement in months	12.4	8	12.4	15.1	22.4
Average Time between Planned Completion date and revised completion date in months	21.2	34.7	20.0	13.4	27.0

From Table 4 it can be concluded that the worst performers regionally were the west and southern regions, while the best were the central region and multinational projects. Table 5 clearly shows the issues in the infrastructure sectors in terms lack of readiness for implementation. Although agricultural projects moved relatively quickly to first disbursement, they encountered major delays before being completed.

The average implementation progress scores were also in the unsatisfactory range i.e.: 2.9 in the PCRs and 2.7 in the PCRENs. These scores took into account compliance with covenants; project systems and procedures; and project execution and financing. This suggested that supervision could be improved and it was observed that the projects in which the Bank country offices became involved generally performed better.

Regarding resource use efficiency, the scores were mainly positive at an average in the PCRs of 3.4 and the PCRENs of 3.3. This showed that the projects delivered the outputs expected within the available budget.

Sustainability and Crosscutting themes (Financial, Institutional and strengthening capacity, ownership and sustainability of partnerships, environmental and social sustainability)

Overall, sustainability was unsatisfactory with an average PCR rating of 2.7 and a PCREN rating of 2.5. Financial sustainability specifically scored an average of 3.0 in the PCRs but the PCRENs showed unsatisfactory performance at 2.8. The likely sustainability of project benefits varied with W&S projects standing out with low prospects of financial viability. In some cases, likely sustainability was robust because of strong actions by the concerned countries' governments to improve maintenance and strengthen institutions but in others significant uncertainties remained regarding future financial and institutional arrangements.

As mentioned under the discussion on cost benefit analysis, many W&S projects did not have a satisfactory rating for financial sustainability. Often there was no discussion of the specific tariffs to be charged at completion or the level of revenues that would be necessary to cover the agreed level of costs. At a minimum, PCR assessments of financial sustainability should include a discussion of the average tariffs being charged at completion, an analysis that indicates what tariffs would be needed in order to cover operations and maintenance – and, where warranted, what the tariff would need to be to cover the investment. Covering only O&M costs is not an internationally accepted standard for financial sustainability. Financial analyses were in general also superficial.

Similarly, nearly all energy projects did not offer clear conclusions concerning the financial sustainability of the parent utility and of the project, and did not include financial projections. In general, financial sustainability did not present as an important aspect of overall project sustainability. It should be noted that no question in the project completion reports, or in the appraisal reports dealt directly with the O&M of project financed assets, although these two points were of paramount importance for electricity projects and were areas where most utilities have not performed well in the past.

Continuity of support from the Bank and other development partners was often a crucial sustainability factor. Countries in which the Bank had a substantial program were less vulnerable than ones where future activities were likely to be limited. For example, in the *Comoros Water Project* the PCR expressed serious doubt as to whether needed follow up interventions would actually take place. Institutional sustainability needed more attention in PCRs because although there were frequent mentions of training and capacity building activities, their results were almost never measured and therefore difficult to evaluate. Where substantial capacity building took place as part of an infrastructure project it might have been appropriate to have specific sub-components for such activities with supporting indicators.

Institutional sustainability and strengthening of capacities was scored as satisfactory at an average of 3.1 in the PCRs and 3.0 in the PCRENs. Nevertheless, the main complaint from reviewers was insufficient detail provided on capacity building activities, which were ticked off as “done” but giving little insight into the level of success of such activities. On the other hand, there were instances where flexibility by Bank staff and committed PIUs facilitated local participation and built stakeholder capacity, see for example Box 2.

Box 2: Flexibility by Bank staff and committed project implementation units facilitated agricultural infrastructure in Sao Tome Principe and Burundi.

The project objectives in the *Sao Tome Principe Infrastructure Rehabilitation for Food Security Project* were to improve the availability of agricultural and fishery products through the rehabilitation of rural, agricultural and small-scale fishing infrastructure. In the *Burundi Rural Infrastructure Support Project* in the Bugesara natural region the goals were to increase farmer incomes and improve the status of child nutrition through improved agricultural productivity with a focus on milk, rice and vegetables, hillside protection and rural infrastructure.

Both projects had a strong focus on local participation and building stakeholder capacity in a participatory manner. Both projects included infrastructure components, which had to be downsized and redesigned, but pro-active Bank supervision meant that the projects could be adapted quickly to the budgets available as well as to stakeholder priorities. For Burundi, for example, with planned irrigation works proving unaffordable and too technically complex to maintain, the focus shifted to micro-watershed protection, cooperative organization, storage, value chain development and support to livestock. For Sao Tome there were several changes; road rehabilitation was downsized and there was less demand than anticipated for solar driers but more for nursery sheds and processing units. For fisheries planned support for a landing site was replaced by support for manufacture of fibreglass boats. Bank assisted in the accommodation of these changes.

Both projects had locally based project implementation units whose staff had a strong sense of commitment to moving forward with the project and working directly with farmers, processors, market organizations and fishermen. In both countries the projects formed the basis for follow-on operations supported by the Bank, enhancing the prospects for lasting results.

Projects with a high level of community participation tended to have a better chance of sustainability, even where the broader operating environment was highly challenging. Examples were the *Multinational Rural Infrastructure Support Project in the Bugesera Natural Region* and the ecosystem conservation project: *Multinational Isangi Geographically Integrated REDD Pilot Project*. Indicators measuring progress of training activities were rare and it was usually not possible for the reviewer to discern how successful these training activities really were. The exceptions were large projects where capacity building was the main goal of the project.

The Bank is involved with many partnership arrangements with other development partners and has worked hard to establish multi-country project arrangements. Often working groups have been set up whereby the different organizations can exchange information and develop a joint approach to common issues. The coverage of such arrangements was patchy in the projects reviewed with some described in detail and others superficially. No PCR asked critical questions about the effectiveness of such

arrangements, which may have had a positive storyline. This may have been because the template does not ask appropriate questions in this regard.

Environmental and social sustainability was for the most part satisfactory or borderline satisfactory with average scores of 3.0 from the PCRs and 2.9 from the PCRENs. The single biggest criticism from the reviewers was insufficient information. Sometimes mobilizing funds for relocation of project-affected people caused delays, but on the whole the environmental and social sustainability was a more robust feature of Bank-financed projects. Safeguard procedures were generally followed, the projects were correctly classified and although minor shortcomings were observed, by completion most issues identified had reportedly been appropriately attended to. Typically, borrow pits had been reinstated, embankment side slopes grassed and erosion controls instituted. HIV/AIDS awareness programs had also been carried out where appropriate. Those projects that encompassed additional socio-economic infrastructure, such as the *Ghana Fufulso-Sawla Road Project*, engendered strong acceptance and involvement of local communities. Similarly, there were projects that provided a foundation for improved environmental sustainability including the capacity building operation *Mali: Support for the Implementation of an Integrated Water Resource Management Plan*, as well as three Congo basin ecosystems conservation/pilot REDD operations (see also Box 3).

Box 3: Working directly with locally based organizations on project implementation in remote regions helped facilitate pilot ecosystems on conservation and climate finance projects in the Democratic Republic of Congo.

The Bank has supported a number of programs in the Congo Basin which aimed to help Congo Basin countries control deforestation and improve rural livelihoods while preparing to access climate funding under the REDD carbon finance initiative (Reduced Emissions from Deforestation and Forest Degradation). The operating environment was highly challenging.

The objectives of the *Isangi Geographically Integrated REDD Pilot Project* in Eastern Congo and the *Geographically Integrated ECOMAKALA + REDD Pilot Project* in the Virunga National Park area, also in Eastern Congo, were similar. Both aimed to help reduce poverty and deforestation through sustainable forest management, including reforestation and land-use planning, used of improved stoves, local economic development and food security initiatives, value-chain development capacity building and monitoring including development of ecological and socio-economic monitoring systems through mapping, establishment of baseline scenario, and local capacity building in monitoring carbon stocks; these measures were to establish the conditions for eligibility for REDD payments under the carbon finance measures of climate funds and carbon markets.

Both projects faced many implementation difficulties; despite dedicated PIUs at local level, there was little support from central organizations and the Bank relied initially on a Kinshasa based agency, which had little experience of conditions in remote areas, for fiduciary oversight. When these arrangements were changed and the Bank began to work directly with the local PIUs, project activities moved forward and both operations closed with most outputs achieved. The project included innovative approaches to impact evaluation, in the absence of reliable data collection mechanisms given the prevailing conditions in DRC, including on reforestation and perceptions of well-being. There was strong ownership at local level of project initiatives and much thought given to local sustainability mechanisms, although there are still challenges regarding financial sustainability.

Bank performance

The average score for Bank performance was 3.2 in the PCRs but only 2.8 in the PCRENs where the biggest disconnect was the design and implementation of the M&E system, (where although PCRs scored 2.9 on average, the PCRENs scored only 2.4).

Bank performance was an important issue in the preparation/appraisal phases where in many instances it was found to be inadequate, lacking rigor and technical depth. Sharper focus on the quality of project preparation should be supported by a strengthening of AfDB arrangements for the control of project quality at entry. It is possible that institutional pressures to meet overall commitment targets or promises to specific Governments may have affected the available time for the preparation/evaluation phase. Although the PCRs did not specifically discuss insufficient preparation, there were instances where the time allowed for preparation appeared to have been unnecessarily limited, for example in the *DR Congo PEASU* and *Madagascar PAEPAR* projects. In the latter case, although the project was ill prepared and the task team had to deal with a cutback in funding from the International Fund for Agricultural Development of 36 per cent, the re-dimensioned project was reasonably effective even though its implementation stretched over nine years. This was primarily thanks to continuous support by the Bank's technical staff.

There was also a need to strengthen Bank implementation support and follow-up on aspects related to technical choices as well as operational effectiveness and viability. In general, it was observed in the PCRs that the Bank performance was systematically rated satisfactory or above, even when the project had major implementation issues, as was the case for *Botswana Morupule B Power Transmission Project*. Several supervision reports perused for this project focused on safety at work issues, but failed to spot the major technical issues with construction which led to a US\$ one billion plant delivering only 10 per cent of expected output. In this case, both the PCR and appraisal were also weak on the economic and financial aspects.

On the other hand, there were examples of clear progress. The *Benin L'Eaucaul Project* was a small but innovative project that was effectively implemented. It built local capacities in 13 municipalities in two of Benin's poorest prefectures through "learning by doing" involving the private sector and all relevant stakeholders. The project stands out as a pilot effort with the potential to impact the whole sector through propagation and adaptation of the approaches pioneered under the project. It was also noticeable that supervision reports rarely anticipated or highlighted technical implementation of financial issues or O&M arrangements.

The Bank generally maintained an appropriate liaison with other development partners as needed, and there were numerous occasions when the Bank was proactive in resolving difficult issues for borrowers. However, although Task Managers often conducted missions twice a year, there was sometimes limited support from other team members or key skills were missing. For instance, two projects reviewed included the introduction of IT systems: *Tunisia National Water Information System SINEAU* and the *Multinational*

Higher Education Support Project (WAEMU). In both projects the time required to introduce systems, not known for their complexity, was excessive and the addition of an appropriate specialist on the Bank team could have made a big difference. The preparation and appraisal of the *D.R. Congo PAESU Project* could certainly have benefitted from added technical depth in the areas of utility operations and financial viability. Few PCRs mentioned that a Mid-Term Review had taken place, which confirms one of the findings of the independent *Evaluation of the Quality of Project Supervision and Exit Processes of the African Development Bank*.

Bank performance self-evaluations tended in the narrative text to minimize some of the project shortcomings. In several cases the comments made in the borrower completion reports were quoted verbatim, especially, it appeared, as such reports were usually uncritical. There was even a case of a road sector project, *Multinational Kenya/Tanzania Road Development Project (Arusha-Athi River)*, where there was no self-evaluation but the score, based on the borrower comments only, was then used to justify a highly satisfactory performance. The PCR authors tended to be more positive than the reviewers with respect to the effectiveness of their projects even where projects failed to fully deliver their planned outputs and outcomes. In some cases the indicators did not fully measure the project development objectives as stated in the respective appraisal reports. Although the Bank was usually responsive to requests for “no objection” for procurement from the borrower, there were exceptions. One PCR noted that early delays in the *Ghana Tema-Afloo Road Rehabilitation Project* approved in 2002 were due to the Bank’s headquarters emergency relocation from Abidjan to Tunis. On the other hand, where a country office had been established, the borrowers reported in several instances that response times were typically faster.

Borrower performance

The average score for borrower performance was 2.9 in the PCRs and 2.7 in the PCRENs. Overall, the rating of Borrower’s performance in PCRs was generally neutral and often evaluated as satisfactory, even in cases where Borrower’s performance was obviously poor. For example, in the case of the *Kenya Nairobi Mombasa Power Line Project*, an unanticipated policy change of Government made the Bank financed power line largely redundant. In the case of the *Congo Basin Ecosystems Conservation Support Project* the performance of the regional recipient, the Economic Community of Central African States, was inadequate, characterized by the slow processing of documentation and the failure to provide some of the agreed counterpart funds.

Indeed, a frequent criticism was tardiness in providing counterpart funds, which slowed implementation due to delays in providing interim payment certificates. This may have been due to over-optimism at the time of preparation, or unexpected reallocations for unbudgeted expenditures in other areas by the Government concerned, or even new priorities following a change in the Government administration. In the *Malawi Agriculture Infrastructure Support Project* less than half of the agreed counterpart funds were provided. Several projects encountered difficulties in meeting the conditions of first disbursement – in one case the *Ghana Infrastructure–Nsawam Bypass*, this delayed the

project by three years. On the positive side, in the *Chad: Natural Resource Management and Development Project* the Government was able to sharply increase its financial contribution after the withdrawal of a co-financier and under-estimation during preparation of the infrastructure costs. It is not clear why the PCRENs were slightly less negative on average than the PCRs in the scoring for delays in counterpart funding but this may have been because such funds were often made available eventually allowing the projects to be completed.

For the infrastructure projects there were also some issues reported with compensation payments and the removal of project-affected persons from the right of way. However, in general the borrowers' interactions in mobilizing the support of stakeholders including local and traditional authorities were rated satisfactory and sometimes highly satisfactory. On the other hand, M&E implementation was often inadequate, but this was poorly reported in the PCRs due to lack of information. M&E was also sometimes performed mechanistically without understanding how the system could be of benefit to improving operations. This was likely due to a lack of ownership of the results framework, the inadequacy of the reporting systems and the lack of existing sector M&E systems with which to link the project. Since the PCR is an accountability function, the Borrower has an important role in the ICR preparation that should be emphasized by the ICR mission.

Performance of other stakeholders

The overall performance of other stakeholders was 2.8 in the PCRs and 2.7 in the PCRENs. Drilling down, the quality of work was sometimes inadequate. Criticism centred around the failure of contractors to furnish performance guarantees on time and sometimes reporting was less than diligent. Timeliness of disbursements by co-financiers was also flagged as an issue. Occasionally in transport projects, there was a complaint about the management of traffic during construction, especially regarding provision for pedestrians. HIV/AIDS awareness campaigns reached most communities likely to be affected and appear to have been satisfactory or better in the majority of cases. In some instances, sensitization programs were expected to have a profound impact long after the project was completed.

There were several complaints about utility companies that caused delays in the relocation of the respective utilities and it is suggested that in future utilities be approached as early as possible in the implementation process. Most auditing companies appear to have acted with professionalism and late reporting was often due to the relevant accounts being submitted to them late.

M&E quality

The reviewers found that the M&E results framework was often inadequate and there were issues with inadequate baseline data, inappropriate indicators, as well as weak implementation and utilization of the M&E system. The minimal attention accorded to M&Es in the PCRs and the fact that very few lessons or recommendations concerned the

shortcomings of the M&E system indicated that staff was not taking this aspect seriously and there was an obvious need for better training of Task Managers.

The progress reporting of outputs was generally fair, (although in several instances imprecise and implemented late in the execution). However, the M&E of outcomes was much weaker. As a rule M&E systems should be set up at an early stage, say within the first year of implementation, as standard practice. Outcomes should also be clearly related to the project, rather than broad national goals. When outcomes are defined too broadly, it is not possible to conclude whether the project achieved its stated goals. Some projects exhibited robust results frameworks with a few shortcomings, whereas others showed insufficient preparation of the frameworks with limited baseline information and indicators that were clearly not measurable or were not directly related to the project: e.g. nationwide water and sanitation indicators on access to safe water and improved sanitation whose evolution could hardly be attributed to the project. Similarly, in the *Kenya Power Transmission System Improvement Project*, the claimed outcome of the construction of a transmission line was the total number of new connections *nationwide* and an increase in access rate at the national level, although the achievement of these outcomes was obviously not dependent only on the project itself but attributable to numerous other factors and projects as well. Similarly, in the *Ethiopia Electricity Transmission System Improvement Project*, one of the stated outcomes was “Sustained real GDP growth rate in Ethiopia at a minimum of 11 per cent over the medium term,” while another was the vague “Women’s burden reduced.” Such outcomes were only distantly related to the construction of the transmission line.

Table 6: Average PCREN ratings for M&E by sub-criteria

Criteria	Sub-criteria	IDEV Score
M&E DESIGN	M&E system is in place, clear, appropriate and realistic	2.5
	Monitoring indicators and monitoring plan were duly approved	3.0
	Existence of disaggregated gender indicator	2.7
	Baseline data were available or collected during the design	2.6
	Other, specify	1.8
OVERALL M&E DESIGN SCORE		2.7
M&E IMPLEMENTATION	The M&E function is adequately equipped and staffed	2.4
OVERALL M&E IMPLEMENTATION SCORE		2.4
M&E UTILIZATION	The borrower used the tracking information for decision	2.5
OVERALL M&E UTILIZATION SCORE		2.4
OVERALL M&E PERFORMANCE SCORE		2.4

The establishment of baseline data was also critical, but in the *Ghana Northern Rural Growth Program* the baseline for one of the key outcomes was never provided and the progress could not be tracked properly. In the *Sao Tome et Principe Infrastructure Rehabilitation for Food Security Project* the lack of a baseline survey during preparation reduced the opportunity for “before and after” comparisons. The PCRs and project documentation did not always support a detailed assessment of the M&E systems, which tends to result in a satisfactory rating by default that may not be justified. The reviewers were unable to rate the M&E of the PCRENs for the *Ghana Road Infrastructure Project* and the *Tunisia Road Project V* because the information was not properly reported in the respective PCRs. Baseline information was lacking on yields for most of the agricultural projects, even though yield increases were a crucial element in results frameworks. Indicators related to road upgrading projects such as time and vehicle operating cost savings were mostly satisfactory, but those related to increased agricultural production or trade, or poverty reduction were less convincing either because of insufficient data or because of attribution issues due to factors outside the project (such as rainfall or national economic policy measures).

The intention to set up an M&E system tracking outcomes and impacts is covered in the appraisal reports but is not always implemented; this is noticeably the case for W&S and agricultural projects. In most countries significant efforts have been underway over the last decade to develop sector-wide M&E systems for W&S and appropriate indicators have been systematically included in periodic United Nations sponsored surveys dealing with health and living conditions. Such existing systems and data should be reviewed during preparation and project related M&E should build on them for the baseline data and for the methodology and the definition of relevant indicators.

Disaggregated gender information was often generalized guesswork in the absence of proper data. In several cases the methodology for estimating the numbers of beneficiaries was not clear. In these instances there was no discussion in the PCR that clearly explained the source of the estimates of actual beneficiaries. In some cases, it appeared that indirect formulae were used rather than estimates based on direct measurement or from a sample of users. It is suggested that PCRs should critically discuss and assess the methodology that was used for determining the actual numbers of beneficiaries. This discussion should distinguish between direct surveys conducted of actual beneficiaries versus use of indirect formulae that are not based on direct measurement. The PCRs should also discuss how the benefits differ among different categories of beneficiaries.

Where information was collected regularly, there was rarely evidence provided to suggest that the borrower tracked it and used it for project-related decision-making. This may be because the PCR and supervision mission terms of reference did not focus specifically on this aspect. The reporting on the implementation of the M&E suggested this was something that the Bank “required,” rather than something that was viewed as valuable for all stakeholders.

While most results frameworks were appropriately approved as part of the appraisal report, an exception was the (otherwise successful) emergency terminal project at the

Kenya Jomo Kenyatta International Airport Emergency Interim Terminal Construction Project. In this case, a simplified logical framework was not prepared (as recommended in the Policy Guidelines for Emergency Relief Assistance). Instead, there was an attempt to fit indicators retrospectively related to passenger capacity, processing time, and level of service for the user. However, specific data related to the terminal were in the event unavailable since the authorities only collected data for the airport as a whole.

In many instances the impacts of W&S projects could not be assessed before the PCR mission as they had just been completed and were not yet fully operational. In these cases and for the countries where the Bank has a large project portfolio in a given sector, it makes sense for the Bank to organize, in collaboration with the agencies concerned, a post project technical assessment of the operations and services of selected water supply systems funded under its projects. This mission could cover systems selected from the cohort completed over the last two years. Its purpose would be above all to generate advice and to draw lessons that contribute to learning.

PCR quality

The quality of PCRs was uneven. Several confused outputs and outcomes such as in the *Ghana System Reinforcement Project*. There were also instances where the outputs and outcomes given in PCRs differed from the ones listed in the logical framework of the appraisal report. In a few cases it appeared that the PCR authors omitted an outcome (or significantly changed it) because there were no data regarding the achievement of the outcome. The quality of economic and financial analyses was often poor and methodologically flawed, pointing to a problem with the quality of economic and financial analysis work in the Bank. None of the energy PCRs dealt with the issue of O&M of the Bank financed assets. In general, the PCRs devoted considerable attention to safeguards and administrative or procedural issues, at the expense of operational, technical and economic issues. A tendency was to treat each PCR as a mechanical exercise and to cut and paste statements from one PCR to another, especially in the same sector in the same country (see for example the financial sustainability sections of five of the Ghana road projects). This detracted from PCRs as a source of lessons to improve the quality of Bank projects. A somewhat disturbing issue was the dropping of technical assistance studies without any explanation. For example, in the *Multinational Tanzania/Kenya Road Development Project (Arusha-Athi River)* there were to have been two such studies: one on capacity building of the East African Community Secretariat and the other to improve the poor contracting capacity for civil works in East Africa. There may well have been good reasons why these apparently important studies were dropped, but the PCR does not discuss them.

It is not best practice for the PCR Team Leader to self-evaluate a project in which he or she has also been or is the Task Manager. This was the case in for example in both the *Kenya Jomo Kenyatta International Airport Interim Terminal Construction Project* and the *Zimbabwe Youth and Tourism Enhancement Project*. Although most PCRs were fairly candid, several made light of some of the shortcomings or used exaggerated language such as “immensely” and “significantly contributed” but otherwise there were

relatively few inconsistencies between text and ratings. The Bank self-evaluation of performance, however, was *often* inadequate, which pointed to the need for a formal validation meeting to reduce the likelihood of a disconnection in the ratings and ensure the proper articulation of the lessons. The focus of the projects reviewed was directed more towards compliance with procedures than technical feasibility. Linked to this, was unrealistic rating. In the *Botswana Morupule B Power Transmission Project* there were major technical issues with construction, which led to a US\$ one billion plant delivering only 10 per cent of expected output. Similarly, in the *Kenya Mombasa-Nairobi Transmission Project*, the Bank financed a largely redundant transmission line due to weaknesses in project appraisal and implementation. In both cases the PCR, rated the Bank performance as highly satisfactory.

Table 7: PCR Quality and Compliance Scores in PCRENs

Criteria	PCR score
1. Extent of quality and completeness of the PCR evidence and analysis to substantiate the ratings of the various sections	2.9
2. Extent of objectivity of PCR assessment score	2.8
3. Extent of internal consistency of PCR assessment ratings; inaccuracies; inconsistencies; (in various sections; between text and ratings; consistency of overall rating with individual component ratings)	2.9
4. Extent of identification and assessment of key factors (internal and exogenous) and unintended effects (positive or negative) affecting design and implementation	2.9
5. Adequacy of treatment of safeguards, fiduciary issues, and alignment and harmonization	3.1
6. Extent of soundness of data generating and analysis process (including rates of returns) in support of PCR assessment	2.7
7. Overall adequacy of the accessible evidence (from PCR including annexure and other data provided)	2.8
8. Extent to which lessons learned (and recommendations) are clear and based on the PCR assessment (evidence & analysis)	3.1
9. Extent of overall clarity and completeness of the PCR	3.0
PCR QUALITY SCORE	2.9
1. PCR Timeliness (On time = 4; Late= 1)	2.9
2. Extent of participation of borrower, Co-financiers & field offices in PCR preparation	2.6
PCR COMPLIANCE SCORE	3

It is possible that working through the backlog of PCRs that had built up compromised the quality. It was also never clear as to the extent to which the borrower, other stakeholders and Bank staff stationed in the country offices (where applicable) contributed towards the preparation of the PCR. Some lessons and recommendations needed re-writing as they were incorrectly formulated as conclusions or statements. A few were clearly impractical.

There was limited evidence of ownership by some of the PCR authors. Depth of insight or analysis was rare even though opportunities were presented. For example, in the *Multinational Kenya/Tanzania Road Development Project (Arusha-Athi River)* vandalism of road signs appears to be prevalent on the Tanzanian but not the Kenyan portion of the project. The PCR could have recommended that the reasons for this phenomenon to be investigated. Sometimes there were important omissions when key technical assistance sub-components were dropped because the focus was on the main construction project, which was running short of funds. There were also issues concerning road safety that were not fully resolved relating to the greater severity of accidents due to the higher speeds on improved roads and the need for better safety for road users during road works.

Of the 88 PCRs reviewed (see Table 7), 65 showed whether they were prepared on time or not and of these 66 per cent were prepared on time i.e. within six months of project closure. Regarding PCRs prepared before completion, while the guidelines say that PCRs can be prepared any time after the project has disbursed more than 85 per cent of cumulative commitments, and in the judgment of the Task Manager the majority of activities have been completed, in at least one case such a decision to go ahead with the PCR may have been premature. The PCR for the *Ghana Awoshie-Pokuase Road and Community Development Project* was prepared with 92 per cent of the main road completed. The issue was that there was a need for an engineering solution to accommodate traffic at a difficult intersection experiencing high traffic volumes. A 1.22 km two lane link road was under construction as an interim measure, while a three tier (expensive) signalized interchange was considered. In addition, not all of the ancillary community works construction had been completed. The interchange would likely have been costly and had not been considered in the original design. This was almost certainly not factored into the cost benefit analysis and left some important questions unresolved.

Lessons arising from the cohort of projects reviewed

The test for a good lesson should be whether it adds value to the way the Bank operates. Some lessons indicated that the project was in line with the country's priorities or that regular supervision was important but such lessons are not new and added little value. Others focused on the usefulness of having a dedicated Project Coordinating Unit (PCU) or Project Implementation Unit (PIU) since this ensured smoother project implementation. While this was true, it might have been more useful to assess this against the sometimes-considerable delays in setting up such an entity. Dedicated PCUs should also be evaluated against the objective of evolving toward reliance on country systems, which as shown in the case of Rwanda is compatible with effective execution under a framework of sound public sector governance. When a PCU lacks capacity as in the

Angola Bom Jesus–Calenga Smallholder Agricultural Development Project special attention is needed. In this case the capacity was over estimated and the “arms length” supervision in the early years allowed problems to build up demonstrating the importance of taking capacity into account in the overall project design.

Lessons and indeed recommendations in the PCRs generally focus on project specific details rather than strategic or program issues. For example six energy projects were affected by weaknesses in project preparation, leading to substantial errors in the project cost evaluation or in technical design, but no lesson was drawn concerning project preparation and the need for an independent review of the technical and readiness for appraisal. Several projects financed assets, which were operating well below technical capacity, but no lesson was drawn concerning the requirement of a sector to optimize a least cost plan for the selection of economically optimum projects. It should be noted that no recommendations were made concerning project management and only a couple about M&E systems. Also, no lesson was formulated or recommendation made concerning financial sustainability including O&M. It would be good to involve some junior staff to ICR preparation so that they can learn first hand from the lessons from the projects.

Recommendations should ideally be written in such a way as to suggest who should follow up on the proposal. For example, it is not very useful to say how the capacities of ministries, departments, and agencies should be enhanced without stating how the Bank or another entity could assist in this.

An edited list of lessons found in the PCRENS is detailed in Appendix 1.

Recommendations from the synthesis of projects reviewed

Recommendations for Bank Management in respect of project preparation and design:

Accuracy of project cost estimates: The consequences of inaccurate cost estimates were significant and led to project restructuring where sub-components had to be dropped or the scope was curtailed, which meant that all the benefits identified at appraisal could not be achieved as anticipated. At a minimum, appraisals should certify to the Board that the project designs and cost estimates were relevant and reliable. A standard for reliability should be set and incorporated into the appraisal guidelines. For example, a standard might aim to achieve cost estimates at appraisal at least to a level of plus or minus 15 per cent of eventual bid costs.

Borrower capacity: The project scope should be limited when capacity is weak and where there are insufficient resources for O&M. Borrower capacity should be given greater emphasis in appraisal to ensure it is adequate for the proposed project. Too often, borrower capacity is over-estimated or suggested capacity building measures are insufficient for the task. Project designs with a high level of community participation may be more successful in such circumstances. Activities should not be included if there is no

budget to continue with them. If such activities are essential, the funds required should be a condition of first disbursement.

Pre-investment studies and technical assistance: To avoid fruitless pre-investment studies, the Bank should only pursue such assistance if it has prioritized the proposed projects under its country strategies or in exceptional circumstances, say, due to an emergency situation. It should also ensure that both the economic and financial viabilities are analysed carefully and the criteria used to test the concepts are clearly laid out at the time of preparation. While it is natural that there should be a focus on the main project investment, more emphasis needs to be focused on the outcomes of technical assistance studies and capacity building initiatives. Where it is feasible to measure the impact of capacity building suitable indicators should be used.

Cost benefit analysis: The issues in the way that cost benefit analysis are being conducted are serious enough that the Bank may want to set up a technical group to re-evaluate the approach used for cost benefit analysis especially in power, water and sanitation projects. The technical review group should be asked to review current guidelines and consider whether an update is warranted that would result in more consistent methodology being employed from project to project and more consistent use of appropriate measures of the benefits. It could be that the current difficulty of collecting for example project specific health data indicates that an alternative approach may be necessary. The Bank may find that a cost effectiveness approach (where the objective is to find a least cost method of achieving objectives) may be more realistic and as equally probative as a full cost benefit analysis. In none of the W&S projects reviewed did the M&E system actually track increased health benefits in the project area due to the implementation of the project. If the Bank is to continue using health improvements in cost benefit analysis, it is necessary that the M&E system in projects be carefully designed to measure them. A general failing in PCRs in the infrastructure sectors was that there was insufficient information about assumptions made and methodology used in cost benefit analyses for the evaluator to make an adequate assessment.

Recommendations for Bank Management Regarding project supervision/implementation support:

Quality of supervision reports: Supervision reports should not overly focus on check boxes but should address any major problem areas or strategic issues that may be of concern and which should be referred to higher management. Areas sometimes neglected are the adequacy of O&M arrangements, a lack of needed technical expertise for a particular aspect, or technical implementation of financial aspects such as cost recovery.

Financial sustainability: At a minimum, PCR assessments of financial sustainability should include a discussion of the average tariff being charged at completion, an analysis that indicates what tariffs would need to be to cover operations and maintenance - and where warranted, what the tariff would need to be to cover the investment. Further, it should critically discuss the prospects for tariff adjustments in the future. It is also important for supervision missions to review the adequacy of tariffs and the prospects for

agreed tariffs to be implemented. The standards for financial sustainability for the infrastructure sectors should be made explicit so that when projects are prepared, the guidelines are clearly understood by Bank staff. Where the project is supporting a public good (such as schools, clinics and information systems), there should be some discussion about post project budget allocation or continued donor support to cover expected recurrent costs.

Recommended improvements to evaluate projects (Bank Management in consultation with IDEV):

Restructured projects: The PCR guidelines should make it clear that the outputs and outcomes from the appraisal report logical framework need to be the basis for the PCR *unless there is an official revision to the project*. In that case the memorandum requesting the change and containing the justification for the change should be attached to the PCR. This memorandum should explain any change in outputs or outcomes and any appropriate revision to the indicators and targets. When a project has been restructured, PCRs should compare the original cost table showing major components and a revised cost table, showing the new reallocation of costs by component. The PCR should also comment on the final output and outcome results in comparison with those expected in the original design. When sub-components including technical assistance are dropped, the PCR should state the reasons for such decisions.

Need for greater emphasis on design and readiness, and implementation: In 2012 the Quality Assurance and Results Department introduced a simplified format for PCRs as the previous template was perceived to be excessively complicated with 32 criteria based on five dimensions. The revised template has 11 criteria under four dimensions as shown below.

Table 8: Criteria Rated in the Old and New PCR Formats

Old PCR format		Revised PCR format	
Dimension	# Criteria to be rated	Dimension	# Criteria to be rated
Project outcome	3	Relevance	2
Bank performance (design and readiness)	14	Effectiveness	1
Bank performance (implementation)	6	Efficiency	4
Borrower performance (design and readiness)	4	Sustainability	4
Borrower performance (implementation)	5		
TOTAL	32		11

While the revised format is certainly more streamlined and user-friendly and the template does include specific attention to the capturing of the lessons, the nature of the disconnect in our review shows that insufficient attention is being given to quality at entry in terms of both preparation and design, and to a lesser extent project execution. Under the current

format only four dimensions are rated but they are impacted by the shortcomings in Bank and borrower performance. Our recommendation is that the quality of project preparation (or quality at entry) is given much greater prominence under Bank and borrower performance and that it specifically covers the adequacy of engineering designs on which to base decisions, the accuracy of cost estimates, the quality and realism of the results framework, compliance with covenants and guidelines, the quality of the cost benefit analysis or other efficiency measures, as well as the plans for recovery of O&M costs. These aspects are discussed in more detail in a separate document entitled “Recommendations for Improving the PCR and PCREN Processes.”

Rating scales: the upward bias of self-evaluation is likely exaggerated because the four-point scale gives the self-evaluator a stark choice between satisfactory and unsatisfactory. Using a six-point scale would allow more gradations of performance including moderately satisfactory and moderately unsatisfactory. Adoption of such a scale would likely reduce the disconnection in ratings between the self-evaluators and IDEV reviewers. It would introduce a little more complexity but the reviewers, after looking at the methodology used in comparator organizations, such as the Asian Development Bank, World Bank and the International Fund for Agricultural Development, consider there has to be a balance between level of complexity and the veracity (and hence usefulness) of the evaluation.

Need for PCR validation meetings: The cursory manner in which some of the PCRs were completed including not rating some sections at all, and the fact that the reviewers’ questions directed to operations to understand better why certain decisions were made did not elicit a single reply, suggests that operational staff currently see little value in the evaluation process. This will not change unless operational and evaluation management agree to support a renewed effort to raise project quality standards significantly, especially at the stage of preparation. Both parties would have to see benefits in how projects are evaluated and implement steps to absorb and act upon the learning opportunities that the system presents. This is only likely to occur if operational personnel are given the chance to contribute to such a goal. The introduction of a formal validation meeting would be a step towards improving the quality and reducing the disconnect between self-evaluation ratings by operational staff and those by IDEV.

Monitoring and Evaluation: While monitoring the progress of *outputs* was generally fair, (although in several instances imprecise and implemented late in the execution), the M&E of *outcomes* was much weaker. As a rule M&E systems should be set up at the early stage as standard practice. Outcomes should also be clearly related to the project, rather than broad national goals. Indicators should always have baseline data and be measurable. This implies SMART¹ indicators and sound baselines. The methodology for determining the numbers of project beneficiaries needs to be reviewed internally and in cases where services are to be paid for, affordability will influence the number of persons

¹ The SMART criteria are well accepted in the field of monitoring and evaluation as criteria for assessing the quality of project indicators (the variables that are tracked to measure changes or achievements in connection with an intervention). Common terms used when explaining the SMART criteria include: “Specific; Measurable; Attainable, Appropriate or Attributable; Relevant, Realistic, Reliable; and Time bound.”

expected to benefit. Supervision reports should have a requirement to track progress with the implementation of results against the latest approved results framework.

Mid-term Reviews (MTRs): The importance of the Mid-term Review needs more emphasis. While the Implementation Progress and Results Report (IPR) is a useful check on the project's progress, it can sometimes gloss over major issues that require resolution. The practice of having a dedicated mission to thoroughly take stock of progress and any difficulties that have arisen during implementation has been found to improve the quality of projects and their outcomes over time, even in cases where everything appears to be on track.

Lack of Bank capacity: The level of quality of both the PCRs and PCRENs may be constrained by the Bank's capacity. Consequently, it is suggested that a more effective strategy might be to prepare abbreviated PCRs for all projects but for some pre-selected projects there would be an augmented PCR involving enhanced field visits that would include an IDEV staff member. This is not the practice in comparator organizations, but may assist Bank's current capacity constraints.

At project completion some systems are not yet fully operational and in selected cases a further evaluation is in any case necessary at a later stage to ensure that the project performs as envisaged. This is currently done through Project Performance and cluster evaluation Reports by IDEV.

Regarding the formulation of lessons and recommendations, there is a clear need for training of Task Managers.

Review and consolidation of guidelines: An output to this process could be a review of the current guidelines for PCRENs with a serious effort to simplify and eliminate duplication in the methodology. IDEV may wish to consider consolidating all the validation guidance into a single reference document. The current format is more conducive to the preparation of a research paper than as a tool to provide management with information to rectify operational procedures and learn from successes as well as failures. Some constructive criticism and suggestions are to be found in the separate document entitled "Recommendations for Improving the PCR and PCREN processes."

Improve the Bank document management and retrieval database: This review was hindered by the paucity of supervision reports available to the team, including mid-term reviews and independent implementation progress and results reports (IPRs). Most IPRs that were available were completed at the time of the PCR mission by the PCR mission team. This meant that the PCREN reviews were overly dependent on the PCR itself. In addition many other documents requested were unavailable. Since this kind of review is undertaken annually it is important that a concerted effort is made to assemble all the needed documentation prior to the next round. It is also suggested that if PCRENs are pre populated in the EVRD database that the results framework be based on the approved appraisal report and not the PCR.

The PCR and PCREN templates: The template formats are overly repetitious and too long. They are not designed for optimum management attention and do not focus on priority issues or priority actions needed. Many of the sections are duplicative and overlap other sections. For example, the cost benefit analysis is a much better indicator of efficiency than the resource use efficiency indicator. Because of the template lengths, they seem more oriented toward researchers than managers. The templates should be reduced in size and focused on items that require management attention. A shorter version for small projects of a capacity building nature should be considered.

Other Recommendations

Naming of Contractors etc.: It is recommended that consultants, contractors, auditors and specialists referred to in PCR documents are not named for legal reasons if the PCR is to be disclosed to the public.

Utility Companies: Many infrastructural projects, particularly roads and highways, require that existing utility lines be relocated and this can cause serious delays. To minimize delays caused by such relocations it should be normal practice to request these activities as early as possible during implementation or even before.

Concluding Comments

Overall, it is evident that the Bank produces projects that are relevant to countries' development priorities and many of the outputs and outcomes are eventually achieved sometimes through creditable persistence by operational staff. However, the operational and financial sustainability of some of the projects is questionable. Many shortcomings are related to efficiency including sometimes-substantial delays and cost escalation. Efficiency problems are often due to weak attention to design including insufficient technical depth at the preparation stage, weak reporting systems and insufficient "hands-on" supervision during implementation. Sustainability needs better reporting on the results of capacity building, long-term plans for O&M, and more information on partner arrangements.

Environmental and social sustainability are on average reported as satisfactory by project closure, although the extent and the quality of evidence provided in the PCRs in this regard is often limited, but interactions with local communities are usually thorough. Financial and institutional sustainability are more complex and often the result of longer-term interactions and should be viewed in relation to parallel efforts by other development partners. In addition, judgments should not be made in this regard that are dependent on the potential results of future proposed or actual assistance by the Bank or other development partners, since such initiatives may prove to be either not forthcoming or unsuccessful. M&E quality needs much more attention and greater ownership from all stakeholders. This is an area where there could be significant improvements.

For the borrowers, there are difficulties in meeting the conditions for first disbursement, which also suggests that projects may be insufficiently well prepared at the time they are approved. Strengthening the arrangements for the control of quality at entry should be an important tenet of the Bank strategy to improve the quality of project preparation and should take into consideration the capacity of the borrower to implement the project as designed. Where this capacity is weak simpler designs and scope are essential.

The PCRs are variable in quality with some produced mechanically and without much insight regarding the broader context. There is clearly pressure to complete each PCR within six months of project completion, although this sometimes does not occur, but the emphasis on completing the reports may be to the detriment of better capitalizing on significant learning opportunities. In order to improve the quality more resources may have to be allocated or existing resources used in a more effective way.