



IDEV

Independent Development Evaluation
African Development Bank

From experience to knowledge...
From knowledge to action...
*From action to **impact***



Evaluation of the Quality at Entry of the African Development Bank Group's Sovereign and Non-sovereign Operations (2013–2017)

Summary Report

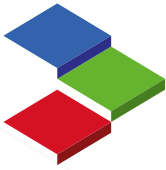


AFRICAN DEVELOPMENT BANK GROUP

October 2018

IDEV conducts different types of evaluations to achieve its strategic objectives





IDEV

Independent Development Evaluation
African Development Bank

From experience to knowledge...
From knowledge to action...
*From action to **impact***



Evaluation of the Quality at Entry of the African Development Bank Group's Sovereign and Non-sovereign Operations (2013–2017)

Summary Report



AFRICAN DEVELOPMENT BANK GROUP

October 2018

ACKNOWLEDGMENTS	
Task manager	Erika MacLaughlin , Evaluation Officer
Team members	Kpangni Arnaud Innocent Bledou , Junior Consultant
Consultant	Lattanzio Spi , Italy; Charlotte Vaillant , Team Leader
Internal peer reviewer	Foday Turay , Chief Evaluation Officer
External peer reviewer	Amnon Golan , Independent Consultant
Internal Bank reference group	Themba Bhebhe, Malek Bouzgarrou, Mbarack Diop, Jalel El Faleh, Ousmane Fall, Kader Abdou Gueye, Helmi Hmadi, Hussein Yusuf Iman, Penelope Jackson, Patience Kuroneri, Motselisi Lebesa, Samuel Ekue Mivedor, Simon Mizrahi, Jose J. Morte Molina, Armand Nzeyimana, Eva Joy Ruganzu, Richard Schiere, Mamadou Tangara, Thouraya Triki, Erwin Wiss
Knowledge management officers	Jacqueline Nyagahima , Principal Knowledge Management Officer, Najade Lindsay , Consultant
Other assistance / contributions provided by	Anasthasie Blandine Gomez Sokoba , Secretary
Special thanks to	IDEV wishes to thank, all Task Managers, Country Offices, government officials and other stakeholders who were interviewed, responded to the survey or who took part in interviews.
Division Manager	Madhusoodhanan Mampuzhasseril (Officer In Charge)
Evaluator General	Rakesh Nangia (Retired) and Karen Rot-Münstermann (Acting)

© 2018 African Development Bank Group
All rights reserved – Published October 2018

Evaluation of the Quality at Entry of the African Development Bank Group's Sovereign and Non-sovereign Operations (2013-2017) – Summary Report
IDEV Corporate Evaluation, October 2018

Disclaimer

Unless expressly stated otherwise, the findings, interpretations and conclusions expressed in this publication are those of the various authors of the publication and are not necessarily those of the Management of the African Development Bank (the "Bank") and the African Development Fund (the "Fund"), Boards of Directors, Boards of Governors or the countries they represent.

Use of this publication is at the reader's sole risk. The content of this publication is provided without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement of third-party rights. The Bank specifically does not make any warranties or representations as to the accuracy, completeness, reliability or current validity of any information contained in the publication. Under no circumstances including, but not limited to, negligence, shall the Bank be liable for any loss, damage, liability or expense incurred or suffered which is claimed to result directly or indirectly from use of this publication or reliance on its content.

This publication may contain advice, opinions, and statements of various information and content providers. The Bank does not represent or endorse the accuracy, completeness, reliability or current validity of any advice, opinion, statement or other information provided by any information or content provider or other person or entity. Reliance upon any such opinion, advice, statement, or other information shall also be at the reader's own risk.

About the AfDB

The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs and providing policy advice and technical assistance to support development efforts.

About Independent Development Evaluation (IDEV)

The mission of Independent Development Evaluation at the AfDB is to enhance the development effectiveness of the institution in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

Independent Development Evaluation (IDEV)

African Development Bank Group
Avenue Joseph Anoma, 01 BP 1387, Abidjan, 01 Côte d'Ivoire
Phone: +225 20 26 20 41
E-mail: idevhelpdesk@afdb.org
idev.afdb.org

Contents

Abbreviations and Acronyms	v
Executive Summary	1
Management Response	9
Introduction	25
Background	27
The Bank's Institutional Context for Quality at Entry	28
The Bank's Conceptual and Procedural Framework for Quality at Entry	29
Evaluation Approach and Methodology	33
Evaluation Approach	33
Evaluation Design	33
Lines of Evidence and Sampling	34
Limitations and Areas for Further Analysis	35
Evaluation Findings	37
The Bank's Conceptual Framework for Quality at Entry	37
The Bank's Procedural Framework for Quality at Entry	47
Evaluation Conclusions and Recommendations	63
Conclusions on the Bank's Conceptual Framework for Quality at Entry	63
Conclusions for the Bank's Procedural Framework for Quality at Entry	64
Recommendations	64
Annexes	69

Contents

List of figures

Figure 1	The Bank's procedural framework for Quality at Entry – Sovereign operations	29
Figure 2	The Bank's procedural framework for Quality at Entry – Non-sovereign operations	31
Figure 3	Mapping of evaluation issues and questions	34
Figure 4	QaE composite scores among high and low performing projects	39
Figure 5	The BP Validation Tool and Readiness Review – Factors that predict performance	40
Figure 6	QaE composite score for investment projects by year of approval (2013–2017)	44
Figure 7	Change in quality dimensions over the evaluation period	45
Figure 8	Factors underlying the efficiency and effectiveness of project preparation and appraisal	47
Figure 9	Risk Management Maturity Model	48
Figure 10	Institutional factors underlying the Bank's enabling environment for quality	48
Figure 11	Regression of QaE composite scores on implementation progress	50
Figure 12	Manager perceptions of the value addition from review tools	53
Figure 13	QaE composite scores by quarter of approval	56
Figure 14	Project to task manager ratio as reported from the survey of staff	59

List of tables

Table 1	The Bank's Quality Review Tools and Clearance Stages for Sovereign Operations	30
Table 2	The Bank's Quality Review Tools and Clearance Stages for Non-Sovereign Operations	31
Table 3	Funds budgeted and executed for project preparation (2013–2017)	55

Abbreviations and Acronyms

ADF	African Development Fund	MIC-TAF	Middle-Income Country Technical Assistance Fund
AfDB	African Development Bank Group	NPLs	Non-Performing Loans
ADOA	Additionality and Development Outcome Assessment	NSO	Non-Sovereign Operation
ANOVA	Analysis of Variance	OECD-DAC	Organization for Economic Co-operation and Development - Development Assistance Committee
CEDR	Comprehensive Evaluation of Development Results	OpsCom	Operations Committee
CODE	Committee on Operations and Development Effectiveness	PAR	Project Appraisal Report
CPO	Country Program Officer	PBO	Program Based Operation
CPPR	Country Program Portfolio Report	PCN	Project Concept Note
DAM	Delegation of Authorities Matrix	PCR	Project Completion Report
DBDM	Development and Business Delivery Model	PD	Presidential Directive
DBSA	Development Bank of Southern Africa	PEN	Project Evaluation Note
DCC	Deal Clearance Committee	PIMS	Public Investment Management System
DEM	Development Effectiveness Matrix	PIT	Project Implementation Teams
DFI	Development Finance Institution	PIU	Project Implementation Unit
DMT	Departmental Management Team Review	PPF	Project Preparation Facility
EBRD	European Bank for Reconstruction and Development	QA	Quality Assurance
ESW	Economic and Sector Work	QaE	Quality at Entry
IDB	Inter-American Development Bank	QAG	Quality Assurance Group
IDB	Islamic Development Bank	QCA	Qualitative Comparative Analysis
IDEV	Independent Development Evaluation	RMC	Regional member countries
IFAD	International Fund for Agricultural Development	SCN	Summary Credit Note
IFC	International Finance Corporation	SMCC	Senior Management Coordinating Committee
IOP	Indicative Operational Program	SNDI	SNVP and SMCC Directorate
ISP	Institutional Support Project	SNVP	Office of Senior Vice President
KPI	Key Performance Indicator	SNOQ	Operations Committee Secretariat and Quality Assurance Department of AfDB
		TOMS	Transition Objectives Measurement System



Executive Summary

Introduction

This report presents findings, conclusions and recommendations from IDEV's Evaluation of Quality at Entry of the African Development Bank Group (the Bank)'s Operations. The evaluation covers all sovereign and non-sovereign operations (NSOs) approved between 2013 and 2017, excluding emergency and equity operations.

The objectives of this report are to: i) assess the quality at entry of the Bank's operations approved over the evaluation period against an evidence-based standard; ii) examine the extent to which the Bank's conceptual and procedural framework for quality is positioned to promote the quality at entry of new operations and contribute to strategic decision-making; and iii) identify recommendations to inform the Bank's forward-looking quality agenda.

Background

The evaluation responds to persistent challenges observed over the past 25 years with respect to the quality at entry of the Bank's operations. Since the release of the 1994 "Report of the Task Force on Project Quality for the African Development Bank," (the Knox Report), various evaluations and institutional assessments have determined that many challenges identified in the report have remained relevant despite the introduction of new processes and tools.

Particular challenges have been observed with respect to: i) the clarity and realism of the project intervention logic; ii) the quality of project design and feasibility studies; and iii) ensuring that adequate resources are devoted to project preparation in terms

of time and skills sets. These challenges have been found to influence the efficiency and effectiveness of projects in terms of: i) underestimations of cost; ii) implementation delays; iii) sub-optimal outcome achievement; and iv) poor sustainability. Together, these challenges limit the value for money of the Bank's operations.

The Bank possesses no standard definition of project quality at entry. In the context of this evaluation, quality at entry is defined in terms of its outcomes, such that a project demonstrates good quality at entry when it possesses characteristics that make it: i) ready for implementation; and ii) likely to achieve its expected outcomes. In the case of non-sovereign operations, quality at entry is also expressed in terms of an operation's likelihood of being repaid according to its agreed terms.

Evaluation Approach and Design

This evaluation examines the quality at entry of the Bank's sovereign and non-sovereign operations approved between 2013 and 2017. The evaluation approaches quality at entry from both a **conceptual perspective** and a **procedural perspective**. This approach assumes that: i) quality at entry is both an objective, measurable characteristic of a project at the moment it is approved by the Board of Directors; and ii) quality at entry is the product of the different reviews and clearances implemented throughout project identification preparation and appraisal. As such, quality at entry is inextricably tied to the initial phases of the Bank's project cycle.

To this end, the evaluation assessed the quality at entry of the Bank's operations at approval as well as

the effectiveness, efficiency and sustainability of the existing project preparation and approval process as identified in Presidential Directive 03/2013. The latter assessment involved an examination of the extent to which specific review tools are contributing to the quality at entry of operations, including: i) the peer review; ii) Readiness Review; iii) ADOA (NSOs); iv) Credit Risk Review (NSOs); and v) the Country Team Meeting.

The evaluation implements a **mixed-methods design** that is both **formative** and **theory-based**. The evaluation is formative such that it examines the effectiveness of the project preparation and appraisal process while it is still ongoing. Emphasis is placed on examining the relevance of the current approach and understanding how contextual and institutional factors influence its performance.

Overall, the evaluation addresses four key questions regarding the Bank's conceptual and procedural framework for quality at entry:

1. To what extent do the Bank's existing tools address factors that predict the performance of projects? (Are we measuring the right things?);
2. To what extent has the quality at entry of the Bank's operations changed over the evaluation period? (Where do we stand against an evidence-based standard?);
3. To what extent is the existing project preparation and appraisal process efficient, effective and fit-for-purpose?; and
4. To what extent does the Bank demonstrate an enabling environment for quality?

Evaluation Findings: The Bank's Conceptual Framework for Quality

IDEV first sought to identify an evidence-based standard for quality at entry that: i) reflects the best practices of

comparators; and ii) is able to predict project outcomes. The predictive validity of quality at entry tools is important; otherwise, the value for money achieved by their implementation is questionable. Subsequently, this standard was applied to a sample of projects to determine the extent to which project quality at entry has changed over the evaluation period.

Are we measuring the right things?

Consultations with stakeholders at the World Bank, IDB and MCC demonstrated consensus on the importance of 4 key factors for project quality at entry, including: i) "problem analysis" and evaluability; ii) economic and financial viability; iii) implementation readiness; and iv) proactive risk management. Existing best practices from comparators were compiled and adapted to create a Best Practice Validation Tool representing a conceptual ideal and evidence-based standard for quality at entry.

A predictive analysis involving 20 completed investment operations revealed that the Composite Score of the evaluability and implementation readiness dimensions predicts the extent of outcome achievement. In contrast, Readiness Review scores for the same projects did not predict performance. These data were used to identify an evidence-based threshold (a score of 2.75) at which projects have a likelihood of .65 of achieving all expected outcomes.

Overall, the analysis suggested that existing Quality at Entry tools for sovereign operations do not sufficiently target factors that predict the extent of outcome achievement and, therefore, do not distinguish between projects based on their likely performance. Although the BP Validation and the Readiness Review address many of the same topics, the BP Validation Tool identifies more specific and stringent requirements. By contrast, the Readiness Review demonstrates a "signal versus noise" problem, such that it averages scores together for concepts that do not necessarily speak to project readiness and the likelihood of achieving results.

Furthermore, a Qualitative Comparative Analysis of country case studies revealed that contextual factors influence the relationship between quality at entry and the achievement of results, including: i) the strength of an RMC's Public Investment Management System; ii) the capacity of the PIU; and iii) the complexity of the project. **However, the Bank's existing procedural framework for quality at entry does not assess these factors systematically.**

With respect to non-sovereign operations (NSOs), the Bank's existing conceptual framework for quality at entry is aligned with that of comparators, including the IFC, IDB Invest and the EBRD, with respect to selectivity for contribution to development outcomes and credit risk management. **However, in addition to identifying development outcomes, comparators were found to be placing emphasis on the evaluability of NSOs and their contribution to private sector development.** As such, the evaluability of NSOs was assessed against an existing best practice.

A predictive analysis involving 42 projects approved over the evaluation period determined that **the Bank's existing credit risk framework for NSOs is relevant, such that the number of unmitigated risks predicted the occurrence of negative project outcomes.** Different types of projects were found to be more sensitive to specific risks, with project finance and corporate loans being more sensitive to risks pertaining to the financial capacity of the sponsor and Lines of Credit sensitive to the presence of risks related to operating ratios and institutional governance together. In the case of Lines of Credit the presence of risks related to operating ratios and institutional governance together may be a means of triaging projects as "high risk."

Where do we stand against an evidence based standard for quality?

After demonstrating its ability to predict outcome achievement, IDEV applied the BP Validation Tool

to a random sample of 85 investment projects and 35 PBOs and ISPs approved over the evaluation period. **When this standard was applied, it was found that project quality at entry has not changed significantly over the evaluation period for both investment projects and PBOs/ISPs.** Furthermore, approximately half of projects approved each year meet the evidence-based threshold for quality at entry.

Whereas investment projects are generally evaluable, they demonstrate more variable ratings for financial and economic analysis, implementation readiness and risk management. PBOs and ISPs tend to be less evaluable than investment projects, particularly with respect to: i) the clarity of the implementation logic; ii) identification of lessons learned; iii) the credibility of indicators selected to measure project outcomes; and iv) confirmation that these data are available.

NSOs demonstrated the weakest evaluability among all of the project groups, with challenges observed with respect to: i) the sufficiency of data to justify the development rationale; ii) presentation of a coherent vertical logic; and iii) identification of credible indicators to assess project outcomes.

Furthermore, 75% of NSOs demonstrated a lack of alignment between the development rationale in the PAR, the ADOA and the results framework. **This lack of alignment was reflected in emphasis placed on "marginal" outcomes in the project rationale and logframe, whereas other relevant development outcomes were not measured systematically.** Logframes often neglected the following outcomes: i) infrastructure-related results; ii) supply chain development; iii) regional trade and integration; and iv) longer-term loan maturity.

Evaluation Findings – The Bank's Procedural Framework for Quality at Entry

The Bank's procedural framework for quality at entry was examined from three perspectives. First,

consultations with comparators identified five key factors underlying the effectiveness and efficiency of project preparation and appraisal, including: i) risk-based differentiation; ii) contestability; iii) independence; and iv) verification. The Bank's existing process was compared to those of comparators with respect to these factors.

Secondly, IDEV examined the extent to which the existing preparation and appraisal process, as designed, is capable of contributing to strategic decision-making. To this end, the process was assessed against a Business Process Maturity Model for Risk Management processes inspired by the Information Security literature.

Finally, the institutional context was examined to determine the extent to which the Bank demonstrates key characteristics of an enabling environment for quality at entry. Specific factors examined include: i) clarity of roles and responsibilities; ii) tools and systems; iii) capacity and training; iv) resources; v) incentives; and vi) consequence management.

To what extent is the Bank's preparation and appraisal process efficient, effective and fit-for-purpose?

Relative to comparators, the Bank's procedural framework for quality at entry demonstrates fewer characteristics that promote the efficiency and effectiveness of project preparation and appraisal.

With respect to cost-efficiency, the Bank's processes do not differentiate among operations on the basis of risk, with the exception of the final clearance stage. However, unlike comparators, projects of different risk profiles produce the same number of milestones and are subject to the same number of reviews. Additionally, the Bank's preparation and approval process involves a larger number of sequential reviews and clearance stages relative to comparators.

Whereas the Bank demonstrates a similar time for project appraisal and time to first disbursement

to comparators, these data do not provide a good indication of cost-effectiveness. Contrary to the assumptions underlying current corporate KPIs, time for project appraisal and time to first disbursement were not found to be related to project quality at entry or implementation progress. The data suggest that it is more important to ensure that project appraisal addresses the factors that predict performance and that disbursement supports meaningful implementation progress.

With respect to effectiveness, the Bank currently lacks mechanisms to promote contestability, independence and verification relative to comparators. First, although staff from different sectors and functions may be implicated at each review stage, the ultimate decision to clear a project rests with the concerned sector or country/regional team. By contrast, some comparators leverage inclusive meetings chaired by a neutral party to review proposed projects and encourage dissent.

Whereas each comparator had an independent unit responsible for the reviewing and advising on the quality at entry of sovereign operations, the Bank has lacked a similar function since the decentralization of the Readiness Review to Country Program Officers in 2015. The Operations Quality team (SNOQ) now acts as the independent curator of standards only.

Finally, in contrast to comparators, the Bank does not have a mechanism to systematically verify that feedback on quality at entry provided throughout preparation and appraisal is addressed prior to the approval of an operation. This finding is supported by the observation that approximately half of the comments provided through the peer review, Readiness Review and Country Team Meeting are addressed in a verifiable way.

With respect to process maturity, the Bank's preparation and appraisal process was found to be operating at a "standardized" level.

The preparation and appraisal process is clearly documented in the Operations and Business Manual and clear standards exist for the implementation of certain review tools, including the Readiness Review, ADOA and Credit Risk Review. However, the Bank lacks an integrated system for managing project preparation and appraisal data to support strategic decision-making. Furthermore, gaps in the standardization of the peer review and Country Team Meeting have limited the effectiveness of these tools such that approximately 1/3 of the feedback provided is not relevant to project quality at entry.

To what extent does the Bank possess an enabling environment for quality?

The Bank currently lacks an enabling environment for quality at entry, demonstrating gaps with respect to: i) the use of integrated systems to manage operations data; ii) evidence-based budgeting and management of project preparation; iii) provision of training and support to operations staff; iv) ensuring consistent and appropriate allocation of staff to operations; and v) consequent management and incentives for quality.

Particular challenges were observed with respect to resource allocation and the management of project preparation. First, the project brief is not being used to assess the time and resources required to bring each project to maturity and identify corporate benchmarks for project preparation. Furthermore, project preparation funds are not being leveraged systematically to address weaknesses in RMC capacity for project preparation and ensure that new projects are supported by the required data and preparatory studies. Finally, operations staff throughout the project preparation “ecosystem” demonstrate heavy workloads, with the Bank demonstrating a project to task manager ratio that is higher than that of comparators and also highly variable.

These constraints were found to have tangible implications for project quality at entry and the effectiveness of the project preparation and appraisal process. Deficits in the management of project preparation has contributed to nearly half of all projects being approved in the fourth quarter of each year. Projects approved in Q4 were found to have poorer quality at entry and a reduced likelihood of achieving project outcomes.

Additionally, staff do not have the time to properly conduct thorough project reviews, limiting the quality of feedback provided through existing review mechanisms. With the intense workload and time pressure created by emphasis on project approvals, staff are less likely to devote time to ensuring feedback on quality at entry is incorporated so long as corporate KPIs continue to emphasize the volume of approvals rather than the quality and performance of operations.

Evaluation Recommendations

Based on the evaluation findings and conclusions, IDEV identified the following recommendations for management to consider in addressing the key challenges that were observed.

Recommendation 1 – The review tools: Enhance the relevance and effectiveness of the Readiness Review and Peer Review by:

- Adjusting the content of the Readiness Review to reflect factors shown to influence project performance, including evaluability, economic analysis, implementation readiness and risk management.
- Increase the independence of the Readiness Review and Peer Review by mandating an ‘arms-length’ unit to coordinate both processes.
- Develop detailed terms of reference and selection criteria for technical peer reviewers.

Recommendation 2 – The quality assurance review process: Increase the effectiveness and efficiency of the quality review process by:

- Identifying approval ‘tracks’ to differentiate among operations on the basis of risk.
- Reducing the number of steps that are sequential, in favor of a single meeting in which all QA inputs are considered.
- Providing task managers with more systematic quality enhancement support, particularly for projects that fail to meet quality standards.
- Identifying and allocating the required resources along the preparation “ecosystem” to support the effectiveness of the review process.

Recommendation 3 – Counterpart readiness: Improve RMC readiness and capacity for Public Investment Management by:

- Identifying RMC capacity deficits during project identification, with mechanisms for providing additional support as required throughout preparation and appraisal.
- Identify countries where counterpart readiness is a consistent obstacle to project design and implementation and offer programs of support to address these constraints and complement development of the IOP.

Recommendation 4 – Planning and budgeting: Strengthen the Bank's IOP and resource allocation for project preparation by:

- Enforcing the project brief and enhancing its content, including clear criteria for inclusion of projects in the preparation pipeline and allocation of resources (time and budget) for preparation.
- Identifying an integrated platform for managing the project pipeline, including identification, preparation and appraisal.

Recommendation 5 – Business development: Increase the use of project preparation facilities to promote project quality at entry by:

- Ensuring staff are sensitized and encouraged to use these funds to support the identification and implementation of the IOP, including ESW.
- Increasing the total funds and maximum allocation for the PPF, MIC-TAF and other sources of funds.
- Diversifying the approved use of preparation facilities to reduce transaction costs and address systemic constraints to project preparation.

Recommendation 6 – Staffing and training : Enhance the capacity of staff to manage projects effectively by:

- Introducing a comprehensive and mandatory training program for all task managers.
- Identifying benchmarks for the number of projects per task manager and allocating resources appropriately. These benchmarks should reflect the different workloads associated with the preparation and supervision of operations.

Recommendation 7– Incentives and resources: Strengthen incentives for portfolio quality in addition to approvals by:

- Identify meaningful indicators of quality at entry with a demonstrated relationship to project implementation progress and monitor these indicators over time.
- Including indicators of quality at entry and pipeline development among the Bank's corporate KPIs.

Recommendation 8 – Quality at entry of NSOs: Identify a framework for reinforcing the evaluability of non-sovereign operations by:

- Assessing the evaluability of NSOs in addition to their potential development outcomes, including the

identification of a clear and substantiated intervention logic and credible performance measures.

- Identifying a quality enhancement mechanism to strengthen the development rationale and intervention logic of NSOs, particularly for projects demonstrating weak evaluability.

Recommendation 9 – Credit risk of NSOs : Strengthen mechanisms for verifying the mitigation of credit risks for non-sovereign operations by:

- Implementing a readiness filter for project finance and corporate loans to provide good practice guidance to investment officers and inform the review process.
- Reinforcing the role of credit risk officers in ensuring that key risks are adequately addressed and enforced in loan agreements.

Recommendation 10 – Corporate governance risk of NSOs: Increase emphasis on corporate governance risks among non-sovereign operations by:

- Re-engaging with the DFI Working Group on Corporate Governance and provide training to investment officers on corporate governance issues.
- Identifying Technical Assistance Funds devoted to corporate governance issues for NSOs, particularly for operations involving lower-tier banks.
- Leveraging Technical Assistance more systematically to mitigate corporate governance risks prior to disbursement of a loan and monitoring performance on the basis of changes in behavior. ■



Management Response

Management welcomes IDEV's efforts to assess the quality at entry (QaE) and quality of supervision and exit (QoS) of AfDB's operations and to provide lessons that can improve operational quality and enhance the Bank's effectiveness in achieving the goals of its Ten-Year Strategy and the strategic objectives of the High 5s. This note discusses the findings of the evaluations in the context of Management's own assessment of the Bank's quality management systems, which has led to the identification of several reform areas that provide a framework for considering IDEV's evaluation recommendations.

Introduction

Management agrees with IDEV in attaching great importance to operations' quality at entry and quality of supervision, and it subscribes to the direction of IDEV's recommendations. Management recognises the importance of ensuring high-quality project design and supervision, and over the past few years has initiated several measures to strengthen quality, some in response to past evaluations. The adoption and ongoing consolidation of the new Development and Business Delivery Model (DBDM) provides an opportunity to enhance the Bank's responsiveness to the needs of Regional Member Countries (RMCs)

and ensure that AfDB's interventions lead to better results for RMCs.

The QaE and QoS evaluations were conducted as a follow-up to IDEV's 2016 Comprehensive Evaluation of the Bank's Development Results. In that report, a synthesis of 14 Country Strategy and Program Evaluations determined that although project quality at entry and supervision quality are necessary for achieving development outcomes, they remain relatively weak.

The QaE evaluation uses *quality at entry* to mean the design quality and implementation readiness of

Box A: Summary

Management subscribes to the direction of IDEV's recommendations on QaE and QoS. As part of the DBDM, Management set out here 10 priority actions that will significantly enhance the quality and impact of Bank operations:

1. Upgrading the skills of operational staff.
2. Building a robust pipeline for business development.
3. Increasing the resources for project preparation.
4. Streamlining the review process to ensure quality of operations.
5. Strengthening and resourcing the readiness review and peer review.
6. Strengthening planning and budgeting for project preparation and supervision.
7. Working towards an integrated operations portal.
8. Supporting borrower readiness and capacity development.
9. Moving from supervision to support of project implementation.
10. Embedding a culture of quality.

Management will develop a detailed Implementation Plan that operationalises these actions and includes prioritised, sequenced and time-bound deliverables. Management will share this plan with the Board by the end of the year.

a project when it enters the Bank's portfolio. It is important also to differentiate aspects of quality: i) strategic relevance and approach; ii) quality of design (the technical, financial and economic aspects and the fiduciary and safeguard aspects); and iii) the institutional and implementation arrangements, risk assessment, and results framework.

In projects financed by the multilateral development banks (MDBs), including AfDB, the borrower is responsible for project implementation. According to the Bank's Operations Manual (2015), the Bank supports the borrower through "implementation monitoring": that is, "a continuous set of activities carried out during the lifetime of a project, from project launch through routine supervision activities to completion." Like other MDBs, AfDB is now moving to redefine these supervision activities as "implementation support," to reinforce the notion that the borrower has the primary responsibility for implementation, while the MDB supports the borrower.

The QaE and QoS evaluations build on the Bank's commitments and previous self-evaluations, institutional reviews and IDEV evaluations. They also support the Bank's increased emphasis — seen in the new Results Measurement Framework — on proactive portfolio management, and on getting closer to the RMCs.

Overview

The evaluations provide a frank assessment of the QaE and QoS of Bank operations. They identify issues whose solutions are often complex and require focused and sustained attention as well as adequate resources for effective implementation. That is why Management launched a broad range of reforms aimed at addressing these issues at different levels. At the operational level, between 2009 and 2014, in line with best practice among MDBs, Management revised the Bank's approaches to country strategies, project design and readiness, and implementation monitoring.

Additional impetus was given to these initiatives when the Bank launched the High 5s in 2015 and adopted the DBDM in April 2016 to increase its development impact and its responsiveness to RMCs. (Table A at the end of this section provides a timeline of the Bank's recent initiatives on quality assurance.)

IDEV takes an innovative approach, introducing methodological rigour in the QaE evaluation through quantitative analysis. The evaluation used a validation tool to predict project performance outcomes, although the findings are limited by the fact that this tool is based on data from a sample of only 20 projects that is not representative of the portfolio.¹ Management appreciates IDEV's effort to obtain feedback from operational staff as part of the QaE assessment, including through case studies. The QaE evaluation also undertook an exploratory examination of non-sovereign operations, using a separate approach to adjust for their distinct objectives and context.

The QoS evaluation, which like the QaE evaluation relies on a mixed methods approach, is formative and seeks to emphasise learning rather than accountability. The evaluation finds that the Bank's guidance for project supervision is relevant, clear and aligned with good practice. It points to some gaps in the guidelines and policy for project supervision and completion, particularly with regard to multinational operations and fragile situations. It also identifies variation in adherence to guidelines and highlights weaknesses in institutional arrangements, incentives, and management oversight as well as in monitoring for results at the project level. While noting that the midterm review tool is not always used, the evaluation acknowledges both the more continuous monitoring that is enabled by on-the-ground presence, and enhancements of real-time portfolio-level monitoring.

While the Bank monitors the implementation of its operations at both the project and portfolio levels, the evaluation is focused on the project level and provides limited information on the contribution of portfolio monitoring to overall quality assurance. The quality of project-level monitoring is a critical element of portfolio monitoring since the findings from the supervision of

individual projects, often derived from supervision reports, provide the basis for Management decisions during portfolio reviews.

Although the evaluation was intended to cover supervision and exit, the QoS evaluation contains very little information on quality at exit beyond the number of projects for which Project Completion Reports (PCRs) were prepared. Lack of specificity in the evidence base makes it difficult for Management to identify appropriate changes to address any shortcomings in supervision.

While in recent years the Bank has made good progress in addressing some key challenges, Management agrees that much more should be done to strengthen QaE and QoS. Experience at AfDB and other MDBs shows that QaE is a vital contributor to project outcomes, but the degree to which outcomes are achieved is also affected by the quality of supervision and borrower implementation. For that reason, and taking advantage of the fact that the QaE and QoS reports have been produced in parallel, Management is dealing with the two evaluations in one Management Response. The overall QaE findings regarding the quality of project design and the effectiveness of the review processes offer valuable insights that are generally

consistent with Management's own assessment and provide more evidence to support reforms to strengthen quality. The focus on QaE guidance and review processes therefore needs to be viewed in the context of a broader reform of systems and incentives to improve the quality of the portfolio.

The QaE evaluation findings are separated into the conceptual and procedural aspects of the evaluation of sovereign and non-sovereign operations. The analysis of the conceptual framework is derived from evaluation theory and relies on four dimensions of quality — evaluability, economic analysis, implementation readiness, and risk management — but highlights two as more significant (see Box 2).

Management's Assessment

As part of the ongoing DBDM reforms, the Bank has undertaken its own assessment of operational quality. While the DBDM reforms are helping to enhance AfDB's role as a trusted partner that is closer and more responsive to its RMC clients, several mechanisms and processes in the current delivery system have been identified for strengthening to increase the effectiveness of the reforms.

Box B: Lessons on evaluability and readiness

The QaE report highlights evaluability and readiness as two dimensions that are significant predictors of project performance.

Evaluability — A recent Inter-American Development Bank study concluded that among the three evaluability dimensions covered by IDB's Development Effectiveness Matrix — Project Logic, Economic Analysis, and Monitoring and Evaluation — the first two have a positive impact on project performance, but better monitoring has not translated into better-performing projects (Corral and McCarthy, *op. cit.*). A review of World Bank project performance² found that higher-quality monitoring led to better project performance but expressed concern about potential methodological flaws (e.g. endogeneity) when the capacity of project team members is omitted, since capacity may be related to quality-at-entry scores as well as to better project performance. Consequently, efforts to strengthen systems to manage project quality need to focus not only on the project's development logic, quality of economic and financial analysis, and monitoring and evaluation, but also on the skills and capacity of project teams and on how monitoring is integrated into decision-making during project execution.

Readiness — The term *readiness* usually means readiness for implementation — that is, the extent to which a project might be ready to hit the ground running or might face implementation delays. Project readiness is thus most relevant to the pace of implementation, which may affect the project duration but does not necessarily mean that project outcomes will not be achieved.

Operational skills. Lessons from the Bank's own experience and other MDBs show that quality starts with the technical quality, experience and project management skills of the task manager and the skills mix of the task team. Many operational staff are new to the Bank and have uneven familiarity with and experience in preparing and supervising projects. This leads to an excessive burden on the task managers, which might put project quality at risk. The issue is compounded by the lack of continuity in project task management: rapid turnover after project preparation affects the quality of project supervision. The 2018 World Bank study (Hussain, Kenyon, and Friedman, op. cit.) identified task manager quality and task manager continuity as essential to ensure supervision quality, and as the two most important determinants of project quality. Management's diagnosis also indicates that the workload of task managers is unevenly distributed across different sectors and regions, and in relation to the demands of the work program in those units. Management's assessment of gaps in operational skills and experience points to the need for greater investment in operational skills training for staff (for more details, see analysis below on human resources).

Robust pipeline. Projects enter the Bank's pipeline through the preparation of a project brief that describes the RMC's demand for the proposed project; explains the project's consistency with the country strategy and conformity with Bank/RMC policies and priorities; and notes the availability of financial resources. The responsible manager is expected to review the project brief before the project is included in the pipeline. This process is not always being followed systematically to filter the pipeline down to a reasonable number of projects, and the criteria that are being used to select projects for inclusion in the Indicative Operational Programme (IOP) may need to be revisited. In addition, the use of project preparation funds is not commensurate with the demand in RMCs.

Resources for project preparation. Management agrees with the evaluation's premise that sound project preparation matters for efficient and effective implementation. Management also agrees with

the analysis that highlights the limited availability of adequate project preparation funding in AfDB relative to other MDBs. The Bank has a number of small, fragmented financing facilities whose cumbersome procedures lead to uneven access. The amounts available from these sources fall short of requirements for preparing large projects, in turn constraining the robustness of the pipeline.

Review process. Management agrees broadly with most of the findings listed under the procedural framework — the absence of a risk-based resource allocation, the large number of sequential reviews, the absence of an independent review function for sovereign operations, and the lack of a mechanism to verify how QaE feedback has been addressed. The current quality assurance process entails a sequential peer review, readiness review, country team review and finally a review by the responsible Vice President or the Operations Committee at both Project Concept Note (PCN) and Project Appraisal Report (PAR) stages. Management's diagnosis also indicates that the PCN and PAR review meetings are held fairly close to document completion, reducing the scope for fundamental revisions. In addition, the peer reviewers bring uneven technical expertise, and the reviews focus predominantly on compliance and on improving project documents, rather than on technical feasibility. As the evaluation also notes, although the response matrix does have to be submitted for subsequent approval, the degree to which comments are effectively integrated varies.

Readiness review. Management's diagnosis supports the evaluation's findings about weakness in the readiness review process and in the content of the readiness review instrument. The readiness review was initially implemented as a central function, independent of the Complex originating the project. In 2014 the management of the readiness review was shifted to the originating Complex. The current system does not ensure that the review is independent, or that it is conducted by staff with adequate technical expertise. Management's diagnosis shows, for example, that project evaluability — the development rationale of

projects, the quality and realism of logframes, and so on — is an area that requires further attention. In addition, the readiness reviews as currently implemented do not adequately address factors that determine readiness for implementation — for example, the project's institutional, financial and procurement arrangements. The reviews are also not aimed at supporting task teams with advice for enhancing quality.

Planning and budgeting. Unlike many comparators, the Bank has not integrated its information systems for budget and project planning, nor has it yet rolled out standard coefficients (differentiated by lending instruments, sector, or country risk characteristics) to allocate administrative budget to tasks (such as identification, appraisal, implementation support and closure). With the introduction of the Activity Time Recording System, the Bank is now well placed to determine and track the full cost of operations — staff, consultant and travel costs — and to budget accordingly.

Operations management information systems. The Bank's information systems for processing, programming and tracking operations from pipeline to Board Approval (including SRAS, BPPS and BRAG) are not fully interconnected, so that their effectiveness is limited. At the same time, the Bank's Management Information System, unlike that of other MDBs, does not include a single operations portal that integrates and provides ready access to information about project implementation in real time, which would greatly facilitate project management and oversight and reduce the burden on task teams and managers, and increase transparency and therefore accountability to ensure data is up-to-date.

Borrower readiness and implementation capacity. Management's assessment confirms the evaluation finding that the borrower's readiness (e.g., project implementation team in place and procurement well advanced) and capacity for implementation are critical for project success. The Bank has been able to provide only limited support in this area — for example, through the MIC TA Fund. Management recognises that in

addition to assessing counterpart capacity as part of the readiness review, the Bank would need to invest much more to support the development of implementation capacity in RMCs.

Supervision. Management's assessment concurs with the evaluation finding that there are gaps in adhering to supervision guidelines and delays in completion reporting. To enhance the likelihood of achieving projects' development objectives, the Bank can adopt a more proactive to supporting project implementation. By ensuring greater continuity of task management through an increase in sector staff deployed in regional departments, the Bank can leverage the opportunity created by the DBDM to strengthen project supervision.

Culture of quality and results. The evaluation points out that the Bank's institutional culture favours approval over quality and results. Over the past few years the Bank has made marked progress in results measurement and reporting in the Annual Development Effectiveness Review. However, incentives and organisational key performance indicators (KPIs) continue to emphasise lending and disbursement targets. In operations, staff incentives still tend to reward new lending approvals and lending volume.

Human resources. Management's diagnosis shows that the number of front-line staff assigned task manager responsibilities for project origination and portfolio management has remained flat over the last five years — a period during which the Bank's lending activities and active portfolio have grown significantly in size and complexity. As a result of these trends, task managers have seen a steady increase in their workload: they supervise an average of 3.4 operations in addition to their project preparation and appraisal activities. The review also suggests significant disparities across sectors and regions, including in high-priority areas such as energy and agro-industry, where expertise in both Francophone and Anglophone countries remains in short supply. Management is undertaking a more in-depth analysis of regional resource requirements for task managers and the operations ecosystem, to identify opportunities for redeployment and strengthening.

Raising the Bar on Quality Assurance

Takeaway messages from the IDEV evaluations, Management's own assessments, and lessons from other MDBs point to a number of areas in which to reform the Bank's quality management system. Management intends to elaborate detailed actions for each of these areas in an Implementation Plan to be developed after the Board discussion on the evaluations.

1. Upgrading the skills of operational staff.

The Bank needs to adopt a more systematic approach to upgrading the skills of its operational staff. Recognising that many task managers are new to the Bank, Management is developing an Operations Academy to train all staff in operational skills. Gateway training will be mandatory for all operations staff and will be augmented by a system of accreditation for all task managers and other key operational roles *Priority: short to medium term.*³

2. Building a robust pipeline for business development.

To ensure a more robust process and criteria for business development, Management will revisit the Operations Manual criteria for including a project in the IOP, specifically focusing on raising the bar for the first year of the IOP. Inclusion in the IOP will trigger the administrative budget allocation to develop the PCN. Also at this point, the need for funds to support project preparation should be assessed. *Priority: short term.*

3. Increasing the resources for project preparation.

Management proposes to enhance support to task teams by facilitating better access to project preparation funds, providing greater Management oversight of task team composition, and enhancing knowledge services to front-line task teams. Additional resources for project preparation could come from trust funds, dedicated project preparation facilities and through components built in to preceding investment projects. The Bank is exploring ways to consolidate and expand existing facilities to better

support project preparation. Managers will help task managers strengthen task teams by drawing on staff from different parts of the Bank, with special attention to ensuring the timely availability of specialised staff to address fiduciary, safeguard, and other corporate requirements. While increasing the number of staff in key functions may be necessary, Management is exploring opportunities for reallocation and reassignment to ensure that all project teams are appropriately resourced. Management also intends to invest further in knowledge production, curation, and dissemination to facilitate task teams' access to cutting-edge and operational knowledge. *Priority: short to medium term.*

4. Streamlining the review process to ensure quality of operations.

In line with the new Delegation of Authority Matrix (DAM), Management plans to combine the current sequential review processes into a single concurrent review at both the PCN and PAR stages. The new DAM also supports consolidation of steps: at each of the two main stages, there will be a single quality-focused meeting at which the different quality review inputs are considered together. The reviews will combine the two related but distinct objectives of "quality assurance" and "quality enhancement". Management will examine the timing of the review meetings to ensure that task teams can benefit from the guidance provided. The meetings at PCN stage will provide a Go/No Go decision before project preparation can continue (*Priority: short term*). Management is also embedding responsibility and accountability for quality in the recently issued DAM.

5. Enhancing and resourcing the readiness review and peer review.

In line with IDEV's recommendation, Management is planning to move the responsibility for the readiness reviews back to the central unit to ensure independence and quality. The readiness review instrument will also be revamped to ensure a sharper focus on evaluability and readiness for implementation, backed with appropriate technical and operational

expertise and, importantly, resources to help task teams to enhance quality. Evaluability will be explicitly addressed as an integral part of the readiness review. Quality enhancement support to task teams will aim at strengthening the development rationale of operations, the design and analysis that underpin project design, and the quality and realism of logframes, and making sure that the right indicators are in place to track progress and assess impact. Readiness for implementation at the PAR stage will ensure that all the institutional, financial and procurement arrangements for the first year are in place before Board presentation to prevent delays in effectiveness and disbursement due to actions that could have been taken before Board approval. In addition, focused terms of reference and guidance for the peer review role will be developed and will include an explicit focus on making recommendations to enhance technical quality and project design. For both review tools, attention will focus on who conducts the review, ensuring that they have the relevant expertise and time. *Priority: short to medium term.*

6. **Strengthening planning and budgeting for project preparation and supervision.** In tandem with the planned SAP upgrade, the Bank is working to improve and link its systems for planning, programming, budgeting and monitoring. The budgeting aspect will include the development of

cost coefficients for different stages in the project cycle, differentiated by levels of risk, and different lending modalities as the basis for resource allocation. *Priority: short term.*

7. **Working towards an integrated operations portal.** The Bank is considerably strengthening its Management Information Systems in conjunction with the upgrade of SAP by complementing the system design improvements with measures to link and streamline related systems. Management is also working towards developing an operations portal that integrates information on project performance, monitoring, and results to help strengthen project and portfolio management. It would facilitate use of operational data to derive lessons and make course corrections through more effective project management. (Additional details on this action will be provided in the Implementation Plan.) Such a system would also feed into the Bank's Delivery Dashboard and Results Reporting System (Box 3). *Priority: short term and long term.*
8. **Supporting borrower readiness and capacity development.** Management aims to give greater attention to borrower readiness and to provide resources to enhance it. This effort will include a close examination of funds available for project preparation, and potentially — in

Box C: Tracking progress in implementing operations

The Results Reporting System (RRS) embodies the Bank's commitment to make technology a facilitator in improving the quality of operations. Planned for launch on 1 January 2019, this system will provide line managers with real-time information on key metrics of operational quality.

By automating key steps in the preparation of quality assurance documents — results-based logical framework, Implementation Progress and Performance Results report and Project Completion Report — the RRS will simplify and streamline reporting exercises for task managers. It will also put the Bank in a position to harness newly available data to improve operations design, portfolio reviews and planning exercises.

The RRS package includes the launch of two companion dashboards to i) track the quality of the Bank's portfolios of operations, and ii) prepare reports on aggregate operations results. This new reporting tool allows for greater data consistency and discipline, including by reducing time spent on reconciling custom spreadsheets — time that will be used to conduct more data analyses.

With the RRS, the Bank is leveraging the capabilities and ubiquity of its SAP information system — the Bank's IT backbone — enabling access to its interface for task managers across its Africa-wide network. The Bank plans to transition to the RRS as part of the upgrade to SAP to improve task managers' experience and its interactive data analytics.

Next Steps

The ambitious agenda of reforms discussed above is in many ways a continuation of the transformation initiated by the DBDM. These reforms will strengthen the institutional environment in which the new model functions to deliver better quality and results for RMCs. Implementation of the agenda will require prioritisation and sequencing to address the different needs of sovereign and non-sovereign lending and the specifics of different lending modalities.

Following the Board discussion of these evaluations, Management will develop for each of these areas a detailed Implementation Plan that will include time-bound actions and their resource implications. Management will share these plans with the Board by the end of the year.

The Management Action Record

The following Management Action Record sets out key actions the Bank is committing to take in response to the recommendations made by IDEV for Quality at Entry and Quality of Supervision. It will be complemented by an **Implementation Plan** that fleshes out Management's diagnostic on quality assurance and operationalises the actions briefly outlined in the table below.

The Implementation Plan will also set out a framework of accountabilities with clear time-bound deliverables covering the short to medium term. Management will share the Implementation Plan with the Board, for information, by December 2018.⁴ **Deadlines for all the actions in the Management Action Record will be set out in the Implementation Plan.** ■

Management action record	
IDEV recommendation	Management's response
Quality at entry	
1. The review tools — Enhance the relevance and effectiveness of the Readiness Review and Peer Review by:	
<p>a. <i>Adjusting the content of the Readiness Review to reflect factors shown to influence project performance, including evaluability, economic analysis, implementation readiness and risk management.</i></p> <p>b. <i>Increase the independence of the Readiness Review and Peer Review by mandating an 'arms-length' unit to coordinate both processes.</i></p> <p>c. <i>Develop detailed terms of reference and selection criteria for technical peer reviewers.</i></p>	<p>Management agrees to strengthen the relevance — i.e., evaluability and readiness of operations — and independence of the readiness review by:</p> <ul style="list-style-type: none"> ■ <i>Improving the "evaluability" and scope of readiness reviews and peer reviews.</i> Management will adjust the content of the readiness review and the peer review to provide a more comprehensive assessment, including of implementation readiness. ■ <i>Increasing the independence of readiness reviews.</i> Management will de-link responsibility for both the readiness review and the peer review from the Bank unit that is responsible for preparing the project. ■ <i>Strengthening the readiness filter.</i> Management will adjust the readiness review to ensure that all the institutional, financial and procurement arrangements for the first year are in place before Board presentation so that there are no delays in effectiveness and disbursement due to actions that could have been taken before Board approval.

Management action record	
IDEV recommendation	Management's response
Quality at entry	
2. The quality assurance review process — Increase the effectiveness and efficiency of the quality review process by:	
<p>a. <i>Identifying approval “tracks” to differentiate among operations on the basis of risk.</i></p> <p>b. <i>Reducing the number of steps that are sequential, in favour of a single meeting in which all QA inputs are considered.</i></p> <p>c. <i>Providing task managers with more systematic quality enhancement support, particularly for projects that fail to meet quality standards.</i></p> <p>d. <i>Identifying and allocating the required resources along the preparation “ecosystem” to support the effectiveness of the review process.</i></p>	<p>Management agrees to increase the efficiency and quality of the review process by:</p> <ul style="list-style-type: none"> ■ <i>Implementing a more efficient review process.</i> Management will continue to use a lighter process for projects below a certain threshold (approval volume), and for NSOs rated low-risk by the Credit Risk Committee. ■ <i>Consolidating the review process.</i> Management will consolidate discussion of the readiness review, peer review and other departments' comments into one single meeting per review stage — i.e., PCN and PAR — in line with plans set out in the new DAM. ■ <i>Increasing quality enhancement.</i> Management will earmark resources, including staff, to focus on quality enhancement and will link this into the quality review process.
3. Counterpart readiness — Improve RMC readiness and capacity for public investment management by:	
<p>a. <i>Identifying RMC capacity deficits during project identification, with mechanisms for providing additional support as required throughout preparation and appraisal.</i></p> <p>b. <i>Identify countries where counterpart readiness is a consistent obstacle to project design and implementation and offer programs of support to address these constraints and complement development of the IOP.</i></p>	<p>Management agrees to increase the efficiency and quality of the review process by:</p> <ul style="list-style-type: none"> ■ <i>Conducting a project-level counterpart readiness assessment.</i> Management will include explicit analysis of counterpart capacity and readiness in project-level quality review processes and, on this basis, will build required capacity-building/ mitigation measures into the project design. ■ <i>Improving country-level tools and engagement.</i> As a consistent part of the new country diagnostic and strategic framework approach, Management will include an assessment of how country capacity may influence the planned investment programme and what capacity-building/non-lending and other activities will be needed to address it. This will include offering a range of capacity support, including fiduciary clinics/procurement support, technical assistance and related dialogue according to country needs. Progress will be closely monitored through Country Portfolio and Performance Reviews.
4. Planning and budgeting — Strengthen the Bank's IOP and resource allocation for project preparation by:	
<p>a. <i>Enforcing the project brief and enhancing its content, including clear criteria for inclusion of projects in the preparation pipeline and allocation of resources (time and budget) for preparation.</i></p> <p>b. <i>Identifying an integrated platform for managing the project pipeline, including identification, preparation and appraisal.</i></p>	<p>Management agrees to further strengthen the IOP and resource allocation by:</p> <ul style="list-style-type: none"> ■ <i>Encouraging business development.</i> A new corporate KPI requires that 25% of lending for each operational Complex have PCNs cleared during the year before they are scheduled to be approved. ■ <i>Revisiting standard checklists for inclusion in the IOP.</i> Management will re-examine standard checklists to guide task managers as they prepare project briefs (including for NSOs) and to ensure appropriate filter for inclusion in the IOP.

Management action record	
IDEV recommendation	Management's response
Quality at entry	
	<ul style="list-style-type: none"> ■ <i>Strengthening line managers' accountability for the quality of the IOP.</i> Line managers will be assessed on the quality of the projects they validated in the IOP as part of their regular performance evaluation. ■ <i>Improving project programming.</i> As part of the SAP reform effort, Management will streamline and link the various systems being used for project planning and execution (SRAS, IOP, BPPS and BRAG). ■ <i>Rationalising allocation of resources.</i> Management will use standard budget coefficients based on the previous year's delivery and projected change for the new year to better align the budgeting process with strategic directions.
5. Business development — Increase the use of project preparation facilities to promote project quality at entry by:	
<p>a. <i>Ensuring staff are sensitised and encouraged to use these funds to support the identification and implementation of the IOP, including ESW.</i></p> <p>b. <i>Increasing the total funds and maximum allocation for the PPF, MIC-TAF and other sources of funds.</i></p> <p>c. <i>Diversifying the approved use of preparation facilities to reduce transaction costs and address systemic constraints to project preparation.</i></p>	<p>Management agrees to increase the use of project preparation facilities by:</p> <ul style="list-style-type: none"> ■ <i>Sensitising staff to best practice approaches on project preparation</i> – including through using components of existing projects for the preparation of new/follow-on projects in the same sector. ■ <i>Increasing the use of existing project preparation facilities</i> through a range of initiatives, including improving staff's knowledge about trust funds and special funds. ■ <i>Increasing allocation</i> to project preparation facilities. Management will explore the feasibility of an increased allocation to the ADF PPF and a suitable instrument for ADB countries (such as MIC-TAF), subject to Board endorsement. ■ <i>Considering new mechanisms for financing project preparation.</i> Management will examine what flexibility is available in existing — and possible additional — funds to also include additional financing instruments beyond grants, such as reimbursable project development grants and early-stage project development capital.
6. Staffing and training — Enhance the capacity of staff to manage projects effectively by:	
<p>a. <i>Introducing a comprehensive and mandatory training program for all task managers.</i></p> <p>b. <i>Identifying benchmarks for the number of projects per task manager and allocating resources appropriately. These benchmarks should reflect the different workloads associated with the preparation and supervision of operations.</i></p>	<p>Management agrees to enhance staff capacity by:</p> <ul style="list-style-type: none"> ■ <i>Establishing an Operations Academy</i> to provide dedicated training to task managers and Country Programme Officers. ■ <i>Introducing compulsory accreditation.</i> As part of the Operations Academy, Management will introduce mandatory training for all operations professional staff and an additional accreditation program for task managers. ■ <i>Right-sizing the number of task managers.</i> Management will complete its ongoing analysis on workload by task manager and will set benchmarks to guide the allocation of task managers by region and Complex.

Management action record	
IDEV recommendation	Management's response
Quality at entry	
7. Incentives and resources — Strengthen incentives for portfolio quality in addition to approvals by:	
<p><i>a. Identifying meaningful indicators of quality at entry with a demonstrated relationship to project implementation progress and monitor these indicators over time.</i></p> <p><i>b. Including indicators of quality at entry and pipeline development among the Bank's corporate KPIs.</i></p>	<p>Management agrees to strengthen the incentives to promote quality assurance and ensure regular and proactive project supervision by:</p> <ul style="list-style-type: none"> ▮ <i>Increasing attention to corporate KPIs on quality and supervision.</i> Management will review existing corporate KPIs with a view to increasing the emphasis on portfolio quality and proactive supervision. ▮ <i>Strengthening line managers' accountability for quality and supervision.</i> Management will include corporate KPIs on quality and supervision for line managers and will review their performance as part of their regular performance evaluations. ▮ <i>Regularly tracking corporate performance.</i> Management will use its Delivery Dashboard to regularly track the quality of operations and supervision by Complex, region and Department.
8. Quality at entry of NSOs— Identify a framework for reinforcing the evaluability of non-sovereign operations by⁶:	
<p><i>a. Assessing the evaluability of NSOs in addition to their potential development outcomes, including the identification of a clear and substantiated intervention logic and credible performance measures.</i></p> <p><i>b. Identifying a quality enhancement mechanism to strengthen the development rationale and intervention logic of NSOs, particularly for projects demonstrating weak evaluability.</i></p>	<p>Management agrees to develop, pilot and mainstream an integrated results planning and tracking system for non-sovereign operations by:</p> <ul style="list-style-type: none"> ▮ <i>Clarifying the logic of intervention of private sector operations.</i> A logical framework will be piloted and rolled out that will capture the results of private sector projects. It will be streamlined to allow project teams to use it more intuitively, looking at a select set of outputs and outcomes.⁶ ▮ <i>Informing project preparation with ex-ante data.</i> Project teams will use the indicators used in the project's ADOA report to track project progress. ▮ <i>Tracking results during implementation.</i> The Bank will take a closer look at results achieved during implementation. The Annual Supervision Reports will be revamped to better track development results. ▮ <i>Providing clear results information at completion.</i> Private sector operation/project completion reports will provide detailed descriptions of results achieved throughout the project life.
9. Credit risk of NSOs — Strengthen mechanisms for verifying the mitigation of credit risks for non-sovereign operations by:	
<p><i>a. Implementing a readiness filter for project finance and corporate loans to provide good practice guidance to investment officers and inform the review process.</i></p> <p><i>b. Reinforcing the role of credit risk officers in ensuring that key risks are adequately addressed and enforced in loan agreements.</i></p>	<p>Management agrees to further strengthen mechanisms for mitigating NSO risk. The new DAM has already introduced additional steps — e.g., Sector Director sign-off with PAT inputs — to ensure the readiness of NSOs. These reforms will be further reinforced by the following actions:</p> <ul style="list-style-type: none"> ▮ <i>Implementing a credit readiness filter.</i> Management will introduce a credit readiness filter for project finance and corporate loans with a view to better guiding investment officers and informing the review process.

Management action record	
IDEV recommendation	Management's response
Quality at entry	
	<ul style="list-style-type: none"> Reinforcing the role of credit officers. Management will introduce a Closing Memo to reinforce the role of credit risk officers in ensuring that key risks are adequately addressed and enforced in loan agreements.
10. Corporate governance risk of NSOs — Increase emphasis on corporate governance risks among non-sovereign operations by:	
<p>a. Re-engaging with the DFI Working Group on Corporate Governance and providing training to investment officers on corporate governance issues.</p> <p>b. Identifying Technical Assistance Funds devoted to corporate governance issues for NSOs, particularly for operations involving lower-tier banks.</p> <p>c. Leveraging Technical Assistance more systematically to mitigate corporate governance risks prior to disbursement of a loan and monitoring performance on the basis of changes in behaviour.</p>	<p>Management agrees to increase attention to NSO corporate governance risks by:</p> <ul style="list-style-type: none"> Improving the quality of Integrity Due Diligence (IDD). Management will improve the scope and quality of IDD, tax due diligence and corporate governance assessments at project origination to better identify operational and financial risks. Better tracking corporate governance. Management will better track the corporate governance of NSOs throughout the project lifecycle. To this end, Management will introduce indicators for assessing and monitoring the governance of NSO clients and will undertake regular IDD during implementation for high-exposure operations. Enhancing coordination on corporate governance. Management will increase the Bank's engagement with NSO corporate governance issues. Management will engage more regularly with the relevant DFI working group and the ALSF to organise regular training.
Quality of supervision	
11. Proactive project management — Improve management of risks and project performance by:	
<p>a. Ensuring alignment between project level supervision and portfolio monitoring to provide appropriate support to problematic projects and address challenges regarding the implementation and results of operations.</p> <p>b. For public sector operations, promoting a proactive approach to project supervision according to the project type and risk exposure established at pre-implementation stage.</p> <p>c. Specifically for private sector operations, strengthening project supervision with special missions to monitor outcomes reporting over the lifecycle of the project.</p>	<p>Management agrees to continue to promote proactive supervision of operations and strengthen compliance with existing standards by:</p> <ul style="list-style-type: none"> Reinforcing compliance with existing standards of twice-yearly supervision of all eligible operations.⁷ Reinforcing proactive risk-based supervision. Not all operations require the same depth of supervision. The depth of supervision will depend on the level of risk: low-risk operations may be addressed through desk supervision, while high-risk operations normally require a field mission. Strengthening quality control of supervision. The Results Reporting System (see Box 3) will provide line managers with a dashboard that alerts them to operations requiring closer supervision. <p>Other relevant actions on supervision that will be taken in response to other recommendations:</p> <ul style="list-style-type: none"> Strengthening top-level corporate KPIs on supervision and strengthening accountability for proactive supervision, tracking performance at corporate level (Recommendation 7). Improving supervision of NSOs (Recommendation 8).

Management action record	
IDEV recommendation	Management's response
Quality of supervision	
	<ul style="list-style-type: none"> ■ Better allocating resources for supervision (Recommendation 4). ■ Making sure task managers have a manageable workload and are trained (Recommendation 6).
12. Compliance with bank's rules — Ensure adherence to quality standards for supervision and completion by:	
<p><i>a. Reinforcing quality control mechanisms for project supervision reporting and post-supervision follow up.</i></p> <p><i>b. Establishing clear guidance and performance criteria for project supervision including a differentiation by operation type and country and risk profiles.</i></p> <p><i>c. Undertaking selective post-completion field missions to strengthen the value addition of IDEV's Validation Notes and the credibility of results.</i></p> <p><i>d. Establishing clear guidance and performance criteria for monitoring and supervision practices within the Bank's Regional Offices and across the respective Country Offices.</i></p> <p><i>e. Adopting early planning of project completion through the last supervision mission to ensure appropriate resourcing and improved performance.</i></p> <p><i>f. Streamlining supervision reporting tools to reduce duplication of content, number of required reporting and ensure differentiation by operation type to maximise usefulness.</i></p> <p><i>g. Establishing measures to link performance indicators for QA with the performance assessment of Task Managers and Managers.</i></p>	<p>See comprehensive package of actions set out in response to Recommendation 11 (Proactive Supervision)</p>
13. Enhance quality of reporting — Increase the evidence base and credibility of results reporting by:	
<p><i>a. Reviewing the Project Completion Reports through formal validation meetings in order to create a space for contestability and proper articulation of lessons.</i></p> <p><i>b. Developing an integrated and automated management information system across the project cycle to foster accountability and to improve effectiveness and efficiency of reporting.</i></p>	<p>Management agrees to enhance its efforts to assure quality reporting by:</p> <ul style="list-style-type: none"> ■ <i>Ensuring accountability on results and performance.</i> Management will report to CODE every two years on the results and performance of its operations, drawing on PCR scores. ■ <i>Increasing corporate attention to PCR coverage and timeliness.</i> Management is stepping up its attention to the quality and timeliness of PCRs and expects to achieve its 90% target on timely PCRs in 2018. (See also actions set out against Recommendation 7 on incentives.) ■ <i>Strengthening accountability on the quality of PCRs</i> by finalising PCRs only after review by the implementation support manager and relevant sector manager. ■ <i>Rolling out the Results Reporting System.</i> Management will roll out the Results Reporting System in 2019 with a view to regularly tracking progress in preparing, supervising and completing operations.

Management action record	
IDEV recommendation	Management's response
Quality of supervision	
14. Incentives— Strengthen incentive measures to support a results and quality culture by:	
<i>a. Strengthening accountability and aligning incentives around supervision.</i>	See actions set out in response to Recommendation 7 (Incentives) and Recommendation 6 (Training)
<i>b. Strengthening capacity of staff in project management activities through standard training and learning suites.</i>	



Introduction

Independent Development Evaluation (IDEV) of the African Development Bank Group (“the Bank”) is mandated by the Board Committee on Operations and Development Effectiveness (CODE) to independently evaluate the Bank’s projects, programs, policies, strategies and corporate systems on a three-year rolling basis.

This report presents findings, conclusions and recommendations from IDEV’s Evaluation of Quality at Entry of the Bank’s Operations. The evaluation covers all sovereign and non-sovereign operations (NSOs) approved between 2013 and 2017, excluding emergency operations and equity operations.

The objectives of this report are to: (i) assess the quality at entry of the Bank’s operations approved over the evaluation period against an evidence-based standard; ii) examine the extent to which the Bank’s conceptual and procedural framework for quality is positioned to promote the quality at entry of new operations and contribute to strategic decision-making; and (iii) identify recommendations to inform the Bank’s forward-looking quality agenda. ■





Background

This evaluation addresses persistent challenges observed over the past 25 years with respect to the quality at entry of the Bank's operations. Attention was first drawn to this issue in the 1994 "Report of the Task Force on Project Quality for the African Development Bank," (the Knox Report), conducted in the context of serious institutional mismanagement between the mid-1980s and early '90s.⁸ Overall, the report found that 24.67% of the Bank's active portfolio were "problem projects," demonstrating implementation delays and low levels of disbursement.

Although the Bank was found to already possess sound policies for project design and appraisal, challenges were identified in implementing and enforcing these policies. Poor enforcement contributed to weak project quality at entry, including inadequacies related to: i) the use of logical frameworks; ii) insufficient beneficiary participation in project design; iii) time and skills mix for project appraisal; iv) analysis of lessons, implementation risks and institutional context; and v) feasibility studies, sector studies and baseline data.

More recent institutional assessments have suggested that many of these concerns remain relevant today. Independent assessments of the Quality at Entry of Public Sector Operations conducted by IDEV in 2009 and 2013 provided a mixed picture of project quality at entry. Across both evaluations, when existing standards were applied (including the World Bank's Quality Assurance Group standards or the Readiness Review standards), a significant increase was noted in the proportion of projects rated at least "moderately satisfactory" at approval. However, when a "Best Practice Standard" was applied that emphasizes the clarity and realism of the intervention logic, no improvement in quality at

entry was observed between projects approved in 2005 and projects approved between 2011 and 2012.

Similarly, the 2013 "Study on Portfolio Performance Improvement" concluded that portfolio quality challenges remain widespread, with more than half of Country Program Portfolio Reports (CPPRs) attributing implementation delays to poor quality at entry of operations. Insufficient analytical work was noted to be a particularly important challenge. In total, 61% of projects completed between 2010 and 2011 lacked satisfactory baseline data and 53% lacked a satisfactory risk analysis. Furthermore, preparation studies were sometimes outdated, limiting their relevance for implementation.

In 2016, IDEV produced a Comprehensive Evaluation of the Bank's Development Results (CEDR) involving a synthesis of evaluations across 14 countries, representing nearly 60% of the Bank's total lending portfolio between 2004 and 2013.⁹ Although the Bank was found to be contributing to sustainable development outcomes in Regional Member Countries (RMCs), it was not doing so to its full potential. Project design weaknesses were identified as major contributors to implementation delays and poor sustainability, including: i) underestimations of project cost; ii) poorly informed designs; iii) inadequate risk identification and management; and iv) poor quality of engineering work.

The report also identified important institutional challenges that restrict the Bank's ability to ensure the quality at entry of projects, including: i) inadequate skills mix of task teams for preparation and appraisal; ii) truncation of preparation time to speed Board approval; and iii) poor project design and management capacity

in some RMCs. Together, these challenges were found to contribute to uneven performance, poor sustainability and cost-overruns.

However, these reviews, particularly the Portfolio Study and CEDR were necessarily focused on older projects that were approved under different institutional arrangements. There has been no independent and systematic assessment of quality at entry for projects approved after 2013. The current evaluation addresses this gap, identifying the extent to which project quality at entry has changed relative to an evidence-based standard that predicts project performance.

The Bank's Institutional Context for Quality at Entry

Two key institutional reforms introduced over the evaluation period have had important implications for how the Bank organizes itself to ensure project quality at entry. First, the Bank has introduced the new Development and Business Delivery Model (DBDM).¹⁰ Subsequently, a new Presidential Directive (PD) was released that sets out new expectations for the readiness of projects upon presentation to the Bank's Board of Executive Directors.¹¹

The Development and Business Delivery Model

The DBDM was introduced to leverage the gains already achieved through the Decentralization Action Plan and the creation of Regional Resources Centers in Southern and Eastern Africa, seeking to create five regional hubs.¹² These hubs were to be resourced with sector experts and administrative staff in a shared services structure to allow for rapid deployment to individual countries. In particular, operational functions such as procurement, financial management and disbursement were to be moved to the regions. These regional hubs oversee a combination of Country and liaison offices as well as RMCs without Bank presence.

The overall objectives of the DBDM are to: i) move the Bank closer to clients to enhance delivery; ii) reconfigure the Bank's HQ to provide support to the regions and deliver better outcomes; iii) strengthen the performance culture of the Bank to attract and retain talent; iv) streamline business processes to promote efficiency and effectiveness; and v) improve the Bank's financial performance and increase development impact. Achieving these objectives has necessitated broad changes across the Bank, including the creation of new complexes, the fine-tuning of divisional and departmental structures and the revision of reporting lines, operational processes and the Delegation of Authorities Matrix (DAM).¹³ Among those processes to be revised are key operational processes along the project cycle involving the development of Country Strategy Papers and the preparation, appraisal and supervision of projects.

Presidential Directive 02/2015 concerning the design, implementation and cancellation of Bank Group sovereign operations

In November 2015, PD 02/2015 was released "Concerning the Design, Implementation and Cancellation of Bank Group Sovereign Operations." The PD provides more stringent criteria for the preparation, appraisal and clearance of projects. Among the key objectives of the PD was to "improve the quality at entry of projects by requiring operations complexes to undertake necessary preparatory work in advance." This preparatory work was to include: i) feasibility studies, designs and baseline surveys; ii) advance procurement actions; iii) ensuring that Project Implementation Units (PIUs) are established prior to approval; and iv) ensuring that all conditions precedent have been satisfied and there are no ongoing project delays in the concerned RMC.

However, a review of the implementation of PD 02/2015 found that uneven progress had been made in enforcing its requirements, particularly: i) the completion of required studies in advance of

project approval; ii) the anticipation of procurement requirements; and iii) the establishment of PIUs before approval on the basis of merit.¹⁴ The lapse of time between project approval and first disbursement for sovereign operations remains significantly above 6 months, resulting in an unprecedented UA 4.5 billion in loans eligible for cancellation. The majority of sovereign operations continue to disburse less than 20% of the total loan amount over the first three years after approval, necessitating a “fundamental shift in focus and resources toward upstream project preparation, with greater emphasis on forward planning.”

The Bank’s Conceptual and Procedural Framework for Quality at Entry

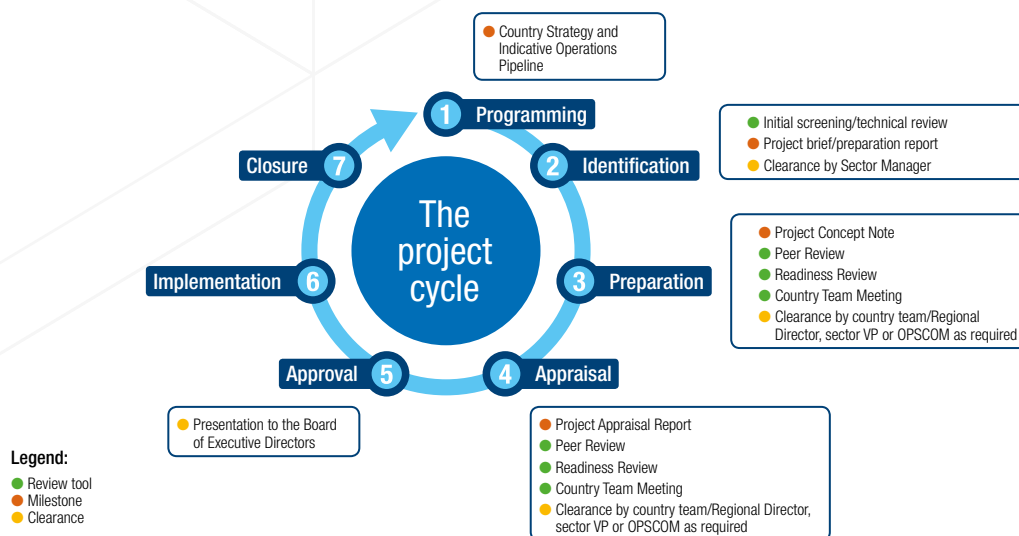
Although the Bank possesses no formal definition of “quality at entry”, this concept is widely understood to refer to the design quality and implementation readiness of a project when it enters the Bank’s portfolio.¹⁵ In the context of this evaluation, IDEV proposes an outcome-based definition of quality at entry reflecting “the extent to which a project, at

approval, is: i) ready to be implemented; and ii) likely to achieve its intended outcomes.”

This evaluation assesses quality at entry from a **conceptual perspective** and a **procedural perspective**. How quality at entry is operationalized into specific and measurable project characteristics constitutes the Bank’s **conceptual framework** for quality. The validity of this conceptual framework depends on its relationship to a project’s implementation efficiency and performance against intended outcomes.

In addition to being an objective and measurable characteristic of a project at a specific point in time, quality at entry is inextricably linked to the Bank’s project cycle. Quality at entry is the product of how projects are identified, prepared and appraised. The Bank implements a number of reviews and clearance stages throughout project preparation and appraisal to promote and ensure the quality at entry of operations prior to their presentation to the Bank’s Board of Executive Directors. Together these reviews and clearances constitute the Bank’s **procedural framework** for quality.

Figure 1: The Bank’s procedural framework for Quality at Entry – Sovereign operations



The structure, sequencing and content of these reviews is set out in PD 03/2013 and the Bank's 2015 Operations Manual. Key characteristics of these tools are described succinctly in Tables 1 and 2, below. The Bank's procedural framework for quality is implemented in two phases: i) during the preparation and conceptual design of a project; and ii) during project appraisal.

The Bank's procedural framework for quality across the project cycle is illustrated in Figures 1 and 2 for sovereign operations and NSOs, respectively.

Additional information about these tools as well as the Bank's identification, preparation and appraisal process is available on demand.

The Bank's conceptual and procedural framework for the quality of NSOs is different to that of sovereign operations, reflecting the need to balance the development rationale of a project with its potential financial and/or commercial viability. As with sovereign operations, NSOs are subject to the Country Team Meeting as well as OPSCOM review for large, complex and high-risk projects. ■

Table 1: The Bank's Quality Review Tools and Clearance Stages for Sovereign Operations

Review tool	Description	Clearance
Initial Screening and Technical Review	<ul style="list-style-type: none"> ■ Country Program Officer reviews each official request for assistance to ensure conformity with Bank/RMC policies and priorities and availability of financial resources. ■ Task Manager undertakes a technical review to assess project rationale, implementation risks and level of preparedness. 	Sector Manager approves the Project Brief and recommendation for inclusion in the preparation pipeline.
Peer Review	<ul style="list-style-type: none"> ■ Conducted by Bank staff and/or external experts who are selected by the Task Manager and approved by the Sector Manager. ■ The review follows no specific criteria or guidelines. 	Sector Manager clears project documents for Readiness Review if satisfied with the treatment of comments.
Readiness Review	<ul style="list-style-type: none"> ■ A structured review of projects against 9 dimensions and 33 sub-criteria. ■ Conducted by Country Program Officers and Country Economists in the Bank's Country Offices, with implementation oversight and guidance provided by the Bank's Operations Quality Department (SNOQ). 	No specific clearance. Presented with the project document at the Country Team Meeting.
Country/ Regional Team Review	<ul style="list-style-type: none"> ■ Formal review by the Country Team, including the Country Program Officer, Country Economist, Procurement Officer and Sector Specialists. ■ Meeting may also include operations staff from different sectors and functional areas, including procurement, financial management, gender and safeguards. ■ The review follows no specific criteria or guidelines. 	<p>The Country Team can review and clear operations of less than 20 million UA.</p> <p>Operations between 20 and 100 million UA require additional clearance by the Sector VP.</p>
OPSCOM Review	<ul style="list-style-type: none"> ■ An additional level of review by the Senior Management for large, complex and high-risk projects. ■ Projects require clearance by the Operations Committee (OPSCOM) when they: i) have a net value of 100 million UA or more; ii) are identified as Category 1 under the Bank's Integrated Safeguards System; iii) involve important risks or policy implications, including reputational risk. 	OPSCOM reviews and provides final clearance for relevant projects.

Figure 2: The Bank's procedural framework for Quality at Entry – Non-sovereign operations

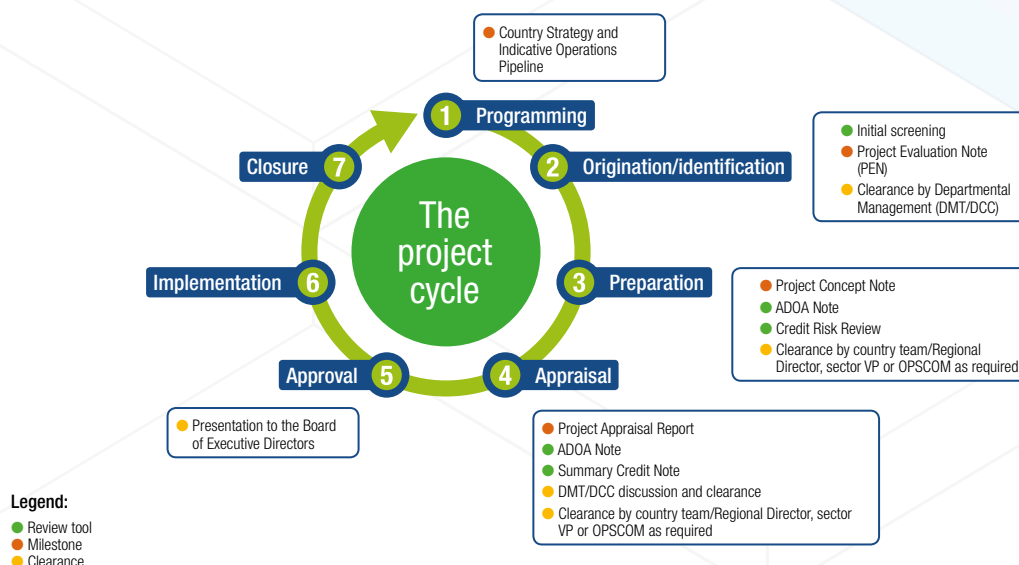


Table 2: The Bank's Quality Review Tools and Clearance Stages for Non-Sovereign Operations

Review tool	Description	Clearance
Departmental Management Team Review/ Deal Clearance Committee	<ul style="list-style-type: none"> Review of a proposed operation by departmental management, peers and members of the project team. The review follows no specific framework or guidelines. 	Initial DMT/DCC clearance required for the Project Evaluation Note (PEN), Project Concept Note (PCN) and Project Appraisal Report (PAR).
Additionality and Development Outcome Assessment (ADOA)	<ul style="list-style-type: none"> An independent review that promotes the selectivity of proposed operations based their additionality and potential development outcomes conducted by a designated team. Governed by a structured and transparent assessment framework. Presented to the Board in addition to the PAR. 	No specific clearance or threshold, but projects are unlikely to proceed for approval with low scores for each index. ¹⁶
Credit Risk Review / Summary Credit Note	<ul style="list-style-type: none"> An independent review of the project's potential credit risks conducted by a designated team. Governed by a structured and transparent assessment framework to identify an overall risk rating. A Summary Credit Note is presented to the Board in addition to the Project Appraisal Report 	The final credit risk score is assigned by the Credit Risk Committee, which advises OPSCOM on whether it supports or does not support further processing of a transaction.



Evaluation Approach and Methodology

This section presents key information on how the evaluation was designed and implemented, including a description of the evaluation approach, key evaluation issues and questions, lines of evidence, samples and limitations. Additional information on how data were analyzed and triangulated is presented alongside the evaluation findings.

Evaluation Approach

This evaluation is **formative** and **theory-based** in that it: i) assesses the performance of the Bank's quality framework while its implementation is still ongoing; and ii) assesses the performance of the framework against a theoretical model of its outputs, outcomes and impacts and the assumptions underpinning their achievement.

Formative evaluations emphasize the design and implementation challenges that influence the achievement of outcomes, including identifying how contextual factors influence performance. As such, this evaluation emphasizes learning and development rather than accountability. In lieu of ratings, the evaluation describes the current state of the Bank's quality framework and identifies the key institutional factors that influence its effectiveness.

The performance of the Bank's quality framework is assessed against a **theory of change** that identifies how the outputs of the framework influence the design of projects prior to approval by the Board of Executive Directors (Annex A). These changes constitute the "outcomes" of the Bank's quality framework. IDEV identified outcomes for both sovereign operations and NSOs, illustrating their different nature and context. These models were

developed through a literature review, consultations with comparator organizations and interviews with Bank staff.

Ultimately, the Bank's quality framework is thought to increase the extent to which new projects are: i) ready to be implemented; ii) likely to achieve their expected development outcomes; and, in the case of NSOs, iii) likely to be repaid according to the agreed timelines.

This evaluation covers both **sovereign operations and NSOs** approved between 2013 and 2017. However, the depth with which these two groups of operations were examined is different. The concept of quality at entry has been long established in the context of sovereign operations. However, stakeholders emphasized key differences between sovereign operations and NSOs in terms of their objectives and risk profile. Therefore, the analysis of NSOs is more exploratory, focusing on the identification of factors at entry that influence performance, rather than assessing trends for quality at entry over time. These factors can be carried forward for a more fulsome assessment of quality at entry of NSOs in future.

Evaluation Design

IDEV's evaluations are framed by the OECD-DAC principles for the evaluation of development assistance; however, these principles have been adapted to reflect the context of a corporate process rather than a development project or program (see Figure 3). In examining these issues, the evaluation addresses four main questions:

1. Which characteristics at entry predict project performance?

Figure 3: Mapping of evaluation issues and questions

Evaluation issue	Evaluation questions
Relevance	Which project characteristics at entry predict performance? (Are we measuring the right things?)
Effectiveness	What is the quality at entry of the Bank's operations against an evidence-based standard?
Efficiency	To what extent is the Bank's procedural framework for quality effective, efficient and fit for purpose?
Sustainability	To what extent does the Bank possess an enabling environment for quality at entry?

2. What is the quality at entry of Bank projects relative to an evidence-based standard?
3. To what extent is the Bank's procedural framework for quality effective, efficient and fit-for-purpose? and
4. To what extent does the Bank possess an enabling environment for quality?

These questions were addressed through a **mixed-methods approach** that combines multiple lines of quantitative and qualitative evidence. The evaluation questions, decision criteria, indicators and lines of evidence were operationalized into an evaluation matrix. This matrix provides the “blueprint” for how evidence from different sources were triangulated to identify the evaluation findings and conclusions (See Annex B).

Lines of Evidence and Sampling

The evaluation findings were identified through the triangulation of several lines of qualitative and quantitative evidence. Four different project samples were used in the analysis, including: (i) a random sample of 115 sovereign operations approved

between 2013 and 2017 (5.09 billion UA); (ii) a random sample of 50 NSOs, including proportional stratification of project finance, corporate loans and lines of credit (14.3 billion UA); (iii) a purposive sub-sample of 25 sovereign operations for the purposes of a file review; and (iv) a purposive sample of 20 completed sovereign investment projects approved after 2010 for which Project Completion Reports (PCRs) were available. Additional information about sampling is provided in Annex C.

Qualitative lines of evidence included:

1. **Document review** of literature, studies and Bank policies and guidelines;
2. **Interviews** with over 250 stakeholders from the Bank, RMCs and comparator institutions;
3. **File review of** 25 sovereign and 45 non-sovereign operations;
4. **Comparator benchmarking** with seven institutions, including the World Bank, the International Fund for Agricultural Development (IFAD), the Inter-American Development Bank (IDB), the Development Bank of Southern Africa (DBSA) the International Finance Corporation (IFC), IDB Invest and the European Bank for Reconstruction and Development (EBRD); and
5. **Country Case Studies** and site visits in five countries, including Morocco, Senegal, Kenya, Cameroon and Zimbabwe, including a Qualitative Comparative Analysis of 24 ongoing investment projects.

Quantitative lines of evidence included:

1. A **logistic regression analysis** of 20 completed investment projects to identify an evidence-based standard or quality at entry;
2. A **logistic regression analysis** of 45 non-sovereign operations to identify the relationship

between specific credit risks and negative outcomes;

3. **Linear Regression and Chi Square** analyses examining the relationship between project characteristics and implementation performance, including time for appraisal, time to first disbursement and implementation progress.
4. **ANOVA** of project quality at entry for 115 sovereign operations approved between 2013 and 2017, by year and quarter of approval.
5. A **survey of staff** involved in the identification, preparation and appraisal of projects as well as the Bank's Executive Directors.

Limitations and Areas for Further Analysis

The evaluation's main limitations and challenges pertain to the availability of data and documents as well as a low response rate for the survey of staff. Some of the key milestones produced over the course of project preparation and appraisal are not stored systematically on the Bank's knowledge management platforms. It was not possible to obtain a full set of documents for most sample projects due either to: i) the unwillingness of the task manager to share the information; or ii) incomplete handover after a change in task manager.

The lack of integrated data systems and data governance posed challenges in obtaining data for certain operational indicators (e.g. time for preparation, project to task manager ratio). Where data are available, data quality is not always audited and assured, resulting in inaccuracies. Furthermore,

the Bank has not organized its data management systems to calculate operations indicators, requiring the compilation of data across several platforms and an increased risk of error.

The evaluation team addressed these challenges by consulting broadly with data-holding departments across the Bank (e.g. Delivery, Budget) to leverage existing analyses to the greatest extent possible. Aside from persistence in obtaining key documents, gaps in project documentation have been addressed through triangulation with other sources of data, including interviews.

Finally, IDEV encountered challenges in securing an adequate response rate for its survey of staff. Out of a total of 433 targeted staff across 5 professional groups, 85 responses were received. The response rate was too low to ensure adequate reliability of the data for certain professional groups. To address this situation, IDEV only reported findings for professional groups that demonstrated a reasonable margin of error, including: i) task managers (90% C.I. of +/- 11%); and Country Program Officers (90% C.I. of +/- 20%). Although, the margin of error remains high, the reported responses are robust enough to determine that the level of agreement/disagreement is clearly above or below 50%.

Two issues could not be fully addressed under the current evaluation due to time and resource constraints. The following issues merit a more fulsome analysis via a future evaluation: i) the effectiveness of the Bank's Economic and Sector Work (ESW) in supporting the quality at entry of operations; and ii) the extent to which project sustainability is assessed during preparation and appraisal, including the identification of an evidence-based standard. ■



Evaluation Findings

The evaluation findings are presented in two sections that examine the Bank's conceptual and procedural frameworks for Bank operations. Each section provides a brief overview of how different lines of evidence were analyzed and triangulated to identify the evaluation findings.

The Bank's Conceptual Framework for Quality at Entry

IDEV first sought to examine the validity of the Bank's conceptual framework for quality at entry against an evidence-based, best practice standard. As noted above, previous evaluations have suggested that existing tools may not be targeting key issues underlying quality at entry. Concern was also raised about the extent to which the Readiness Review, introduced in 2009, is effective in establishing a minimum standard for the quality of operations. The 2013 evaluation noted that "despite considerations of the presence and quality of a document's content, it could be argued that the Readiness Review does not fully assess whether the content works together to create a viable and coherent project." Finally, Readiness Review scores were observed to be an unweighted average of ratings across dimensions that may have limited relevance to project design quality and operational readiness, such as Strategic Alignment and Gender.¹⁷

In identifying an evidence-based standard for quality at entry, IDEV's Best Practice (BP) Validation Tool reflects two key principles: i) alignment with the best practice of comparators; and ii) emphasis on project factors that predict performance. Consultations were first conducted with Bank staff and comparator organizations to identify factors that

are commonly agreed to be important predictors of project performance. A review of the existing tools implemented by comparators was conducted to operationalize these concepts.

The BP Validation Tool assesses projects on four dimensions of quality using a four-point scale: i) evaluability; ii) economic analysis; iii) implementation readiness; and iv) risk management. The predictive capacity of the tool was confirmed through a logistic regression analysis of 20 completed projects approved after 2010 for which a PCR is available.

Evidence from Country Case Studies was used to examine how project quality at entry interacts with the implementation context to contribute to project performance. Contextual factors examined included the RMC's capacity for: i) budgetary management; ii) project identification, preparation and appraisal; and iii) fiduciary capacity. **Project-level factors** included: i) the project's quality at entry, as assessed by the validation tool; ii) project complexity¹⁸; and iii) Capacity of the PIU. Finally, **implementation progress** was assessed as the ratio of the disbursement rate to the proportion of planned implementation time elapsed.

The quality at entry of NSOs was examined using a separate approach due to their distinct objectives and context. The analysis of NSOs was exploratory, seeking to: i) examine how the Bank's comparators assess quality at entry; and ii) identify key risks that increase the likelihood that negative outcomes will occur. These negative outcomes were conceptualized as: i) taking longer than one year to reach signature; ii) taking longer than 18 months to disburse; iii) being watch-listed; and iv) being identified as jeopardy/joint venture¹⁹ or impaired.

Which project characteristics at entry predict performance?

The findings below speak to the relevance of the Bank's conceptual framework for quality at entry by examining whether the Bank is "measuring the right things" by targeting factors that predict the performance of projects. If existing tools do not target factors that predict performance, the value for money of the current framework is questionable.

Finding 1: The Bank's Comparators emphasize four main factors for project quality at entry: evaluability, economic analysis, implementation readiness and risk management.

In identifying an evidence-based standard for quality at entry that captures key factors that predict the performance of projects, IDEV first examined what comparator organizations measure. Consultations were held with senior Bank staff and interlocutors from comparator organizations to identify the most important elements of project quality at entry and potential best practices. In particular, consultations were held with the World Bank, IDB and MCC.

These consultations identified consensus on the importance of 4 key factors for project quality at entry: i) "problem analysis" and evaluability; ii) the economic and financial rationale; iii) implementation readiness; and iv) proactive risk management. Together, these four dimensions were retained for the development of IDEV's Best Practice Validation Tool. This tool represents a "conceptual ideal" for quality at entry that combines best practices from different organizations, rather than the practices in place at any specific organization.

Dimensions assessing "problem analysis" and "economic rationale" borrow from the IDB's Development Effectiveness Matrix (DEM), which emphasizes the evaluability of projects. Evaluability reflects the extent to which: i) the intervention logic is clear, responding to the both the development problem and country context; ii) the design of the intervention

is supported by evidence; and iii) the outcomes of the intervention are clear and measurable.²⁰ Similarly, the economic rationale of the project reflects the extent to which there is sufficient evidence to demonstrate the costs and benefits associated with an intervention and the economic rationale for the intervention relative to other potential approaches. The DEM is applied to both Investment Projects and Program Based Operations (PBOs). In the case of PBOs, a more limited "general economic analysis" is conducted to assess potential costs and economic benefits.

Nearly all interlocutors identified the importance of "implementation readiness" for minimizing project start-up time. The most mature tool for assessing this factor is the World Bank's "Implementation Readiness Checklist," which inspired the implementation readiness dimension of the BP Validation tool.²¹ The checklist assesses the extent to which different implementation requirements have been finalized that could otherwise contribute to start-up delays. The strength of this checklist lies in its specificity; for example, determining whether bidding documents are available rather than examining "procurement arrangements."

All comparators have proactive risk management tools to prioritize the key risks associated with an intervention. These tools help ensure that project risks are: i) identified comprehensively from different perspectives (e.g. country, sector, project and stakeholder-level risks); and ii) prioritized in terms of their likelihood of occurring and potential impact on the achievement of outcomes.²² Furthermore, the World Bank's "Systematic Operations Risk-Rating Tool" (SORT) is meant to be implemented periodically to identify how an intervention's risk profile has changed and implications for project supervision. The SORT was used to inform the final dimension of IDEV's BP Validation Tool. This framework is also consistent with risk management tools implemented by the IDB and MCC.²³

Important lessons can also be drawn from the factors that comparators do not measure in the context of quality at entry. Strategic alignment was

often assessed separately from other factors as a “go / no-go” decision early in project preparation. Other corporate imperatives were found to be assessed through separate tools, filters or inputs, including: i) fiduciary safeguards; ii) environmental and social safeguards; iii) gender; and iv) country ownership.²⁴ Whereas these factors remain important for project preparation, they do not necessarily speak to a project’s design quality and readiness. Furthermore, evidence from the qualitative process review of sovereign operations suggests that inclusion of these factors in the Readiness Review has not been effective, with comments pertaining to gender and safeguards among the least likely to be addressed in a verifiable way. As such, IDEV’s Validation tool does not address these factors.

Finding 2: Evaluability and Readiness are significant predictors of outcome achievement and implementation progress of public investment projects.

IDEV applied the Best Practice Validation tool to a sample of 20 completed investment projects to determine if BP Validation scores predict project performance. This sample comprised projects approved after 2010 for which a PCR was available, covering 5 different sectors: transport, power, water supply and sanitation, agriculture and social. The projects were divided into two different “performance groups” based on information provided in the PCR. Projects were identified as “high performing” if at least 70% progress was achieved against all planned outcomes. Projects were identified as “lower performing” if less than 70% achievement was observed for at least one planned outcome.

Scores for “evaluability” and “implementation readiness” were both significant predictors of project performance. However, the strongest predictor was found to be the average of these two scores, identified as the “QaE Composite Score.” A one-point increase on this 4-point scale was found to increase the likelihood that a project would fall into the “high performance” group by a factor of 96, suggesting a very strong relationship between QaE Composite score and project performance. Overall,

the QaE Composite score was found to explain 31% of the overall variance in project performance. Figure 4 illustrates the QaE Composite scores for both groups of projects.

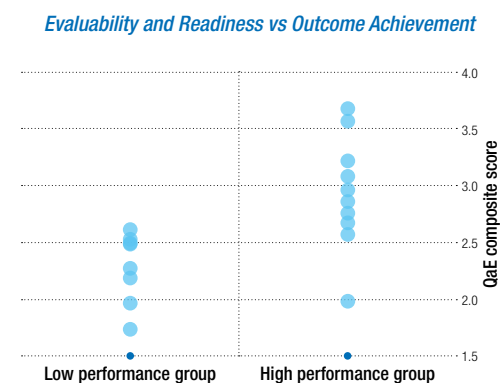
This analysis also suggested that Readiness Review scores do not differentiate between high performing and lower performing projects.

The timeframe of 2010 was selected to conduct a complementary analysis of Readiness Review scores for the same group of projects and compare the predictive validity of the two tools. Ultimately, this analysis was not conducted because all but 2 of the projects in the sample obtained an overall Readiness Review score of 4 out of 6, indicating very limited predictive capacity of the tool.

IDEV used these data to identify an evidence-based threshold for project quality at entry. Subsequent to demonstrating that the QaE Composite score is a significant predictor of performance, it was determined that a project with a QaE composite score of at least 2.75 has a likelihood of .65 to be “high performing.” This threshold was retained throughout the rest of the evaluation to describe the quality at entry of investment projects.

It was not possible to conduct a similar analysis of PBOs due to the limited availability and quality of PCRs. Despite the fact that 25 of

Figure 4: QaE composite scores among high and low performing projects



35 PBOs within the project sample were identified as “completed,” PCRs were available for only 10 projects due to the Bank’s requirement that a PCR need only be completed after the completion of a Programme. However, out of 10 available PCRs, 5 did not fully report on outcome achievement due to the unavailability of data. This gap demonstrates the importance of project evaluability such that: i) project outcomes are framed in a measurable way; and ii) the availability of relevant data has been verified.

This analysis is only a preliminary step toward identifying an evidence-based standard for quality at entry. Ideally, project data at entry and completion should be analyzed on an ongoing basis to refine the Bank’s procedural framework for quality at entry. In this way, both data pertaining to quality and entry and project completion could be leveraged as corporate intelligence for organizational learning and the optimization of Bank processes. However, this potential is not currently being realized systematically.

Finding 3: The Readiness Review does not target key factors that differentiate between high performing and lower performing investment projects.

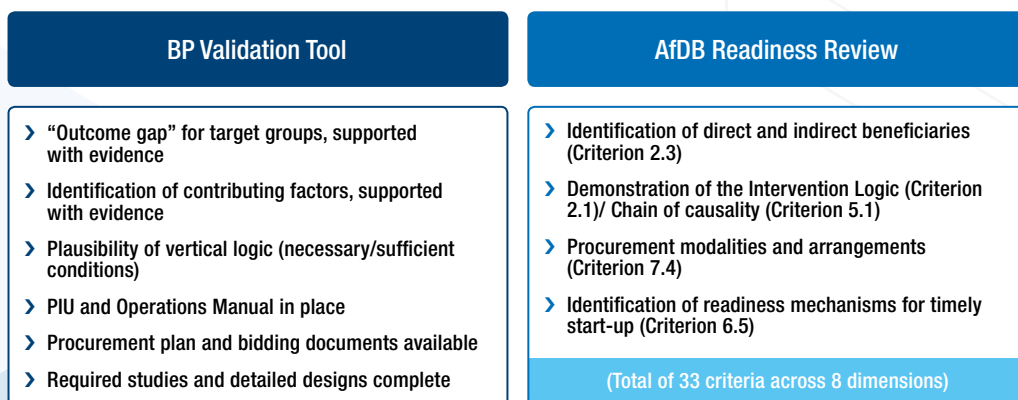
As indicated above, Readiness Review scores were not significant predictors of outcome achievement. To understand why the Readiness

Review falls short in this respect, IDEV identified specific sub-dimensions within the QaE Composite score for which high performing projects had significantly higher scores. These sub-dimensions were then compared to the existing Readiness Review criteria.

In general, the BP Validation tool has more stringent and precise requirements for project quality at entry and gives more weight to sub-dimensions that differentiate projects on the basis of performance (See Figure 5). Although the Readiness Review addressed all of the six sub-dimensions identified, these factors are covered in a general way, without communicating a specific standard or requirement (e.g. “availability of bidding documents” vs. “procurement arrangements”). Finally, no significant correlation was found between the QaE Composite and Readiness Review scores, suggesting that the two tools are measuring different phenomena.

The Readiness Review demonstrates a “signal versus noise” problem. Criteria that differentiate projects on the basis of performance represent just 5 of 33 criteria across 9 dimensions, with each dimension given equal weight in the final score.²⁵ Key factors are obscured by information that is less relevant to quality at entry and the performance of projects.

Figure 5: The BP Validation Tool and Readiness Review – Factors that predict performance



A review of Appraisal Reports and Technical Annexes suggested that these documents could similarly be streamlined to emphasize factors that predict performance. Stakeholders identified that the relevant templates have not been reviewed since 2008. Furthermore, requiring that specific elements of the project rationale and implementation arrangements are stated clearly up-front could reduce document length and make it more difficult to present projects as being “ready” for approval when they are not.

Finding 4: Project quality at entry interacts with the implementation context in terms of: i) country capacity for project design and implementation; ii) project complexity; and iii) capacity of the PIU.

Evidence from five country case studies covering 24 ongoing investment projects was analyzed using QCA to examine the extent to which quality at entry contributes to implementation progress in different contexts. In particular, emphasis was placed on the influence of a RMC’s capacity for project preparation and implementation, assessed in terms of the strength of the Public Investment Management System (PIMS). The PIMS reflects the RMC’s capacity to identify, prepare, appraise, prioritize, resource and implement investment projects.²⁶ A strong PIMS contributes to the efficient use of public resources to promote economic growth.

Projects in countries with a stronger PIMS were more likely to meet the evidence-based threshold for quality at entry. Among the three countries identified as having a weak PIMS, 47% of projects were found to meet the evidence-based threshold. However, for nearly half of these cases, the Bank either actively participated in project preparation and appraisal or the project was prepared and managed by a specialized agency for high-priority investments. Conversely, in countries that were identified as having a relatively strong PIMS, 75% of projects met the evidence-based threshold for quality at entry, including all projects in Morocco.

Better quality at entry was associated with better implementation progress; however, in the case of complex projects, good quality at entry is not sufficient to ensure results. Projects that have achieved an “implementation progress” ratio²⁷ of .70 or better were deemed to have demonstrated good performance. Overall, just 10% of projects that did not meet the evidence-based threshold for quality at entry were found to demonstrate good implementation progress compared to 62% of projects that did meet the evidence-based threshold, a difference which is statistically significant.²⁸ However, in the case of complex projects, it was necessary for good quality at entry to be complemented by a PIU with a strong track record and implementation capacity.

These results highlight two areas of opportunity for the Bank: i) working more closely with RMCs to strengthen national PIMS; and ii) considering project complexity in concert with the implementation capacity of the PIU when preparing and resourcing investment projects. With respect to strengthening the PIMS, the Bank has been active in supporting the development of sector investment plans – the importance of which was emphasized by stakeholders in case study countries. However, sector ministries account for just one part of a national PIMS, with a key role played by ministries of finance and planning and the national treasury.

Finding 5: The Bank’s practices for selecting NSOs and assessing credit risk are aligned with those of comparators. However, comparators are increasingly emphasizing evaluability in addition to selectivity and credit risk.

The quality at entry of NSOs involves different considerations from those relevant to sovereign operations. Quality at entry in the context of NSOs is linked to the selectivity of projects in terms of their alignment to corporate objectives and the management of credit risk rather than the economic justification of a project. In the context of the Bank, these two issues are addressed by the ADOA and the credit risk functions of the Bank, respectively.

In this respect, the Bank's practices for the quality at entry of NSOs are aligned with those of comparators. Both IFC and IDB Invest implement similar tools to the ADOA for determining the extent to which proposed operations support a range of development outcomes and provide financial additionality and/or political risk mitigation or enhance development outcomes. Like the Bank, these comparators both adopt a "portfolio approach" that balances potential financial return against potential development objectives, allowing for a range of risk profiles across the portfolio. The Bank also implements a similar credit risk management system to those of comparators to obtain an independent assessment of the key risks associated with potential projects and potential means of mitigation.

However, comparator organizations are also emphasizing the evaluability of NSOs in terms of the strength of the intervention logic and the identification of measurable outcomes. IDB Invest has recently introduced the DELTA, an adapted version of the DEM for non-sovereign operations. Like the DEM, this tool assesses the extent to which a project's intervention logic is supported by evidence and anticipated impacts on beneficiaries are measurable. The tool provides an evaluability score ranging from 0–10 to allow for comparisons across the portfolio. Furthermore, emphasis on the quality of the results matrix supports credible monitoring of development outcomes across the project cycle, in which the DELTA team is involved.

Comparators are also increasingly seeking to link project-level development outcomes to market impacts, including market creation and transition. IFC's Anticipated Impact, Measurement and Monitoring (AIMM) tool aligns project-level outcomes to targeted market impacts, including competitiveness, integration, resilience, sustainability and inclusiveness.²⁹ The European Bank for Reconstruction and Development (EBRD) has recently introduced the Transition Objectives Measurement System (TOMS),³⁰ which aligns projects with up to two market transition impacts. Standard indicators are selected automatically based

on information about the project size and scope. In addition to contributing to the selectivity and evaluability of projects, the system helps prioritize and streamline their potential development impacts.

In light of this feedback, the evaluation examines the quality at entry of NSOs in terms of their evaluability. The evaluability section of the IDEV's BP validation was adapted to assess the extent to which operations: i) clearly identify the development problem to be addressed; ii) identify the key constraints underlying the development problem and the how they are addressed by the proposed operation; iii) demonstrate a clear vertical logic; and iv) present measurable indicators for development outcomes.

Furthermore, IDEV assessed the extent to which projects prioritize key development outcomes with respect to their rationale and measurement. The philosophy underpinning the EBRD's approach to TOMS is that assessment of development impact should be meaningful and targeted to the most relevant development outcomes.³¹ Accordingly, IDEV conducted a file review of 45 NSOs to examine the extent to which the development outcome rationale presented in Appraisal Reports and the indicators measured in the results matrix align with the ADOA assessment, targeting the most relevant development impacts to which a project will contribute.

Finding 6: For NSOs, the presence of unmitigated credit risks is a significant predictor of negative project outcomes, including delayed start-up and risk of non-repayment.

Most NSOs have risks that are unmitigated at the time of approval by the Board. Across the evaluation sample of non-sovereign operations, 70% were found to carry at least one credit risk that: i) was not addressed at the time of approval; ii) was not mitigated by other considerations or actions; and iii) for which no relevant Condition Precedent (CP) for signature or disbursement was identified. With respect to negative outcomes, project finance and corporate loans were more likely to experience

delays to signature and disbursement relative to lines of credit. In contrast, project finance, corporate loans and lines of credit were equally likely to be either watch-listed or deemed a risk for non-repayment (identified as jeopardy/joint venture or impaired). However, the overall level of the Non-Performing Loans (NPLs) remains low, fluctuating between 2.10% in Q3 2013 to 7.6% in Q4 2016.³²

The overall number of unmitigated risks predicted subsequent implementation challenges. The number of unmitigated risks was found to be a significant predictor of certain negative project outcomes including: i) taking longer than one year to reach signature; ii) taking longer than 18 months for first disbursement; and iii) being watch-listed or being deemed a risk for non-repayment. Overall, each unmitigated risk and doubles the likelihood that at least one negative outcome will occur. Furthermore, each unmitigated risk was found to increase the likelihood that a project will be watch-listed or deemed a risk for non-repayment by 99%.

Different types of NSOs are more sensitive to different types of risk. For project finance and corporate loans, having an unmitigated risk related to the financial capacity of the sponsor (e.g. limited cash flow or available equity) was found to be a significant predictor of negative outcomes. This finding corroborates feedback from credit risk officers as well as previous analyses conducted by the Bank's Special Operations Unit (SOU), which identified sponsor illiquidity as a prominent factor contributing to projects being designated as "Jeopardy" or "Joint Venture," and therefore considered a potential loss.³³ It is thought that these financial constraints limit the ability of the sponsor to address other challenges that may arise due to the inherent complexity of these projects (e.g. construction delays).

For Lines of Credit, the presence of unmitigated risks related to operating ratios as well as institutional governance was a significant predictor of potential loss. Risks related to operating ratios were deemed to include: i) failing

to meet regulatory requirements for the capital adequacy ratio; ii) having poor asset quality (NPLs) relative to the market; and iii) having a low rate of liquidity. Risks related to institutional governance were deemed to include: i) weak credit risk management and/or internal controls; and ii) weak management experience. Of note, neither risk category on its own was found to be a significant predictor of potential non-repayment.

These findings demonstrate the relevance of the Bank's credit risk framework and its importance for the quality at entry of NSOs. The presence of certain risks may require particular attention prior to signature and disbursement, which are currently being captured by the Bank's Credit Risk framework. Furthermore, PINS has made progress in identifying a readiness checklist for corporate loans and guarantee operations to help provide best practice guidance to investment officers and ensure key risks are addressed prior to project approval.³⁴

Comparator institutions are implementing mechanisms to ensure that certain risks are addressed prior to project approval. For example, IFC has identified a corporate governance team to assess all "risky" projects and can insist that certain changes are made prior to signature.³⁵ Interlocutors at IFC noted that corporate governance challenges are considered a key factor underlying the referral of projects to the SOU. In the case of Lines of Credit, the presence of risks related to both operating ratios and institutional governance may serve as an important criterion for "triaging" high-risk projects for the provision of governance support prior to loan signature or disbursement.

The Bank's conceptual framework for quality at entry – where do we stand?

IDEV used the Best Practice (BP) Validation tool to critically examine the quality at entry of 115 randomly selected **sovereign operations** approved over the evaluation period, of which 85 were investment projects

and 30 were PBOs or ISPs (See Annex C). These assessments were conducted by independent sector experts with at least 10 years of experience in designing, implementing or evaluating projects in a specific sector, with each assessment subsequently validated by IDEV.

Building upon the methodology from the predictive analyses of closed operations, IDEV retained the evidence-based threshold of 2.75 for the QaE Composite score to examine the quality at entry of investment projects. Furthermore, IDEV examined the relationship between the QaE Composite score and implementation progress using the methodology described in the previous section.

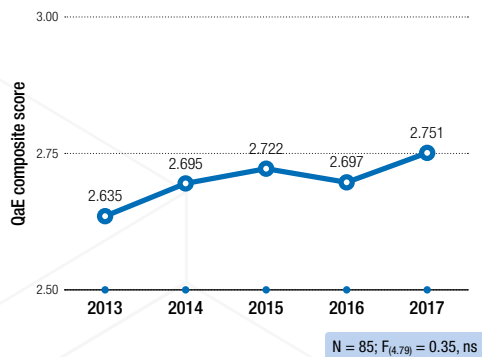
The assessment of **NSOs** focused on the evaluability of projects as well as the extent of alignment between a project's development rationale, logical framework and the ADOA assessment. In particular, IDEV examined the extent to which a project's rationale and logical framework prioritized the key development outcomes as assessed by the ADOA rather than focusing on "marginal" outcomes.

Finding 7: When an evidence-based standard is applied, the quality at entry of projects has remained stable over the evaluation period for both investment projects and PBOs.

When the BP Validation Tool is applied, project quality at entry has remained stable over the evaluation period. An ANOVA of 85 investment projects indicated that the average QaE Composite score has not changed significantly year-over-year for projects approved between 2013 and 2017 (See Figure 6). Average QaE Composite scores met the threshold of 2.75 for 2017 only, with 8 of 15 projects approved during 2017 achieving a rating of 2.75 or higher. However, a follow-up Chi Square analysis indicated that there is no relationship between the year of approval and the proportion of projects that meet the evidence-based threshold.

Similarly, there has been no significant change in the evaluability of PBOs and ISPs over the evaluation period. Due to the smaller number of

Figure 6: QaE composite score for investment projects by year of approval (2013–2017)



PBOs and ISPs, the sample was divided into two groups based on whether a project was approved in the first half or the second half of the evaluation period. No difference was observed in the evaluability of projects between the two groups.

Although the existing quality at entry framework is being applied consistently, a large proportion of projects approved each year do not meet the evidence-based threshold. Some interlocutors have noted that the quality at entry of projects has remained the same despite several major institutional changes, including the Return to Abidjan and the implementation of the DBDM. While this observation demonstrates consistency and compliance in implementing the existing framework, the framework itself requires modification to emphasize the factors that predict project performance.

Finding 8: Whereas investment projects are evaluable, they demonstrate gaps to best practice for economic analysis, implementation readiness and, in particular, risk management.

Investment projects are evaluable, with average project scores exceeding the evidence-based threshold throughout the evaluation period. By year, average evaluability scores ranged from 3.205 in 2014 to 3.51 in 2015. Average scores for implementation readiness and economic analysis have fallen slightly

below or above the evidence-based threshold (2.67–3.00), whereas scores for risk management have fallen significantly below the threshold (1.5–1.87; Figure 7).

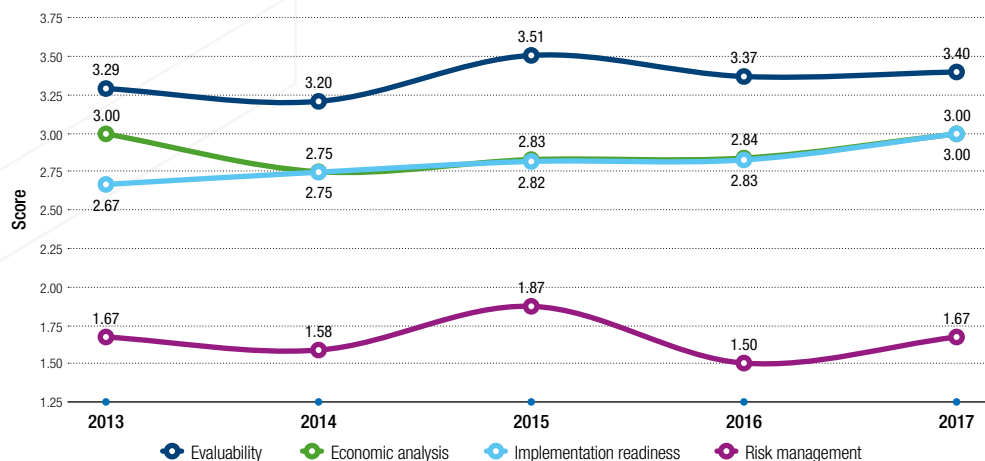
Although projects tend to be evaluable, ratings have been variable among key factors that influence the achievement of results, suggesting that project evaluability continues to merit attention. In particular, projects tended to demonstrate lower scores with respect to: i) description of the “outcome gap” among targeted beneficiaries; ii) identification of how a project is complemented by other initiatives; iii) plausibility of the link between outputs and outcomes; and (iv) assurance that external sources of data for results monitoring are collected and available.

The quality of economic analysis is linked to the project sector, with social sector projects rarely leveraging cost-effectiveness analysis to justify their design. Transport and power sector projects demonstrated strong financial and economic analysis, supported by clear, evidence-based assumptions and robust sensitivity analyses. However, the quality of sensitivity analyses could be strengthened by: i) targeting specific factors underpinning the viability of projects rather than general categories of “costs” and “benefits;” and

ii) identifying meaningful switch values that can be followed up during supervision. By contrast, social sector projects rarely include any formal analysis of economic cost or benefit, including cost-effectiveness analysis. This analysis would be relevant considering that several social sector projects involve small infrastructure and service delivery components that have ongoing cost implications for RMCs.

Risk management is not being leveraged to inform proactive supervision and management, with scores falling far below best practice. At times, this section of the appraisal report was used to “dismiss” risks rather than identify means of managing or mitigating them. Key weaknesses included failure to: i) rate and prioritize risks on the basis of their likelihood and potential impact on performance; ii) identify a course of action for treating risks, including “acceptance” where the risk is not under the control of the RMC or PIU; iii) identify a strategy for managing risks that are linked to their underlying causes; and iv) identifying clear indicators for monitoring and re-assessing risk.³⁶ Currently, it can not be determined how risk management contributes to project performance because the quality of risk management is consistently poor.

Figure 7: Change in quality dimensions over the evaluation period



Finding 9: PBOs and ISPs are less evaluable than investment projects and demonstrate a significant gap to best practice for economic analysis.

The Bank's PBOs and ISPs approved over the period are less evaluable than investment projects, with an average evaluability score of just 2.62. Areas of relative variability and weakness,

include: i) justifying the choice of design based on the effectiveness of other PBOs in the country; ii) identifying lessons from past PBOs and what has been done to ensure the achievement of results in the RMC context; iii) poor clarity of the vertical logic, including the lack of intermediate-level measures of behavior change; iv) credibility of the selected indicators to measure targeted outcomes; and v) where an external source of performance data is indicated, verification that the evidence will be collected and available when necessary.

In contrast to the practices of comparators, the Bank's PBOs and ISPs do not include a General Economic Analysis of the economic costs and benefits of the proposed reforms. As part of the DEM, the IDB requires that PBOs include a general economic analysis that identifies: i) the economic rationale for the operation; ii) identification and quantification of economic benefits that result from implementation of the operation; iii) identification and quantification of costs to economic actors that result from implementation of the operation; and iv) clear assumptions based on an economic model.³⁷ In general, the Bank's PBOs approved over the evaluation period did not include such an analysis, with an average score of 0.23 out of 4 for this dimension.

It was not possible to determine the relationship between evaluability and economic analysis of PBOs and the achievement of results due to poor availability of results information. Some stakeholders indicated that such an analysis may not be meaningful for all ISPs and PBOs. However, these operations are diverse in their content and such an analysis may be relevant where reforms and activities result in ongoing costs (e.g. where there is a service

delivery component). It would be fruitful to examine under what circumstances general economic analysis may be relevant through subsequent analyses.

Finding 10: NSOs are not optimally positioned to measure the Bank's contribution to private sector development impacts in a credible way.

NSOs are less evaluable than both investment projects and PBOs, with an average evaluability score of 2.49. Challenges were noted with respect to: i) supporting the development rationale for projects with qualitative and quantitative evidence; ii) establishing a coherent vertical logic between the project activities and impacts; and iii) identifying credible and meaningful indicators of the targeted development outcomes. These weaknesses suggest that, although the potential development impact of a project is identified, NSOs are not designed to credibly and comprehensively measure their potential development outcomes.

A large proportion of NSOs demonstrate a lack of alignment among the development rationale, the ADOA and the Logframe, suggesting limited prioritization of development outcomes. For 75% projects, the development rationale presented in the PAR identifies development outcomes deemed marginal in the ADOA, with undue emphasis most often placed on job creation and government revenues. Furthermore, 68% of project logical frameworks failed to include development impacts that had been identified as relevant in the ADOA and development rationale, with the most common omissions being: i) infrastructure-related outcomes; ii) supply chain development; iii) regional trade and integration; and iv) longer-term loan maturity. Although more strategic development impacts are often identified to justify the Bank's involvement in a project, actual results monitoring tended to target more immediate project-level outcomes which had sometimes been deemed marginal. This finding corroborates analyses previously conducted by SNOQ, which identified a lack of alignment between indicators identified in the ADOA, project logical frameworks and supervision tools.³⁸

Together, these challenges suggest that NSOs are not optimally positioned to assess the Bank's contribution to private sector development.

Investment officers and the ADOA team suggested that this challenge arises from the relatively greater emphasis placed on the bankability of NSOs, rather than their development impact. Once an acceptable ADOA rating for potential development impact has been obtained, there is little incentive to further enrich the development argument and better articulate a project's contribution to private sector development. ADOA is primarily being used as a selectivity tool, with data from the ADOA team demonstrating that few operations are presented to the Board with unacceptable ratings for either additionality or development outcomes. However, the use of ADOA as a quality enhancement tool for NSOs has been more limited.

The Bank's Procedural Framework for Quality at Entry

This evaluation addresses the Bank's existing procedural framework for the preparation and approval of projects from two perspectives: i) the extent to which the existing preparation and approval process promotes project quality at entry efficiently and effectively; and ii) the extent to which the existing framework enables strategic decision-making.

Where possible, the Bank's procedural framework is assessed against those of comparators with respect to key characteristics thought to contribute to the effectiveness of such frameworks in improving quality at entry. However, this section largely focuses on the procedural framework for **sovereign operations** due to data constraints. Comparators for NSOs were unwilling to share information about approval processes, deeming this information to be commercial intelligence.

Effectiveness and efficiency of the procedural framework

In addition to consulting with the Bank's comparators about how they assess quality at entry, IDEV also

Figure 8: Factors underlying the efficiency and effectiveness of project preparation and appraisal



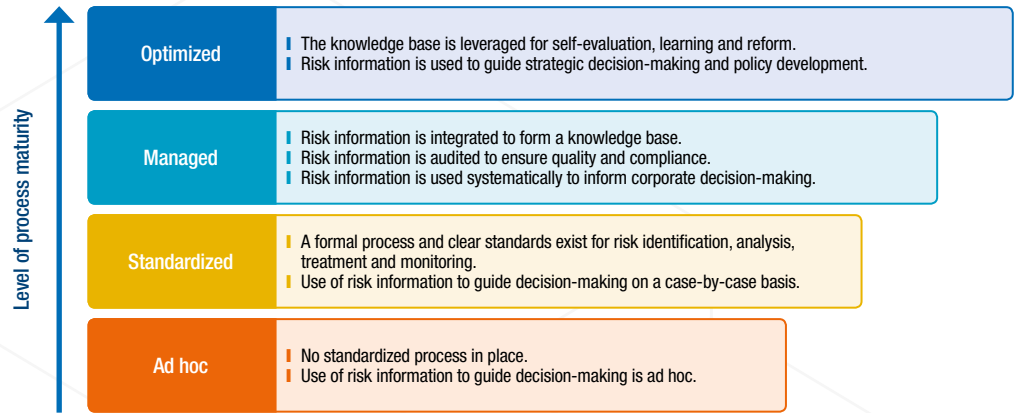
sought to identify the principles and practices that comparators deem to be most important for ensuring an efficient and effective project preparation and approval process.

These consultations led to the identification of five key factors: i) **differentiation** of projects on the basis of risk; ii) **minimization** of the number of consecutive review activities; iii) the promotion of **contestability** in the formal review of projects; iv) identifying a mechanism for **independent** review and feedback; and v) identifying a means to **verify** that necessary changes have been addressed prior to project approval (Figure 8). IDEV compared the extent to which the Bank's existing preparation and approval process demonstrates these characteristics relative to those of comparators. Furthermore, it examined how proposed changes under the new Delegation of Authority Matrix (DAM) may impact these key qualities.

"Fitness for purpose" – enabling strategic decision-making for quality at entry

IDEV assessed the Bank's existing process for the preparation, appraisal and approval of projects against a maturity model for risk management processes

Figure 9: Risk Management Maturity Model



derived from the Information Security literature. The approval process was deemed to be a risk management process on the basis that it is implemented to identify and manage implementation risks, thereby providing reasonable assurance of results achievement.³⁹ The approval process is the means through which the Bank conducts due diligence in project preparation, thereby promoting quality at entry.

compliance with processes, thereby contributing to their use to inform strategic decision-making.

The maturity model identifies a set of qualitatively different risk management behaviors along three dimensions: i) the standardization of practices; ii) integration of data from different sources and activities to inform decision-making; and iii) the use of data for learning, self-evaluation and updating of organizational practices. The model assumes that all organizations can benefit from evidence-based decision-making to strengthen risk management practices; however, such activities are only possible if a standard risk management practice is in place and data are regularly collected, audited and integrated to support decision-making (Figure 9).

The literature on Business Process Maturity identifies 5 factors that create an enabling environment for process implementation: (i) the clarity of **roles and responsibilities**; (ii) the extent to which process

Figure 10: Institutional factors underlying the Bank's enabling environment for quality



Presence of an enabling environment for quality

Regardless of how a process is designed, its consistent implementation depends on the presence of an enabling environment. These contextual factors help promote

implementation is supported by adequate **tools**, such as information platforms; (iii) the extent to which sufficient **resources** are available in terms of time, staff and funds to support implementation; (iv) the **capacity** of human resources in term of training, support and skills mix; and (v) the presence of **incentives** and mechanisms for **consequence management** to ensure the prescribed process is followed (Figure 10).⁴⁰

For the final component of the evaluation, IDEV triangulated feedback from interviews and the survey of staff with available data and comparator best practices to examine the extent to which the Bank possesses an “enabling environment for quality.”

The effectiveness and efficiency of the Bank’s procedural framework for quality at entry

Relative to comparators, the Bank’s procedural framework demonstrates fewer factors identified as contributing to the effectiveness of project preparation and appraisal processes in promoting quality at entry, including: i) independence; ii) contestability; and iii) verification. Furthermore, the Bank’s approval process is less efficient than those of comparators, demonstrating less risk-based differentiation among projects and a higher number of sequential clearance stages.

Finding 11: The Bank’s project preparation and approval process does not differentiate among projects on the basis of risk, implicating resource allocation efficiency.

At the World Bank and IFAD, the project preparation and approval process includes fewer review and approval stages for low-risk operations. Under IFAD’s new preparation and review process, a separate approval pathway has been identified for “fast-track operations,” including: i) additional financing for scaling up or filling a financing gap for existing operations; and ii) emergency operations requiring rapid approval.⁴¹ Rather than preparing both a Project Concept Note and a Project Design Report, a single document

is drafted for management clearance. The World Bank implements a similar approach whereby lower risk projects prepare one project document for clearance and are subject to only one review meeting.⁴² Eligibility for Track 1 processing is not limited to certain types of projects, but is rather determined based on a holistic assessment of preparation risks. Stakeholders noted that this approach helps expedite the approval of lower-risk operations while reallocating resources toward higher risk operations.

By comparison, the Bank differentiates among projects only with respect to the final clearance.

Under the Bank’s preparation and approval process as defined in PD 03/2013, there is no differentiation among projects in terms of the number of meetings and review stages for either the PCN or the PAR in the absence of a waiver. Limited differentiation is introduced only at the clearance stage, whereby large or higher-risk operations must be reviewed and cleared by OPSCOM. The new DAM similarly does not allow for differentiation among sovereign operations; however, a fast-track process has been identified for certain non-sovereign operations, including: i) repeat financing to the same sponsor; ii) trade finance; and iii) the Africa SME Program.⁴³

Finding 12: The Bank’s preparation and approval process includes a relatively larger number of sequential clearances rather than leveraging inclusive decision meetings.

A Bank operation that does not require clearance by OPSCOM or a Sector Vice President passes through at least 8 sequential review and clearance stages prior to being sent to the Board of Executive Directors. Subsequent to clearance by the Sector Director, each sovereign operation is subject to a peer review, Readiness Review and Country Team Meeting at both the PCN and PAR stages. The Sector Director is also meant to clear these milestones subsequent to the peer review and Country Team Meeting, further increasing the number of sequential review and clearance steps in the process.⁴⁴

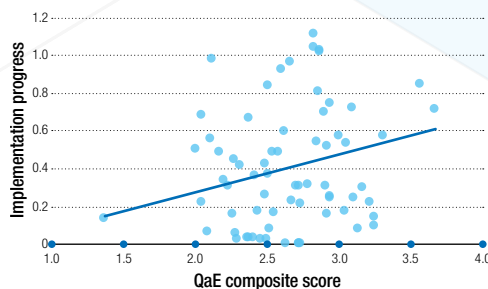


In contrast, the IDB, IFAD and World Bank implement between 4 and 6 review and approval stages for a typical sovereign operation. These comparators have fewer formal clearance stages such that: i) some quality reviews are carried out concurrently; and ii) quality reviews serve as inputs to decision meetings rather than constituting a distinct approval stage. At IFAD, the peer review and review by the Quality Assurance Group (QAG) are carried out concurrently.⁴⁵ Rather than requiring an additional clearance subsequent to their completion, these reviews are discussed as inputs to two formal decision meetings. IDB implements a similar approach whereby the DEM is treated as an input into each quality review and decision meeting⁴⁶ The World Bank requires the fewest clearance stages at 4, including an optional Quality Enhancement Review meeting that does not require specific clearance.⁴⁷

Finding 13: Both time for appraisal and time to first disbursement are aligned with comparators. However, these indicators may not be valid measures of cost-effectiveness in terms of project quality at entry and likelihood of achieving results.

Whereas time from concept note to approval did not change significantly over the evaluation period, there was a significant decrease in time to first disbursement for projects approved between 2013 and 2016. Both measures are thought to indicate the cost-efficiency of the preparation process in terms of time and resource allocation. The average time from concept note to approval was 6.63 months across the evaluation period, which is aligned with the average of IDB and new targets set by IFAD. Time to first disbursement fell from an average of 17.57 months for projects approved in 2013 to 12 months for projects approved in 2015 and 2016. However, most projects approved in 2017 had not yet disbursed. These benchmarks are aligned with all comparators except for the World Bank, which devotes 14 months on average between approval of the concept note and approval by the Board while yielding an average time to first disbursement of 9.4 months for the Africa Region.

Figure 11: Regression of QaE composite scores on implementation progress



However, time to first disbursement and time to appraisal are poor indicators of cost-effectiveness in that they do not predict either quality at entry or implementation progress. There is an assumption that longer appraisals improve the quality at entry of projects, reduce time to first disbursement and ensure better implementation progress. However, the available evidence does not support this assumption. No relationship was observed between: i) the length of appraisal and time to first disbursement; ii) the length of appraisal and the QaE Composite score; or iii) the QaE Composite score and time to first disbursement. Whereas the QaE Composite score was found to be a significant predictor of implementation progress, no relationship was found between implementation progress and the length of appraisal nor time to first disbursement (Figure 11).

Although the cost-efficiency of the preparation process is in line with comparators, existing operations indicators may not be meaningfully related to project performance. The length of appraisal does not guarantee that the appraisal will address the critical factors that support quality at entry, implementation progress and the achievement of results. Furthermore, there is no guarantee that implementation momentum will be sustained when a project disburses quickly. This finding is corroborated that by feedback from operations staff who note that projects are sometimes designed with a small amount of “up-front” disbursement to meet the requirements of PD 02/2015.

Time to first disbursement remains important to monitor given resource implications for both the Bank and RMCs. Commitment fees may begin to accrue on loans without any meaningful disbursement or implementation progress. Across the project sample, it was found that 1.27 million UA accrued in commitment fees across 27 investment projects between approval and first disbursement.⁴⁸ These costs constitute an increased financial burden for RMCs and have the potential to weaken the economic rationale of projects. However, these data remain incomplete without also looking at overall implementation progress and the achievement of results.

Finding 14: Relative to comparators, the Bank's existing project approval process does not promote contestability through inclusive, cross-functional review mechanisms.

Stakeholders at comparator institutions emphasized the importance of “contestability,” whereby actors not implicated in the preparation of a proposed operation participate in its approval. IFAD and IDB promote contestability through broad and cross-functional decision meetings, which include senior representatives from other thematic and sectoral divisions.⁴⁹ In contrast, stakeholders at the World Bank noted that recent changes to the institutional structure had reduced the contestability of the approval process. The Global Practices are primarily responsible for reviewing the technical design quality of projects, with limited input from Regional Complexes. These stakeholders emphasized the importance of having individuals participate in the review and approval of projects who have no interest or incentive for a project to be approved.

For Bank projects, reviews and clearances typically involve individuals working in the same country or sector as the proposed operation unless a review by OPSCOM is required. PD 03/2013 provides directives on composition of the Country Team Meeting, which includes a representative from policy and strategy, sector

directors and heads of other relevant organizational units as well as a quality quorum requirement.⁵⁰ However, feedback from stakeholders indicates that these requirements, including the quality quorum, are not currently being respected or enforced. The peer review, Readiness Review and Country Team Meeting may involve Bank staff who are removed from the sector and/or country to which a proposed operation is linked, the decision to clear an operation rests with the concerned sector or country/regional team.

In contrast, the Bank's previous preparation and appraisal processes made provision for cross-departmental reviews and clearance. The approval process implemented prior to the introduction of PD 03/2013 included an Inter-Departmental Working Group (IWG) that was chaired by a Director from a separate department from that proposing the operation for clearance. Furthermore, membership of the IWG was broad, including representation from other country departments and Operations Evaluation (OPEV; now IDEV).⁵¹

Finding 15: Whereas the ADOA and credit risk function provide an independent, credible review of non-sovereign operations, the Bank lacks an independent function to review and advise on the quality at entry of sovereign operations.

Given the delegation of the Readiness Review to Country Program Officers in 2015, the Bank no longer possesses a means through which independent feedback and advice is provided on the quality of proposed operations. Whereas SNOQ previously implemented the Readiness Review as a means of providing independent feedback, this unit now serves as the independent curator of quality standards and no longer provides direct feedback on the quality of operations.

Several stakeholders noted that the quality and usefulness of the Readiness Review has diminished since this delegation occurred. Moreover, data from the Quality Assurance Dashboard (QAD), indicate that adherence of

Readiness Review feedback to approved guidelines deteriorated between 2015 and 2016.⁵² These data were corroborated by feedback from task managers, with most interviewees describing the Readiness Review as a “check the box” exercise. Although it was generally reported that the Readiness Review adds value, just 10% of task managers who responded to the survey of staff identified the Readiness Review as the quality review mechanism that adds the most value to project preparation.

The World Bank, IFAD and IDB each have an independent unit responsible for providing feedback or advice on proposed operations prior to their approval. At IDB, the Office of Strategic Planning and Development Effectiveness (SPD) provides an independent assessment of an operation’s evaluability at three different points in the approval process. The DEM not only serves an input to decision meetings, but also accompanies and operation when it is sent to the Board of Executive Directors for approval.⁵³ Similarly, IFAD has identified a Quality Assurance Group (QAG), responsible for providing an independent assessment of the quality at entry of proposed operations and advising on their clearance.⁵⁴ At the World Bank, this function is performed by the Operations Policy and Country Services team, which provides independent advice to Regional Vice Presidents on the quality of operations prior to their approval and provides arms-length advice to project teams for the purpose of quality enhancement.

Finding 16: Across both sovereign and non-sovereign operations, the Bank lacks a mechanism for ensuring that feedback on quality at entry is addressed in a verifiable way.

Both IDB and IFAD have identified a means of verifying that feedback on quality is addressed prior to the approval of an operation. At IFAD, the QAG conducts a desk review of proposed operations to ensure that all changes requested at decision meetings have been implemented when advising whether the operation should be cleared. At IDB,

Task Leaders are required to submit an updated Proposal for Operation Development (POD) for a two-day “no objection” period subsequent to the Quality Risk Review meeting.⁵⁵

At the Bank, however, systematic verification of the inclusion of feedback is conducted only for those projects that are presented to OPSCOM for review. In the context of the Bank, Task Managers are required to submit a matrix or “Project Issues List” identifying how feedback from various review processes have been addressed prior to project clearance. However, the quality of the information provided in these matrices is variable and it is unclear that the content is verified systematically. Whereas the OPSCOM Secretariat ensures that comments given by OPSCOM are incorporated into proposed operations prior to clearance, this procedure implicates only a small proportion of operations approved each year.

The impact of limited mechanisms for verifying the integration of comments is demonstrated by the equally limited integration of feedback provided during project preparation and appraisal. A file review of 25 sovereign operations indicated that approximately half of the feedback provided through the peer review, Readiness Review and Country Team Meeting over the course of project preparation and appraisal are integrated into the Appraisal Report in a verifiable way. At the PCN stage, just 45.6% of comments provided through the Country Team Meeting were integrated, partly due to unfulfilled commitments to address the issues raised during appraisal. At the PAR stage, just 52.3% of Readiness Review comments were found to be addressed. Although the integration of these comments is notionally reviewed during the Country Team Meeting, this practice was found to be inconsistent, with inclusion of Readiness Review comments reviewed explicitly for just two projects.

For NSOs, there is a gap between the credit risk and legal functions such that conditions precedent recommended by the credit risk officer are not always reflected in the loan agreement. This gap is relevant to quality at entry given that the

number of unmitigated credit risks is predicts the occurrence of negative outcomes. Feedback from nearly all credit risk officers confirmed that they are not involved in the finalization of the loan agreement and, even when a condition precedent is included, these conditions are sometimes waived without sufficient consultation. However, it was not possible to confirm this finding through analysis of the project sample due to the refusal of some investment officers to share the Common Terms Agreement.

Finding 17: With respect to its design, the Bank's process for project preparation and approval is standardized. However, gaps in standardization have limited the relevance and effectiveness of the peer review and Country Team Meeting.

Across sovereign operations and NSOs, the preparation and approval process is standardized. The Bank's preparation and approval processes are clearly documented in the Operations Manual (sovereign operations)⁵⁶ and Business Manual (NSOs).⁵⁷ Furthermore, compliance with these processes is reinforced by the Bank-wide Program Processing Schedule (BPPS), which regulates and monitors the progression of projects through the different review stages. The Bank also possesses transparent guidelines for implementing several different review tools, including the ADOA⁵⁸, the Credit Risk Review⁵⁹ and Readiness Review.⁶⁰

Although the preparation and approval process is standardized, gaps remain with respect to the implementation of the peer review and Country Team Meeting. The existing Operations Manual is silent on the qualifications and experience that peer reviewers should possess as well as the key issues that should be addressed with respect to the project design. Similar challenges were observed for the Country Team Meeting.⁶¹ This observation was corroborated by feedback from staff. The majority of task managers noted that these reviews were not contributing to the quality of projects as intended due to the poor quality and relevance of the feedback provided. Furthermore, approximately only 1/3 of task managers who responded to the staff survey agreed

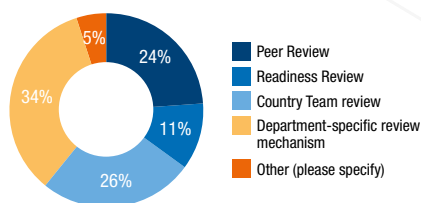
that there are clear standards in place for selecting peer reviews and conducting the peer review.

These gaps in standardization have limited the effectiveness of the peer review and Country Team Meeting in improving the quality at entry of operations. A process review analysis of 25 sovereign operations indicated that one quarter of comments provided as part of the peer review and nearly one third of comments provided as part of the Country Team meeting are not relevant to issues underlying quality at entry. Whereas some regional offices, such as RDGN, have developed readiness filters to promote consistency in the review of projects,⁶² this practice is not consistent across the regions and country offices. These data are corroborated by the survey of staff for which 23 and 26% of task managers who responded to IDEV's survey of staff identified the peer review and country team meeting, respectively, as the review mechanisms which add the most value to project preparation.

Some sector departments are implementing ad hoc, sector-specific reviews to make up for perceived deficits in the relevance and usefulness of formal review tools. 34% of task managers identified an additional department-specific mechanism implemented separately from the documented preparation and approval process as adding the most value to project quality (Figure 12). Examples identified by task

Figure 12: Manager perceptions of the value addition from review tools

"Which review mechanism adds the most value?"



N = 39, 90% C.I. +/- 12%

managers include: i) departmental review meetings implemented by the governance, (former) power and (former) transport teams; and ii) additional review filters implemented in the context of projects involving Independent Power Producers. Some stakeholders noted that these departmental review mechanisms were disrupted after the implementation of the DBDM.

Does the Bank possess an enabling environment for quality at entry?

The Bank faces several constraints in ensuring an enabling environment for project quality at entry. In particular, challenges were observed with respect to: i) the adequacy of tools and practices to manage resources for project preparation; ii) the availability of resources to address RMC capacity constraints; iii) inadequate resources throughout the preparation “ecosystem;” and iv) the absence of incentives for ensuring project quality at entry.

Finding 18: The Bank lacks integrated data management systems across the project cycle, limiting the extent to which operations data can inform strategic decisions.

Knowledge management across the project cycle is characterized by multiple independent platforms, with some key information available only through the task manager. Across the evaluation sample of sovereign and NSOs, nearly all projects were found to be missing at least one milestone document across project preparation and appraisal. In addition to posing challenges for making evidence-based decisions, the present situation contributes to challenges for project handover. Less than 15% of task managers who responded to the survey of staff agreed that the Bank has adequate handover practices to ensure a smooth transition when the task manager changes. These data were corroborated by feedback from task managers, who noted that they often do not receive complete information when taking over management of a project.

IDB is expanding the reach of its “Convergence” platform to incorporate all information generated during project preparation, including the DEM. Moreover, the analysis of project data to inform decision-making will be facilitated through the development of dashboards and standard queries.⁶³ The opportunity cost of not having an integrated, well-governed data platform for operations data is evident in the time and resources required to compile accurate data among multiple platforms to address basic management queries (e.g. project to task manager ratio).

Finding 19: Existing tools, including the project brief, are not being leveraged to manage resource allocation for project preparation and appraisal.

The existing Operations Manual identifies the “project brief” as a key milestone for project identification. Subsequent to the receipt of an official request from the RMC and an eligibility screening conducted by the CPO, the assigned task manager is meant to undertake a “Technical Review” of the documentation provided by the borrower. The purpose of this review is to: i) identify that the project rationale is sound and that the operation is likely to be sustainable; ii) identify potential implementation risks to be addressed during preparation; and iii) determine the extent of project maturity to date.⁶⁴ The project brief is meant to summarize findings along these key issues, introduce the project into SAP and recommend the appropriate placement of the project in the Bank’s preparation pipeline.

However, the project brief is not being implemented or enforced systematically as part of the identification of sovereign operations, with less than 6% of the project sample having a project brief. Among the random sample of 85 investment projects identified for the evaluation, just 5 possessed project briefs. Furthermore, the content of these briefs did not conform to the specifications identified in the Operations Manual. This observation was corroborated by feedback from

Table 3: Funds budgeted and executed for project preparation (2013–2017)

Year	Total budgeted for preparation (UA)	Number of projects	Budget execution for preparation (UA)	Number of projects
2015	1,071,279	17	2,246,534	71
2016	555,383	11	1,904,571	72
2017	0	0	1,319,106	72

CPOs, who confirmed that the project brief is rarely being produced, partly because staff are not aware of the requirement and it is equally not enforced.

The Bank has not budgeted for project preparation systematically across the evaluation period and much of the existing budget data are not credible. Part of the rationale of producing a project brief is to identify the resources required for preparation, including time, skills mix and funds, in a systematic way. Feedback from the Bank's budget department confirmed that, until 2015, project preparation was not budgeted on a project-by-project basis. The budget team has recently been encouraging more granular budget planning, including specific amounts for project preparation. This feedback is corroborated by the state of budgetary data for project preparation, with large discrepancies between the amounts budgeted for preparation and the amounts executed (Table 3). In 2017, for example, no specific funds were budgeted for project preparation.

In contrast, comparators use equivalent "project briefs" to identify resource requirements for project preparation based on key characteristics to support pipeline management. Both the World Bank and IFAD require that an initiation form be filled during the identification stage to incorporate a new project into financial management systems and identify the resources necessary for preparation. In the case of the World Bank, the Activity Initiation Sheet (AIS) is used to identify corporate preparation budget "coefficients" for projects based on key characteristics, including the complexity, country,

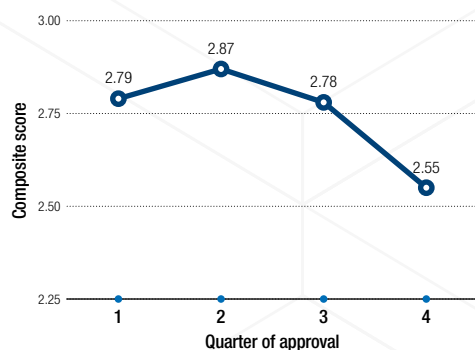
sector and scale of a project.⁶⁵ These coefficients serve as guidelines which identify the time and resources required to prepare similar projects in the past, promoting evidence-based decision-making. Completion of the AIS is enforced through the World Bank's SAP platform – if an AIS has not been registered, no financial resources will be allocated to the project.

Finding 20: Nearly half of the Bank's investment projects are approved in Q4. Projects approved in Q4 demonstrate lower quality at entry than projects approved in other quarters and are less likely to achieve their outcomes.

Of the 85 investment projects in the project sample, 49% were approved in the fourth quarter of the year. The highest proportion of projects approved in Q4 was observed for 2017 at 71%; however, no clear trend emerged over the evaluation period. These data corroborate feedback from stakeholders who indicated that weak preparation planning contributes to the "bunching" of projects in Q4. It was suggested by stakeholders that bunching is self-perpetuating; as operations teams work to bring projects to the Board before the end of the year, little attention can be paid to planning deliverables for the subsequent year.

Projects approved in Q4 demonstrate poor quality at entry compared to projects approved in other quarters, suggesting that these projects are also less likely to achieve their intended results. Whereas the average QaE Composite score for projects approved in other quarters all exceeded the evidence-based

Figure 13: QaE composite scores by quarter of approval



threshold, the average score for projects approved in Q4 was 2.55, corresponding to a likelihood of .43 that a project will achieve all of its outcomes (Figure 13). Therefore, the lack of evidence-based preparation and pipeline management may not only have implications for quality, but also for the achievement of results.

Finding 21: Relative to comparators, project preparation facilities are not being leveraged strategically to improve project design quality, contribute to pipeline development and strengthen RMC capacity for project preparation.

Preparation facilities directly address the key factors underlying the quality at entry of investment projects, namely the quality and availability of information to support project preparation. For a project to demonstrate good evaluability, sufficient evidence must be available to clearly present and justify its intervention logic. Similarly, several factors underpinning implementation readiness, such as the availability of technical designs and bidding documents, necessitate the completion of technical studies. Moreover, countries with a weak PIMS are unlikely to mobilize the resources and expertise required to make this information available. Therefore, preparation facilities can be a strategic tool for promoting project quality at entry.

Outside of bilateral and multilateral trust funds, the Bank implements three facilities earmarked for project preparation activities which target different groups of borrowers and types of project activities. These facilities include: i) the Project Preparation Facility (PPF), available to ADF countries and blend countries; ii) the Middle-Income Country Technical Assistance Fund (MIC-TAF), available to ADB and blend countries; and iii) the NEPAD-IPPF, which supports the preparation of multinational infrastructure projects.

However, the Bank has approved a smaller quantum of preparation facilities over the evaluation period relative to comparators. The Bank has approved total of 102.99 million UA in preparation facilities between 2013 and 2017.⁶⁶ By comparison, the World Bank approved 131.4 million UA in preparation facilities in the Africa region over a two-year period (November 2014–December 2016).⁶⁷ Preparation facilities are a consistent feature of the World Bank’s operations in Africa, with the Africa region accounting for 65% of all approved preparation facilities. Factors underpinning the relatively low level of utilization include: i) lack of awareness of the facilities on the part of task managers; and ii) relatively limited availability of funds.⁶⁸

There is more limited availability of funds to support the preparation of Bank projects relative to those of comparators. The total funds allocated to the PPF are 19 million UA, with approvals of up to 1 million UA.⁶⁹ The allocation of funds for the MIC-TAF are determined annually through an allocation exercise, with approvals of up to 1.2 million UA.⁷⁰ By contrast, the World Bank increased the total available funds for its project preparation facility from 290 million USD to 750 million USD in 2016, with a maximum allocation of 6 million USD and up to 10 million USD for fragile states. Additionally, the World Bank allocated approximately 250 million USD to 183 projects between 2012 and 2016 from other sources of preparatory funds outside of the PPF, including trust funds.⁷¹

The limited availability of preparation facilities and the size of maximum allocations prevents preparation facilities from being used more systematically. Because the PPF is a revolving fund that relies on repayment, just 5.1 million UA are currently available to support project preparation.⁷² Furthermore, stakeholders noted that the maximum allocation for the PPF is insufficient to prepare more complex infrastructure projects, with all facilities approved over the evaluation period allocated to agriculture and social sector projects. Similar challenges were noted for the MIC-TAF such that available resources are often insufficient to meet the demand. This feedback was corroborated by evidence from the survey of staff, for which less than 20% of task managers agreed that the availability of funds to support project preparation is sufficient.

Challenges have also been noted for the effectiveness of these funds with respect to disbursement and implementation progress. In the case of the PPF, just 34% of the 13.84 million UA in allocations approved over the evaluation period have been disbursed. Similarly, this figure stands at 42% for the NEPAD-IPPF, for which 4 of 24 projects were either terminated or abandoned, with an average time to first disbursement standing at 18.9 months.⁷³ Moreover, as of Q1 2018, 11.3 million UA in approved MIC-TAF allocations were eligible for cancellation.⁷⁴ Stakeholders indicate that these difficulties arise from the lengthy administrative procedures applied to these facilities that are similar to those of investment projects, with the MIC-TAF experiencing delays related to the complexity of procurement packages and unsuccessful recruitment of consultants. The PPF has faced challenges in implementing an efficient approval process, with long delays noted in preparing the letter of agreement.⁷⁵ This evidence is corroborated by feedback from IDEV's survey of staff for which approximately 8% of staff agreed that the process for accessing preparation facilities is practical.

Aside from preparation and technical assistance funds, other sources of evidence to promote project design quality including evaluations and ESW are not being leveraged systematically.

The file review of 25 sovereign operations found that just 3 projects made use of the Bank's ESW to support the project design. Just 6 projects were found to refer to lessons and data from independent evaluations. Feedback from task managers indicates that inadequate or outdated ESW poses a constraint to the robustness of project design, necessitating that significant time be allocated to preparing new studies. Task managers often include studies for future projects within the budget for existing projects, regardless of whether the two operations are related. Although this practice helps ensure that data are available to support project design, it obscures the true resource requirements for project preparation and limits the ability of the Bank to resource this activity in an integrated, transparent and evidence-based way.

The extent to which preparation facilities lead to the identification of new investment projects has not been tracked systematically, but available evidence suggests that leveraging of preparation funds to identify new lending has not been optimal. In total, 14 out of 26 MIC-TAF grants provided over the evaluation period have contributed to the approval of new projects. These projects were approved between 22 to 36 months after the original approval of the grant with an average leveraging factor of 188.⁷⁶ The contribution of PPFs to the identification of new projects and the leveraging effect has not been monitored consistently. However, available data suggest that, of 22 PPFs approved since 2010, just 6 have led to the identification of new projects with an average leveraging factor of 69.⁷⁷ By contrast, just 5.5% of the World Bank's project preparation facilities with just three approved facilities being terminated. This gap suggests the need for greater consultation and support to RMCs in using preparation facilities to promote pipeline development.⁷⁸

The World Bank is expanding the use of preparation facilities beyond the preparation of individual projects, leveraging a "programmatic approach" to reduce transaction costs and address challenges related to pipeline development. In December

2016, the use of preparation facilities was expanded beyond preparation of a single project to include: i) the preparation of multiple projects; ii) pipeline development; and iii) strengthening country capacity for project preparation. Repayment provisions were similarly altered to encourage the use of this facility by: i) allowing PPFs to be repaid under any ongoing loan; and ii) waiving repayment of PPFs that do not lead to new project can be waived where the borrowing country faces a high risk of debt distress.⁷⁹ In addition to providing more flexible support to borrowing countries in terms of the identification of projects, these policy changes were also intended to support administrative efficiency, reducing the transaction costs associated with the project-by-project approach.

Finding 22: Technical Assistance not being leveraged optimally to mitigate governance risks for NSOs.

There is a relationship between the presence of unmitigated risks related to the governance of financial institutions (e.g. adequacy of credit risk processes, internal controls and information systems) and potential loss. In particular, these risks become significant predictors of potential loss when accompanied by weaknesses related to key operating ratios, including capital adequacy, liquidity, asset quality and profitability. One of the means through which these governance-related risks can be addressed is through the provision of Technical Assistance (TA) to upgrade operating systems and practices. This practice is used widely across the Africa SME Program, for which nearly all technical assistance provided has sought to strengthen the credit risk management processes and internal controls of borrowers.

However, outside of the Africa SME Program, the availability of TA to reinforce the governance capacity of financial institutions has been steadily decreasing. Between 2008 and 2013, 20 technical assistance projects amounting to 25.12 million UA were approved to provide support to financial institutions in strengthening their governance systems and lending to SMEs. Furthermore, support

to financial intermediaries accounted for a large proportion of technical assistance provided to the private sector, accounting for at least half of the projects approved over this period. However, since 2013, just 6 technical assistance projects have been approved to support financial institutions.⁸⁰ These data corroborate feedback from investment officers, who note that TA is generally not available to address institutional capacity constraints associated with lines of credit.

Furthermore, when TA has been provided to financial institutions, it has not been used to promote changes in behavior prior to the disbursement of funds. A review of technical assistance provided to financial institutions over the evaluation period indicated that: i) this support has typically been provided after the disbursement of the line of credit; and ii) monitoring and follow-up has been targeted toward the delivery of outputs rather than the desired changes in operational practices. In particular, monitoring was found to focus on disbursement, delivery of reports or policies and delivery of training with less visibility on how new skills, systems and policies are being applied. These changes in behavior represent an important potential contribution to financial sector development which is not being thoroughly assessed.

By contrast, the IFC's corporate governance unit adopts a different approach whereby support is provided to improve governance practices as a condition for future financial support. Changes in institutional governance behavior are assessed against a maturity model of governance practices for different types of institutions.⁸¹ This practice communicates clear objectives to potential borrowers in terms of changing governance behaviors and encourages the implementation of new reforms. Beyond promoting financial sector development, this practice also serves as additional risk mitigation for projects such that governance risks have largely been addressed prior to disbursement of the loan.

Finding 23: The Bank demonstrates a high and variable project to task manager ratio, which limits the time that staff devote to enhancing the quality at entry of operations. Staff throughout the project preparation ecosystem have heavy workloads.

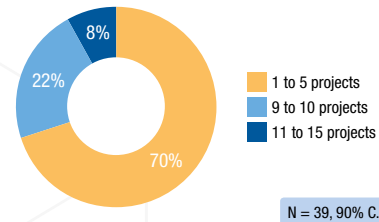
The Bank has a higher project to task manager ratio than comparators. This ratio provides an estimate of the relative workload of task managers within each institution. Feedback from IDB and the World Bank suggests that task team leaders are responsible for the supervision or preparation of between one and two projects per year. By comparison, SNDI estimated that the ratio of active projects to task managers has grown over the evaluation period from 2.7 in 2013 to 3.4 in 2017.⁸² In addition, task managers prepare an average of 0.5 new projects each year. This distinction is important given that the workload associated with project preparation is considered to be higher than that for supervision. Overall, these data raise concerns about the extent to which the Bank currently has sufficient operations staff to accommodate increased lending.

Furthermore, the project to task manager ratio is variable, with a notable proportion of task managers responsible for more than 5 ongoing projects. SNDI noted the variability in this ratio by region, with a relatively higher ratio of active projects to task managers in the Eastern and Western Regions. These data were corroborated by interviews with task managers, investment officers and portfolio officers, with some task managers responsible for the supervision of up to 10 projects in addition to the expectation to prepare new ones. Of the task managers who responded to IDEV's survey of staff, 30% reported being responsible for more than 5 projects (Figure 14).

This extent of task managers' work load limits the time they can devote to improving the quality at entry of projects. The implication of a high project to task manager ratio is that task managers not only have more limited time to devoted to project preparation, but they also have more limited time to support their peers in enhancing the quality of new operations. Some task

Figure 14: Project to task manager ratio as reported from the survey of staff

“How many projects are you currently responsible for?”



managers reported having only a few hours to conduct a peer review, limiting the depth of the feedback they are able to provide. Furthermore, several task managers reported not having sufficient time to attend Country Team Meetings or review the documents in advance. These constraints emphasize that, although the Bank's quality assurance processes are implemented consistently, the quality of the feedback provided and the effectiveness of these tools are limited by the heavy work load of some task managers.

Beyond the task managers, staff throughout the preparation “ecosystem” deal with heavy workloads, similarly limiting their ability to promote the quality at entry of projects. Stakeholders representing several groups of staff implicated in project preparation noted that inadequate resources pose difficulties in discharging their responsibilities, including CPOs, the ADOA function, the legal function for sovereign operations and NSOs and safeguards specialists. This feedback was corroborated through comparator interviews, which indicated that the Bank employs fewer permanent staff to perform these functions relative to comparators considering the number of projects approved each year.⁸³ Furthermore, a file review of 25 sovereign operations indicated that just 32% of appraisal teams include a gender expert. Current levels of staffing have contributed to reliance on consultants, limiting the ability of these functions to benefit from institutional memory and calling into question their capacity to absorb further delivery pressure.

Finding 24: The Bank lacks a comprehensive induction and training and guidance mechanisms to support task managers in enhancing the quality at entry of projects.

The Bank currently lacks a comprehensive training program to ensure that new staff are sufficiently knowledgeable about the Bank's processes prior to being assigned as the task manager of a project. Concerns were raised across both sovereign operations and NSOs regarding the number of new task managers and investment officers as well as the lack of mechanisms to support these staff in managing projects. Despite efforts to establish a "Task Manager Academy," there remain no formal mechanisms to build the capacity of new and existing staff to manage projects across the project cycle. Furthermore, it was noted that the complexity of a project is not always aligned with a task manager or investment officer's level of experience. This feedback was corroborated by evidence from the survey of staff, for which just 40% of task managers agreed that they have received adequate training to perform their role.

Although corporate processes are documented, there is limited support available to guide task managers in identifying, preparing and appraising projects. The Bank's previous operations manual provided detailed guidance on implementing each stage of the project cycle. However, no such guidance is provided in the current Operations Manual. SNOQ has been providing some support to staff for improving quality at entry, including: i) coaching sessions for Country Program Officers in conducting the Readiness Review; ii) the establishment of the QA Helpdesk to respond to individual queries; and iii) informal QA clinics, instituted in 2016, to provide a regular venue for exchanges between task managers and the QA team.⁸⁴ However, the extent to which these resources are being leveraged is unclear – none of the task managers consulted for the evaluation mentioned making use of these platforms.

Initiatives are being implemented to mentor new investment officers and improve their capacity to prepare and manage NSOs, but no accreditation scheme is in place. The Bank's 2016 Business Manual identifies a peer-review system whereby junior investment officers are paired with a more senior peer to advise them in the preparation and structuring of projects, with several investment officers confirming the utility of this practice.⁸⁵ Furthermore, the PINS team has identified a new training curriculum for investment officers and other staff implicated preparation and management of NSOs that covers key processes throughout the project cycle, including: (i) credit risk management; (ii) financial modelling; (iii) trade finance; and (iv) integrity due diligence.⁸⁶ These courses are to be offered regularly at different levels of expertise, ranging from general to advanced instruction. However, there continue to be no mechanisms in place to accredit investment officers for the management of projects.

By contrast, SPD at IDB is mandated to work directly with project teams to help improve the evaluability of projects that receive low DEM scores during preparation. This mechanism provides project teams with arms-length support in improving the evaluability of projects. Several task managers and investment officers at the Bank noted a lack of guidance and support for improving quality at entry during preparation. For NSOs, investment officers expressed a need for additional support in terms of: i) identifying, defining and measuring the development outcomes of projects; and ii) appropriately mitigating credit risks. Stakeholders throughout the NSO ecosystem indicated that, although collaboration does occur between ADOA, credit risk officer and the investment officer, it has not been systematic. Once a project has achieved an acceptable ADOA or credit risk score, there is little incentive to devote further attention to these issues.

The World Bank implements a comprehensive core curriculum for the management of projects, requiring that staff are accredited prior to being assigned as a Task Team leader. First, all new staff

are required to complete a core learning curriculum on financing instruments and the project cycle within the first two years of employment. Beyond this core curriculum, staff who wish to become task managers must complete courses covering a range of corporate processes underpinning project management, including procurement, financial management and the management of environmental and social risk.

Courses on core operating processes are combined with training on the soft elements of project management and team leadership as well as on-the-job training. This curriculum is provided through mixed-modal delivery, including online content, face-to-face case study learning and an on-the-job learning component through which aspiring task managers gain hands-on experience with certain tasks prior to being accredited. The accreditation of task managers is enforced through the SAP system such that staff who are not accredited cannot be formally assigned to any project as a task manager.

Finding 25: The Bank has an “approvals culture,” with corporate and individual KPIs driven by the volume of approvals rather than pipeline development, project quality at entry and implementation progress.

Most task managers identified that the time and resources for project preparation are insufficient with pressure to fast-track projects toward

approval. This feedback was corroborated by the survey of staff, which indicated that a significant proportion of key staff believe that approvals are emphasized over portfolio quality. Overall, just 22% of task managers and 43% of CPOs agreed that the Bank emphasizes the quality of new projects rather than the approval of new lending. Furthermore, 47% and of task managers and 43% of CPOs agreed that their performance assessment reflects the quality of the projects they deliver and the results those projects achieve. Stakeholders at IFAD reported that they are identifying an appropriate KPI for pipeline development to help prevent the emergence of an approvals culture.

Concern was also expressed regarding the willingness of management to “send projects back” when deficits in quality are evident. In total, 55% of task managers and 43% of CPOs agreed that projects that do not demonstrate good quality at entry are not presented to the Board of Executive Directors. Task managers for sovereign operations noted that it is rare for a project to be stopped prior to Board approval on the basis of quality at entry. By contrast, feedback from management and investment officers indicates that the DMT Meeting is being leveraged effectively to filter projects that present with quality at entry challenges, with projects sent back for improvements in an estimated 30% of meetings due to the strong engagement of management. ■

Evaluation Conclusions and Recommendations

Based on the evaluation findings elaborated above, the evaluation identified 13 **conclusions** linked to the evaluation issues. These conclusions are presented below according to their relevance

to the Bank's conceptual or procedural framework for quality at entry as well as their relevance to the different evaluation issues.

Conclusions on the Bank's Conceptual Framework for Quality at Entry

Evaluation issue	Conclusions
<p>Relevance – Are we measuring the right things?</p>	<ul style="list-style-type: none"> ■ Existing Quality at Entry tools for sovereign operations do not sufficiently target factors that predict the extent of outcome achievement and, therefore, do not distinguish between projects based on their likely performance. ■ The Bank does not give explicit consideration during project preparation and appraisal to contextual factors that influence the relationship between quality at entry and implementation progress for sovereign investment projects, including: i) the strength of an RMC's PIMS; and ii) the capacity of the PIU, given project complexity. ■ Comparators are increasingly focusing on the evaluability of non-sovereign operations and impact pathways for private sector development rather than the identification of potential development outcomes. ■ The existing credit risk framework addresses key risks that are relevant to the performance of NSOs. Depending on the type of project, certain risks unmitigated at approval predict negative project outcomes.
<p>Effectiveness – Where do we stand?</p>	<ul style="list-style-type: none"> ■ Despite the consistent implementation of existing tools, the quality at entry of sovereign investment projects and PBOs have not improved significantly over the evaluation period, with approximately half of projects meeting the evidence-based threshold at approval. ■ Whereas sovereign investment projects tend to be evaluable, the Bank demonstrates a significant gap to best practice with respect to: i) evaluability and economic analysis for social sector projects and PBOs; ii) implementation readiness for all sovereign projects; and ii) risk management for all sovereign projects. ■ Non-sovereign operations demonstrate a significant gap to best practice with respect to evaluability. Although likely development outcomes are independently verified, most projects do not present a clear impact pathway for achieving private sector development impacts.

Conclusions for the Bank's Procedural Framework for Quality at Entry

Evaluation issue	Conclusions
Relevance – Is our existing framework fit-for purpose?	<ul style="list-style-type: none"> ■ The Bank's procedural framework for quality at entry with standardized but lacks an integrated platform for the management of project data, limiting the extent to which the framework can be used to support strategic decision-making.
Efficiency – Is our procedural framework efficient relative to comparators?	<ul style="list-style-type: none"> ■ The Bank's procedural framework for promoting the quality of sovereign operations is less efficient than those of comparators based on: i) the lack of risk-based differentiation among projects; and ii) a larger number of sequential review and clearance requirements. Although the Bank takes a similar amount of time to comparators to appraise projects, Bank projects tend to take a longer time to reach first disbursement. ■ Existing operations indicators, including time for appraisal and time to first disbursement may not be appropriate given that there is no relationship between these indicators and neither project quality at entry nor project implementation progress.
Effectiveness – Do we emphasize the factors that promote quality at entry?	<ul style="list-style-type: none"> ■ The Bank's procedural framework for promoting quality at entry of sovereign operations includes fewer mechanisms to promote contestability, independence and verification in the review process relative to both comparators and non-sovereign operations.
Sustainability – Does the Bank possess an enabling environment for quality at entry?	<ul style="list-style-type: none"> ■ The Bank lacks an enabling environment for quality, demonstrating gaps in terms of: <ol style="list-style-type: none"> 1. the use of integrated systems to manage appraisal data; 2. evidence-based budgeting and management of project preparation; 3. provision of training and support to operations staff; 4. ensuring consistent and appropriate resource allocation of staff for operations; and 5. consequence management and incentives for quality at entry. ■ Deficits in the enabling environment carry implications for project quality and results such that: <ol style="list-style-type: none"> 1. staff do not have time to properly implement quality at entry tools; 2. only half of the feedback provided over project preparation and appraisal is addressed in a verifiable way; and 3. nearly half of investment projects are approved in Q4 with significantly lower quality at entry and, therefore, likelihood of achieving their outcomes.

Recommendations

Based on the conclusions above, IDEV identified the following recommendations for management to consider in addressing some of the key challenges observed during conducting the evaluation. These recommendations pertain to shorter-term actions, such as refining existing tools and practices, and longer-term actions, such as the creation of new roles in the preparation and approval process.

Recommendation 1 – The review tools: Enhance the relevance and effectiveness of the Readiness Review and Peer Review by:

- Increase the independence of the Readiness Review and Peer Review by mandating an 'arms-length' unit to coordinate both processes.
- Develop detailed terms of reference and selection criteria for technical peer reviewers.

Recommendation 2 – The quality assurance review process: Increase the effectiveness and efficiency of the quality review process by:

- Identifying approval ‘tracks’ to differentiate among operations on the basis of risk.
- Reducing the number of steps that are sequential, in favor of a single meeting in which all QA inputs are considered.
- Providing task managers with more systematic quality enhancement support, particularly for projects that fail to meet quality standards.
- Identifying and allocating the required resources along the preparation “ecosystem” to support the effectiveness of the review process.

Recommendation 3 – Counterpart readiness: Improve RMC readiness and capacity for Public Investment Management by:

- Identifying RMC capacity deficits during project identification, with mechanisms for providing additional support as required throughout preparation and appraisal.
- Identify countries where counterpart readiness is a consistent obstacle to project design and implementation and offer programs of support to address these constraints and complement development of the IOP.

Recommendation 4 – Planning and budgeting: Strengthen the Bank’s IOP and resource allocation for project preparation by:

- Enforcing the project brief and enhancing its content, including clear criteria for inclusion of projects in the preparation pipeline and allocation of resources (time and budget) for preparation.

- Identifying an integrated platform for managing the project pipeline, including identification, preparation and appraisal.

Recommendation 5 – Business development: Increase the use of project preparation facilities to promote project quality at entry by:

- Ensuring staff are sensitized and encouraged to use these funds to support the identification and implementation of the IOP, including ESW.
- Increasing the total funds and maximum allocation for the PPF, MIC-TAF and other sources of funds.
- Diversifying the approved use of preparation facilities to reduce transaction costs and address systemic constraints to project preparation.

Recommendation 6 – Staffing and training: Enhance the capacity of staff to manage projects effectively by:

- Introducing a comprehensive and mandatory training program for all task managers.
- Identifying benchmarks for the number of projects per task manager and allocating resources appropriately. These benchmarks should reflect the different workloads associated with the preparation and supervision of operations.

Recommendation 7 – Incentives and resources: Strengthen incentives for portfolio quality in addition to approvals by:

- Identify meaningful indicators of quality at entry with a demonstrated relationship to project implementation progress and monitor these indicators over time.
- Including indicators of quality at entry and pipeline development among the Bank’s corporate KPIs.

Recommendation 8 – Quality at entry of NSOs: Identify a framework for reinforcing the evaluability of non-sovereign operations by:

- Assessing the evaluability of NSOs in addition to their potential development outcomes, including the identification of a clear and substantiated intervention logic and credible performance measures.
- Identifying a quality enhancement mechanism to strengthen the development rationale and intervention logic of NSOs, particularly for projects demonstrating weak evaluability.

Recommendation 9 – Credit risk of NSOs: Strengthen mechanisms for verifying the mitigation of credit risks for non-sovereign operations by:

- Implementing a readiness filter for project finance and corporate loans to provide good practice guidance to investment officers and inform the review process.

- Reinforcing the role of credit risk officers in ensuring that key risks are adequately addressed and enforced in loan agreements.

Recommendation 10 – Corporate governance risk of NSOs: Increase emphasis on corporate governance risks among non-sovereign operations by:

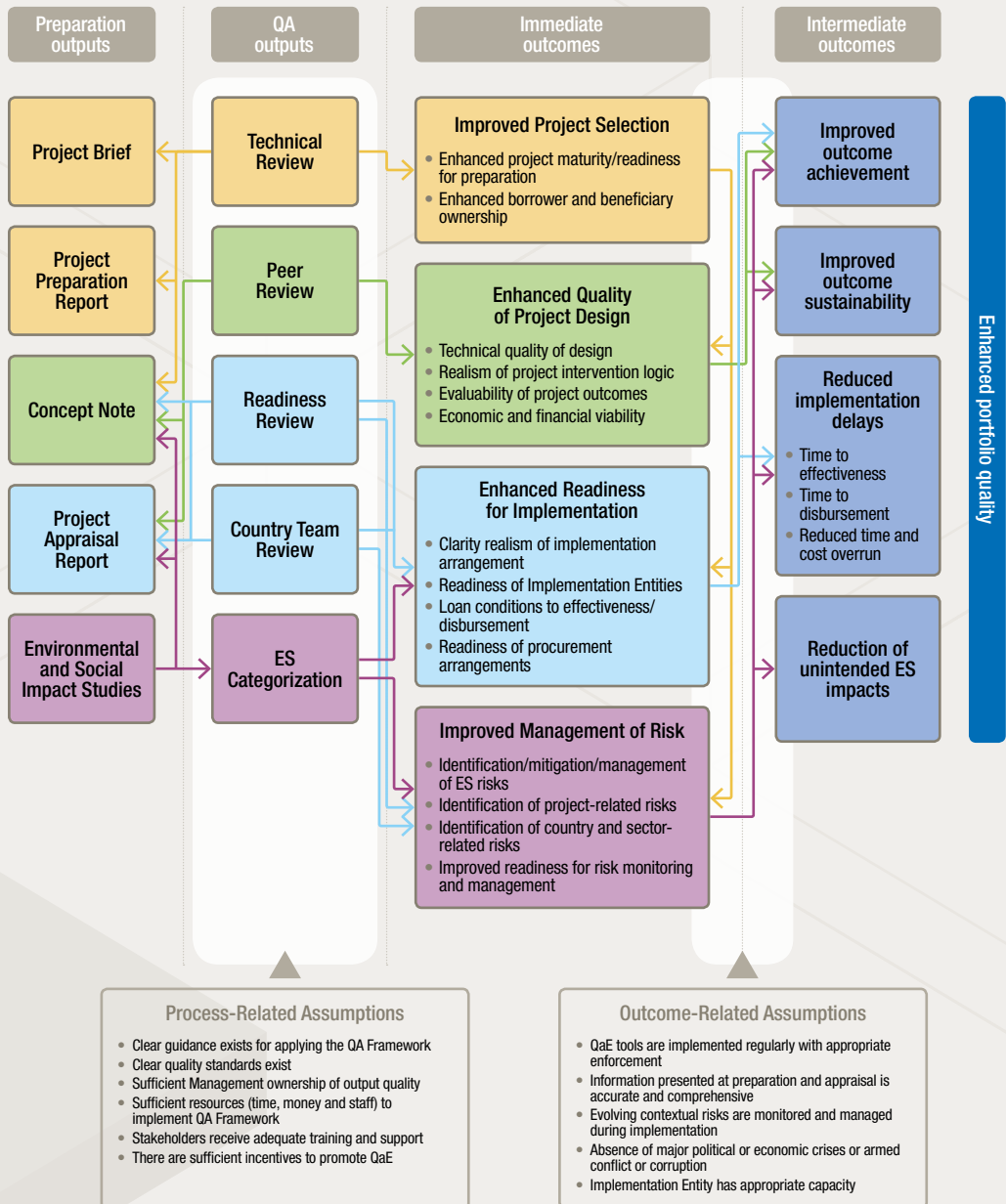
- Re-engaging with the DFI Working Group on Corporate Governance and provide training to investment officers on corporate governance issues.
- Identifying Technical Assistance Funds devoted to corporate governance issues for NSOs, particularly for operations involving lower-tier banks.
- Leveraging Technical Assistance more systematically to mitigate corporate governance risks prior to disbursement of a loan and monitoring performance on the basis of changes in behavior. ■



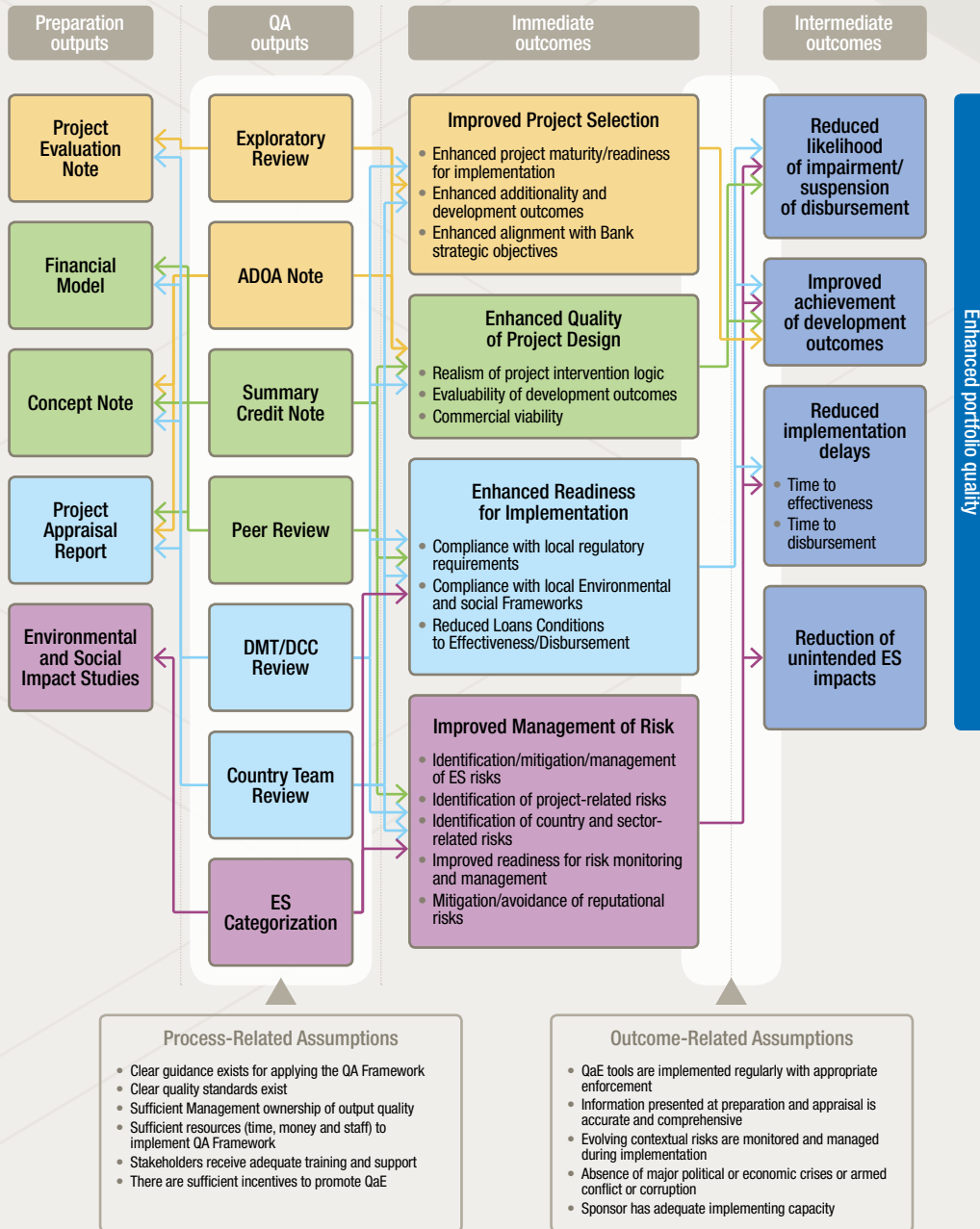


Annex A – Evaluation Theory of Change

Sovereign Operations



Non-Sovereign Operations



Annex B – Evaluation Questions and Matrix

Evaluation question	Judgement criteria	Mapping		Data collection activities
		Indicators	Data sources	
EQ 0.1: How is the Bank's project identification, preparation and appraisal process defined and what is its intended purpose? How is quality at entry assessed throughout this process?	N/A	<ul style="list-style-type: none"> Identification of key milestones in the identification, preparation and appraisal process. Identification of review tools and criteria and their intended purpose. 	<ul style="list-style-type: none"> Operations Manual Specific Guidelines and Directives for QaE tools Interviews with Stakeholders 	<ul style="list-style-type: none"> Document Review (IDEV) Interviews with Bank staff (IDEV)
EQ 0.2: To what extent have recommendations from previous assessments with respect to ensuring quality at entry at preparation and appraisal been addressed?	N/A	<ul style="list-style-type: none"> Identification of how recommendations from previous assessments have been addressed. Extent to which stakeholders perceive that QaE processes have changed over time. 	<ul style="list-style-type: none"> Internal Corporate Assessments Past evaluations Interviews with key stakeholders Stakeholder survey 	<ul style="list-style-type: none"> Document Review (IDEV) Stakeholder Interviews (IDEV) Stakeholder Survey (Lattanzio)
EQ 0.3: What are the outputs of the Bank's review tools? How do these outputs contribute to the overall project cycle?	N/A	<ul style="list-style-type: none"> Identification of review outputs and their role in the preparation and appraisal of projects. 	<ul style="list-style-type: none"> Operations Manual Specific Guidelines and Directives for QaE tools Interviews with Stakeholders 	<ul style="list-style-type: none"> Document Review (IDEV) Stakeholder Interviews (IDEV)
EQ 0.4: What are the inputs into the process in terms of time, financial and human resources (including the skills mix)?	N/A	<ul style="list-style-type: none"> Benchmarking: Average time from identification to approval (public and private). Benchmarking: Ratio of preparation costs to Net loan. Benchmarking: Average number of staff assigned to identification/appraisal missions. Benchmarking: Proportion of appraisal teams that include experts in cross-cutting themes. 	<ul style="list-style-type: none"> SAP Data Operations Manual Budget Data Desk Review of Projects. Comparator interviews and data request 	<ul style="list-style-type: none"> Document Review (IDEV) Stakeholder Interviews (IDEV) Qualitative Desk Review of Projects (IDEV/Lattanzio) Comparator Study (IDEV)

Evaluation question	Judgement criteria	Indicators	Relevance	Lines of evidence	Data collection
EQ 1.1: To what extent are the Bank's tools and processes for promoting Quality at Entry fit for purpose?	<ul style="list-style-type: none"> ■ Extent to which standardized tools are in place to measure and assess quality. ■ Extent to which data from QaE tools are integrated into coherent process. ■ Extent to which QaE data are audited and quality controlled. ■ Extent to which QaE data are used systematically to inform decision-making. ■ Extent to which data are used to evaluate the existing tools to facilitate continuous improvement. 	<ul style="list-style-type: none"> ■ Evidence of formalized tools for measuring and assessing QaE. ■ Evidence of standards for how QaE tools should be implemented. ■ Evidence of a formalized process or strategy to integrate data across different tools to assess the QaE of projects. ■ Evidence of a platform for integrating and tracking information about project QaE. ■ Evidence of a process for systematically assessing the quality of QaE data for projects. ■ Evidence of formalized procedures for using QaE data to inform decision-making. 	<ul style="list-style-type: none"> ■ Operations Manual ■ Specific Guidelines and Directives for QaE tools ■ Interviews with key stakeholders ■ QAD data 	<ul style="list-style-type: none"> ■ Document Review (IDEV) ■ Interviews with Bank staff (IDEV) ■ Stakeholder Survey (Lattanzio) 	
EQ 1.2: To what extent do the Bank's review tools and procedures during preparation and appraisal target issues relevant to quality at entry?	<ul style="list-style-type: none"> ■ Extent to which QaE tools target key factors underlying QAE. ■ Extent of disconnect between existing QaE ratings and validated ratings. ■ Extent of relationship with project outcomes: i) time to effectiveness; ii) time to first disbursement; and iii) achievement of outcomes. 	<ul style="list-style-type: none"> ■ Extent to which stakeholders feel that QaE tools address relevant factors. ■ Alignment of the Bank's tools with the practices of comparator institutions and evidence from literature. ■ For sovereign operations, relationship between existing ratings, validated ratings and project outcomes: i) time to first disbursement; ii) implementation progress and iii) achievement of outcomes. ■ For NSOs, relationship between risks, validated ratings and project outcomes: i) time to signature and disbursement; ii) watchlisting and iii) jeopardy/joint venture/impairment. 	<ul style="list-style-type: none"> ■ Specific Guidelines and Directives for QaE tools ■ Comparator Documents and Interviews ■ Interviews with key stakeholders ■ Academic Literature ■ Logistic regression of QaE scores (existing and validated) on achievement of outcomes ■ Multiple Linear Regression of QaE scores (existing and validated) on time to first disbursement and implementation progress for sample of ongoing projects 	<ul style="list-style-type: none"> ■ Desk validation of projects (Lattanzio) ■ Literature review (IDEV) ■ Document review (IDEV) ■ Stakeholder Interviews (IDEV) ■ Comparator Review (IDEV) ■ Quantitative Analysis (IDEV) 	

Evaluation question		Judgement criteria	Indicators	Relevance	Lines of evidence	Data collection
EQ 1.3: How do the Bank's project preparation and appraisal process reflect the requirements of the Integrated Safeguards System?	<ul style="list-style-type: none"> Extent to which the existing project preparation and approval process is aligned to the requirements of the ISS. 	<ul style="list-style-type: none"> Evidence of a clearly defined process and accountabilities to ensure compliance with the requirements of the Integrated Safeguards System. Extent to which stakeholders report that the Bank's processes for managing environmental and social risk are clear and relevant. 	<ul style="list-style-type: none"> Operations Manual Specific Guidelines and Directives for QaE tools Integrated Safeguards Policy and Guidelines Interviews with Key Stakeholders Stakeholder Survey 	<ul style="list-style-type: none"> Document Review (IDEV) Stakeholder Interviews (IDEV) Stakeholder Survey (Lattanzio) 		
EQ 1.4: How do the Bank's project preparation and appraisal processes address cross-cutting themes, including gender, fiduciary risks and fragility?	<ul style="list-style-type: none"> Extent to which the existing project preparation and approval process is aligned with the Bank's policies pertaining cross-cutting themes. 	<ul style="list-style-type: none"> Existence of a clearly defined process and accountabilities to address cross-cutting themes during project preparation and appraisal. Extent to which stakeholders report that the Bank's processes for addressing cross-cutting themes are clear and relevant. 	<ul style="list-style-type: none"> Operations Manual Specific Guidelines and Directives for QaE tools Review of internal policy documents for cross-cutting themes. Interviews with Key Stakeholders Stakeholder Survey 	<ul style="list-style-type: none"> Document Review (IDEV) Stakeholder Interviews (IDEV) Stakeholder Survey (Lattanzio) 		
EQ 1.5: To what extent does the Bank's approach to ensuring quality at entry reflect the practices of comparator institutions?	<ul style="list-style-type: none"> Extent to which the Bank is aligned with comparator institutions with respect to: <ol style="list-style-type: none"> factors measured to determine QaE and methods of measurement; timing, role and number of review mechanisms throughout preparation and appraisal; and use of filters and minimum criteria for projects; and institutionalization of QaE processes. 	<ul style="list-style-type: none"> Evidence from comparators regarding: i) content of review tools and methods for assessing QaE; ii) timing, role and number of review tools; and iii) identification of minimum criteria for projects. Identification of implementation challenges and solutions among comparators. Benchmarking: Ratio of preparatory funds to Net loan amount. Benchmarking: Number of review and clearance stages. Benchmarking: Expected / Average preparation timeline for projects. 	<ul style="list-style-type: none"> Operations Manual Specific Guidelines and Directives for QaE tools Review of comparator documents Review of academic and comparator literature Interviews with key stakeholders Interviews with comparator organizations Process Mapping against comparators 	<ul style="list-style-type: none"> Document Review (IDEV) Literature Review (IDEV) Comparator Interviews and data request (IDEV) 		

Evaluation question		Judgement criteria	Indicators	Effectiveness	Lines of evidence	Data collection
EQ 2.1: To what extent are outputs delivered as expected and to an appropriate standard of quality?	<ul style="list-style-type: none"> ■ Extent to which approved projects are subject to all review tools. ■ Extent to which projects receive waivers for aspects of the preparation and appraisal process. ■ Extent to which review outputs adhere to the identified methodology. 	<ul style="list-style-type: none"> ■ % of projects that are subject to all relevant review tools. ■ % of non-compliant projects subject to a waiver. ■ % of RR notes deemed to be of acceptable quality, realism and timeliness. ■ Benchmarking: Proportion of approved projects subject to a waiver. 	<ul style="list-style-type: none"> ■ File Review of Project Documents ■ Specific Guidelines and Directives for QaE tools ■ QAD data ■ Perceptions of QaE specialists. 	<ul style="list-style-type: none"> ■ Desk Review of projects (IDEV/Lattanzio) ■ Document Review (IDEV) ■ Interviews with Stakeholders (IDEV) ■ Stakeholder Survey (Lattanzio) 		
EQ 2.2: To what extent are the Bank's review tools adding value to projects as expected?	<ul style="list-style-type: none"> ■ Extent to which the content of review outputs is relevant to quality at entry. ■ Extent to which the feedback from review tools is actionable. ■ Extent to which review outputs contribute to changes in project documents. ■ For NSOs: Extent of alignment between development rationale, ADOA and Logframe. 	<ul style="list-style-type: none"> ■ Proportion of comments from peer review, RR and CTM relevant to Readiness Review Dimensions. ■ Proportion of comments at concept and appraisal that are incorporated into the project documents. ■ Proportion of projects for which requirements at entry are identified as loan conditions (and identification of type of requirement). ■ NSOs: Proportion of projects with gaps in development rationale and ADOA and Logframe and ADOA. ■ NSOs: identification of "omitted" outcomes not being measured. ■ Factors identified by stakeholders as contributing to the value added by each review tool. 	<ul style="list-style-type: none"> ■ Specific Guidelines and Directives for QaE tools ■ File Review of Projects ■ Comparator Interviews and Data Request ■ Stakeholder survey of task managers and country team members ■ Interviews with stakeholders 	<ul style="list-style-type: none"> ■ Qualitative Desk Review (IDEV/Lattanzio) ■ Document Review (IDEV) ■ Interviews with Stakeholders (IDEV) ■ Stakeholder Survey (Lattanzio) 		
EQ 2.3: What trends exist for the Quality at Entry of the Bank's projects over time?	<ul style="list-style-type: none"> ■ Extent of disconnect between existing and validated ratings for QaE (where possible). ■ Extent of variability in existing and validated QaE ratings over time and within year. ■ Identification of factors contributing to observed variability of project ratings over time. ■ NSOs: Extent of evaluability of NSOs. 	<ul style="list-style-type: none"> ■ Average validated scores for QaE (evaluability, economic analysis, implementation readiness, risk management). ■ ANOVA of existing / validated QaE ratings by year. ■ ANOVA of existing / validated QaE ratings by quarter of approval. ■ Extent to which key stakeholders perceive that the QaE of projects has improved over time. ■ Factors identified by stakeholders as contributing to any observed trends in the QaE of projects. 	<ul style="list-style-type: none"> ■ Existing QaE ratings (RR, SON, ADOA) ■ Validated QaE Ratings for public and private sector projects ■ Interviews with process owners, management and the Board ■ Stakeholder Survey 	<ul style="list-style-type: none"> ■ Desk Validation of Projects (Lattanzio) ■ Qualitative Analysis (IDEV) ■ Stakeholder Interviews (IDEV) ■ Stakeholder Survey (Lattanzio) 		

Evaluation question	Judgement criteria	Indicators	Effectiveness	Lines of evidence	Data collection
EQ 2.4: To what extent does the process ensure compliance of Bank projects with institutional policies for cross-cutting themes, including gender, inclusive growth, fiduciary management and fragility?	<ul style="list-style-type: none"> ■ Extent to which Bank projects comply with Bank standards pertaining to cross-cutting themes. ■ Extent to which the Bank's review processes address relevant issues and risks pertaining to cross-cutting themes comprehensively. 	<ul style="list-style-type: none"> ■ Proportion of projects that are fully compliant with the Bank's policy requirements for cross-cutting issues at approval. ■ Proportion of projects that contain "omissions" pertaining to cross-cutting themes when best practice methodology is applied. ■ Extent to which internal stakeholders perceive that processes addressing cross-cutting themes during project preparation and appraisal are effective. ■ Identification of institutional and contextual factors contributing to or constraining the compliance of projects. 	<ul style="list-style-type: none"> ■ File Review of Projects ■ Specific Guidelines and Directives for QaE tools ■ Interviews with managers, task managers and specialists ■ Survey evidence from managers, task managers and specialists ■ Evidence from case study site visits 	<ul style="list-style-type: none"> ■ Qualitative Desk Review (Lattanzio) ■ Document Review (IDEV) ■ Stakeholder Interviews (IDEV) ■ Stakeholder Survey (Lattanzio) ■ Field Visits (IDEV) 	
EQ 2.5: How do the Bank's QaE tools contribute to the identification and use of lessons learned?	<ul style="list-style-type: none"> ■ Extent to which QaE information is used systematically to inform supervision and design of new projects (there is an expectation as part of the process). ■ Extent to which project completion data and lessons learned are used to inform future projects. 	<ul style="list-style-type: none"> ■ Extent to which there is a documented practice of using QaE information to inform supervision. ■ Extent to which lessons learned from past projects have been integrated into the design and intervention logic for new projects. ■ Stakeholder perception of the value of completion data and project preparation data to inform decision-making. ■ Identification of institutional and contextual factors that contribute to the use of QaE and project completion data to inform decision-making. 	<ul style="list-style-type: none"> ■ Bank Documents ■ Interviews with Task Managers and specialists ■ Desk Review of projects ■ Stakeholder Survey ■ Field visits 	<ul style="list-style-type: none"> ■ Document Review (IDEV) ■ Interviews with Task Managers (IDEV) ■ Desk Review of Projects (Lattanzio) ■ Stakeholder Survey (Lattanzio) ■ Country Case Studies (IDEV) 	
EQ 2.6: How does this process contribute to the efficient implementation of projects and the achievement of development results?	<ul style="list-style-type: none"> ■ Likelihood that a Bank project with average validated ratings will achieve most of its expected outcomes. ■ Identification of key factors pertaining to QaE and Supervision that contribute to the achievement of results in context. 	<ul style="list-style-type: none"> ■ Predicted likelihood that approved projects will achieve most of their expected outcomes given validated QaE ratings. ■ QCA analysis of case study projects. ■ Extent to which stakeholders note that quality at entry processes have contributed to the efficient implementation of projects and the achievement of results. 	<ul style="list-style-type: none"> ■ Validated QaE Ratings ■ Logistic Regression (development of validated model) ■ SAP data ■ Portfolio flashlight and supervision data ■ Interviews with key stakeholders ■ Stakeholder Survey ■ Field visits of projects 	<ul style="list-style-type: none"> ■ Desk Validation of Projects (Lattanzio) ■ Quantitative analysis (IDEV) ■ QCA (IDEV) ■ Stakeholder Interviews (IDEV) ■ Stakeholder Survey(IDEV) 	

Evaluation question		Judgement criteria	Indicators	Efficiency	Lines of evidence	Data collection
EQ 3.1: To what extent do the Bank's tools for QaE demonstrate cost-efficiency?	<ul style="list-style-type: none"> ■ Comparison of Bank preparation and approval process with comparators in terms of time and layers of approval. ■ Extent to which stakeholders perceive the preparation process time and inputs to be reasonable. 	<ul style="list-style-type: none"> ■ Extent to which stakeholders perceive the time and resources required for preparation are reasonable. ■ Benchmarking: Number of decision meetings and approval layers between identification and approval. ■ Benchmarking: Average time from identification to approval (public and private). ■ Benchmarking: Ratio of preparation costs to Net loan. 	<ul style="list-style-type: none"> ■ Operations Manual ■ Comparator Documents and data request ■ Stakeholder interviews ■ Stakeholder survey 	<ul style="list-style-type: none"> ■ Document Review (IDEV) ■ Comparator visits (IDEV) ■ Stakeholder Interviews (IDEV) ■ Stakeholder Survey (Lattanzio) 		
EQ 3.2: Are the Bank's QaE tools cost-effective compared to other available models?	<ul style="list-style-type: none"> ■ Extent of relationship between time for project preparation, time to first disbursement and implementation progress. ■ Extent to which stakeholders report that existing processes contribute to efficient and effective implementation of projects. 	<ul style="list-style-type: none"> ■ Multiple Linear Regression of time for appraisal on time to first disbursement and implementation progress. ■ Extent to which stakeholders perceive that their existing review process adds value to projects. <p>Inputs:</p> <ul style="list-style-type: none"> ■ Benchmarking: Time from Identification to Approval. ■ Benchmarking: Average budgeted preparation costs. <p>Outcomes:</p> <ul style="list-style-type: none"> ■ Benchmarking: Average time to first disbursement. 	<ul style="list-style-type: none"> ■ Operations Manual ■ SAP ■ Comparator Data ■ Interviews with Key stakeholders 	<ul style="list-style-type: none"> ■ Document Review (IDEV) ■ Interviews with Key Stakeholders ■ Comparator Missions 		

Evaluation question		Judgement criteria		Indicators		Sustainability		Lines of evidence		Data collection	
EQ 4.1: To what extent to stakeholders perceive the process to be clear, relevant, credible and useful? How has the level of stakeholder buy-in contributed to implementation / compliance?	<ul style="list-style-type: none"> ■ Extent of task manager ownership of QaE tools. ■ Extent to which there is sufficient management ownership of QaE tools. ■ Extent to which stakeholders report using QaE process outputs to inform project supervision. 	<ul style="list-style-type: none"> ■ Extent to which stakeholders report that their role and responsibilities are clear and that existing tools are useful. ■ Extent to which feedback from QaE tools are discussed by Senior Management. ■ Extent to which management declines to approve projects due to quality concerns. ■ Extent to which stakeholders report using information from QaE to inform supervision. ■ Proportion of projects that comply with the entire QaE process. 	<ul style="list-style-type: none"> ■ Interviews with task managers, managers and senior management ■ Stakeholder Survey ■ File Review of Projects 	<ul style="list-style-type: none"> ■ Stakeholder Interviews ■ Stakeholder Survey ■ Qualitative Desk Review 							
EQ 4.2: Are appropriate systems and tools available to: i) support the collection and dissemination of outputs and lessons learned; and ii) monitor the quality of review outputs?	<ul style="list-style-type: none"> ■ Extent to which tools exist to store review data from projects for access by staff and disseminate lessons. ■ Extent to which knowledge management platforms are used to monitor the quality of review data. ■ Use of existing knowledge management platforms to identify best practices and lessons for new projects. 	<ul style="list-style-type: none"> ■ Identification of tools to store, manage and disseminate data from review tools. ■ Identification of tools to identify and disseminate lessons learned. ■ Proportion of task managers who report using knowledge platforms to identify lessons learned. ■ Extent of Integration of QaE tools with supervision and completion reporting tools. ■ % of QaE reviews subjected to quality audits each year. 	<ul style="list-style-type: none"> ■ Interviews with Stakeholders ■ Stakeholder Survey ■ QAD data ■ EVRD user metrics 	<ul style="list-style-type: none"> ■ Interviews with key stakeholders (IDEV) ■ Stakeholder Survey (Lattanzio) ■ Document Review (IDEV) 							
EQ 4.3: To what extent is there sufficient skills mix, training, technical support and guidance to support the implementation of this tool as intended?	<ul style="list-style-type: none"> ■ Extent to which reviews are implemented by staff with appropriate expertise. ■ Existence of technical assistance and support for the implementation of review tools. ■ Use of technical support and guidance by project teams to improve QaE. 	<ul style="list-style-type: none"> ■ Identification of sector, evaluability expertise among staff implementing QaE tools. ■ Identification of training and support services provided for implementation of QaE tools. ■ Extent to which stakeholders perceive process support services to be useful and credible. ■ Proportion of task managers who receive formal training in project preparation processes. 	<ul style="list-style-type: none"> ■ Bank training data ■ Interviews with Key Stakeholders ■ Stakeholder Survey 	<ul style="list-style-type: none"> ■ Document Review (IDEV) ■ Stakeholder Interviews (IDEV) ■ Stakeholder Survey (Lattanzio) 							

Evaluation question	Judgement criteria	Indicators	Sustainability	Lines of evidence	Data collection
<p>EQ 4.4: What incentives are in place to ensure the implementation of this process as designed?</p>	<ul style="list-style-type: none"> ■ Proportion of projects that management does not approve to move forward. ■ Extent to which design problems identified during preparation are addressed prior to Board approval. ■ Extent to which stakeholders are held accountable for results. 	<ul style="list-style-type: none"> ■ Extent to which stakeholders perceive that appropriate emphasis is placed on QAE of projects prior to project approval. ■ Identification of contradictory incentives constraining quality. ■ Proportion of projects for which review comments are addressed before approval. ■ Extent to which stakeholder report that projects are stalled based on quality concerns. ■ Proportion of projects not approved at OPSCOM and Board meetings. ■ Extent to which KPIs are balanced between approvals and results. 	<ul style="list-style-type: none"> ■ Stakeholder interviews ■ QAD data ■ File Review of Projects ■ OPSCOM Meeting minutes ■ Country Team Meeting Minutes 	<ul style="list-style-type: none"> ■ Stakeholder Interviews (IDEV) ■ Qualitative Desk Review (IDEV) ■ Document Review (IDEV) ■ Stakeholder Survey (Lattanzio) 	

Annex C – Detailed Methodology

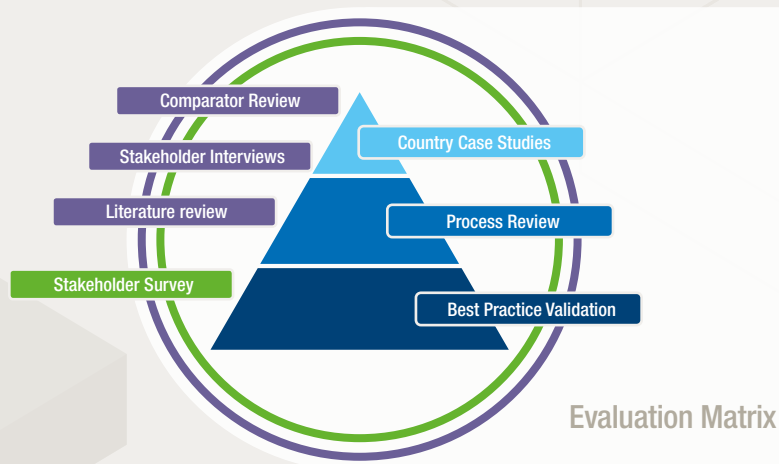
The evaluation was implemented using a mixed-methods design that triangulates multiple sources of qualitative and quantitative evidence and leverages several different data analysis techniques. The purpose of this annex is to identify the different lines of evidence that were collected and describe how these data were analyzed to address the evaluation questions.

An overview of the specific evaluation questions, lines of evidence, data analysis techniques, indicators and judgement criteria are outlined in the evaluation matrix (Annex B). The different lines of evidence and data analysis techniques in further detail below.

Overall Methodological Structure and Rationale

The overall methodological structure includes an analysis of 7 lines of evidence representing two different perspectives: i) a contextual perspective, including feedback from internal stakeholders, RMCs and comparators; and ii) and a project-based perspective, including gradually deeper layers of review for a sample of operations. The overall methodological structure is illustrated in Figure A.1. The outer rings of the model represents the contextual perspective for quality, whereas the triangular figure inside the figure represents the project-based perspective and review.

Figure A.1: Overview of the evaluation's lines of evidence



The Context for Quality – Available Literature and Stakeholder Perspectives

The objectives of the contextual review were to identify: i) the Bank's institutional context for quality at entry; ii) perspectives of key stakeholders, including Bank staff and RMCs about the quality at entry of and iii) perspectives and best practices of comparators. The "context for quality" was examined through four lines of evidence: i) document and literature reviews; ii) comparator analyses; and iii) stakeholder interviews; and iv) a survey of staff.

Document and Literature Review

The evaluation methodology was informed by an extensive literature and document review, including internal Bank documents and policies as well as academic literature and white papers. This document review continued throughout the conduct of the evaluation to increase the knowledge base upon which the evaluation findings are based and identify relevant issues for further examination.

The purpose of this analysis was to:

- Identify key factors underpinning the quality at entry of projects;
- Identify existing good practices for promoting quality at entry of projects;
- Map the Bank's internal tools processes for ensuring the quality at entry of projects; and
- Compile existing evaluative evidence regarding the quality at entry of the Bank's projects.

A list of selected documents reviewed is provided in Table A.1, below.

Table A.1: Key Documents Reviewed to Support the Evaluation

Document type	Document
Presidential Directives	■ PD 03/2013
	■ PD 02/2015
Operational Policies Guidelines and Directives	■ Operations Manual 2015
	■ Business Manual 2014
	■ Business Manual 2016
	■ Organizational Manual 2015
	■ Procurement Policy
	■ Procurement Guidelines
	■ Financial Management Policy
	■ Financial Management Guidelines
	■ Integrated Safeguards Policy
	■ Integrated Safeguards Guidelines
■ Gender Policy	

Document type	Document
Quality Guidelines and Standards	Readiness Review Staff Guidelines
	Readiness Review Staff Guidelines Update
	ADOA Framework
	ADOA Framework 2.0
	Credit Risk Policy
	Credit Risk Guidelines

Comparator reviews

In addition to the literature review, IDEV considered how comparator organizations promote the QaE of new projects. The objectives of the comparator review were to:

- Compare the Bank's existing framework for ensuring the QaE of projects against those of comparators and identify good practices;
- Inform the development of a Best Practice Validation Tool to assess the quality at entry of a random sample of projects against an evidence-based standard; and
- Conduct a benchmarking exercise for key indicators.

The selection of comparator institutions was based on similarity in sectors of operation and the size and scope of projects. Most comparators were selected based on the similarity of their institutional context to that of the Bank and their presence in Africa; however, one regional MDB operating outside of Africa, one independent foreign aid agency and one UN agency were selected to provide a diversity of perspective.

The selected comparators were: i) World Bank Group / IFC; ii) Inter-American Development Bank / IDB Invest; iii) Development Bank of Southern Africa; (iv) Millennium Challenge Corporation; v) International Fund for Agriculture Development (IFAD); and vi) the European Bank for Reconstruction and Development (EBRD).

The comparator review involved four main activities: i) review and mapping of comparator processes; ii) review of relevant comparator institutional reviews and research; iii) interviews with key interlocutors; and iv) collection of benchmarking data.

The comparator review was carried out in two phases. Five comparator institutions were visited in February and March 2018 as part of the scoping phase of the evaluation to help identify best practices to inform the development of a Best Practice Validation Tool. These five comparators were selected based on convenience in that they were located in the same city. These visits involved the collection of key documentation for each organization as well as 26 interviews with key interlocutors. The remaining comparator institutions were addressed through and additional 12 internet-based interviews and document reviews. Overall, a total of 48 stakeholders were consulted.

Comparator interviews were used to identify benchmarking indicators against which to assess the Bank's preparation processes. These benchmarking indicators have been selected with emphasis on resource allocation, cost efficiency and cost-effectiveness of project preparation processes (See tables A.2 and A.3).

Table A.2: Benchmarking Indicators for Sovereign Operations

Benchmarking indicators – Sovereign operations
■ Time from identification to appraisal
■ % of projects using additional preparatory funds
■ Preparation funds as a proportion of net loans
■ Average time from approval to loan effectiveness
■ Average time from approval to first disbursement
■ Project to task manager ratio

Table A.3: Benchmarking Indicators for Non-Sovereign Operations

Benchmarking indicators – Non-sovereign operations
■ % NPLs / Impairment
■ Average time from approval to signature

Internal stakeholder interviews

Interviews were conducted to solicit in-depth feedback from key groups of internal stakeholders regarding the Bank's quality at entry processes for sovereign and non-sovereign operations.

These five stakeholder groups reflect different “roles” within the project identification, preparation, appraisal and approval processes of the Bank:

- **Task managers, Investment Officers and Portfolio Officers** are responsible for project preparation, appraisal and supervision. Various review stages across the project cycle are meant to assist these staff in strengthening the project design, ensuring implementation readiness and alignment with the country context.
- **Corporate Specialists**, including the Readiness Review team, ADOA team, Credit Risk experts, PINS team, safeguards experts, fiduciary experts, gender and climate change specialists, apply specific expertise to ensure that proposed projects reflect the Bank's corporate policies and standards prior to approval.
- **Sector Directors and Managers** serve as the first “gatekeepers” for proposed projects, ensuring that they are of sufficient technical quality and implementation readiness prior to review and clearance by higher levels of management.
- **Country Team Members**, including the Country Manager and Country Program Officer play an important role in the identification of projects and management of the preparation pipeline as well as the review of operations.
- **The Board and Senior Management** are responsible for the final review and approval of proposed operations prior to the entry of a project into the Bank's portfolio.

Table A.4: Number of Interviewees by Stakeholder Group

Stakeholder group	Number of interviewees
Board and Senior Management	15
Sector Directors and Managers	9
Task Managers / Investment Officers	37
Corporate Specialists	48
Country Managers/CPOs	9
RMC Stakeholders / Development Partners	110
Comparator interlocutors	48

Stakeholder interviews were carried out using a semi-structured approach, guided by a framework of questions aligned to the evaluation issues. Data from stakeholder interviews were recorded and analyzed through manual coding to identify recurrent themes across different stakeholder groups.

Internal Stakeholder interviews were conducted with over 118 individual stakeholders across 5 main stakeholder groups, illustrated in table A.4. In addition, external consultations were held with over 150 stakeholders from RMCs, Development Partners and Comparator interlocutors.

Stakeholder survey

Whereas stakeholder interviews were conducted with staff at headquarters and staff at country offices visited by the evaluation team, it was not possible to conduct face-to-face interviews with staff working outside of these contexts. The stakeholder survey was implemented as a means of expanding the reach of the evaluation and collecting feedback from targeted staff working in Abidjan as well as the Bank's regional and country offices.

With respect to quality at entry, the survey targeted 4 main groups of staff: i) task managers for sovereign operations; ii) investment officers and portfolio officers for non-sovereign operations; iii) Country Managers and Country Program Officers; and iv) the Bank's Executive Directors.

Across these groups, a total of 433 stakeholders were targeted, with 85 providing a response, for an overall response rate of 19.6%. However, because each group of respondents answered a different set of questions targeted to their role, overall confidence intervals needed to be calculated by group. Unfortunately, feedback from the investment officers and portfolio officers were omitted due to an unacceptably high margin of error. Responses for task managers (90% CI of +/- 12%), Country Managers/Portfolio Officers (90% CI of +/- 23%) and Executive Directors (90% CI of +/- 20%) were retained.

The Summary report considers the margin of error when using survey data in the analysis, incorporating results only where they provide a meaningful picture of stakeholder views when the margin of error is considered.

The Project-Based Perspective: What is the Quality at Entry of Bank Projects?

Project-based assessments of quality at entry were conducted through three layers of review, with each subsequent layer providing a deeper level of review for a smaller subset of the project sample. These layers of analysis include: i) a quantitative analysis of the quality at entry of a sample of 115 sovereign and 50 non-sovereign projects approved over the evaluation period; ii) a procedural analysis for a subset of 25 sovereign operations; and iii) a contextual analysis involving field visits to 5 case study countries, involving 24 ongoing operations.

The objectives of these analyses were to:

- Assess the quality at entry of the Bank's projects against an evidence-based standard;
- Assess the implementation of quality review tools across project preparation and appraisal;
- Establish linkages between QaE challenges and project implementation; and
- Identify how contextual challenges interact with the quality at entry of projects to influence the achievement of results.

This approach was taken to address limited resources available in conducting the evaluation. On one hand, a large sample size was needed to ensure adequate statistical power for the quantitative analysis project quality at entry. Qualitative analyses were used to provide a deeper analysis of procedural and contextual factors underlying quality and implementation performance, but these reviews are more resource intensive. The layered approach allowed these different perspectives to be considered while maintaining an appropriate degree of rigor.

Quantitative analysis of project quality at entry

The quantitative analysis of project quality at entry involved a desk validation exercise using IDEV's Best Practice Validation Tool to assess the quality at entry of projects against an evidence-based standard. This tool was applied to a random sample of 115 sovereign operations and 50 non-sovereign operations approved over the evaluation period.

Best Practice Validation for Sovereign Operations

IDEV first sought to identify an evidence-based standard for quality at entry through the development of a Best Practice Validation Tool. The Best Practice Validation tool leverages good practices observed from interviews and documents from the Inter-American Development Bank, World Bank, Asian Development Bank and Millennium Challenge Corporation. It comprises four dimensions observed to be critical for ensuring the quality at entry of projects: i) evaluability; ii) financial and economic analysis; iii) implementation readiness; iv) risk management.

By combining the best practices of several institutions, the tool represents an “ideal” standard for quality at entry rather than the standard in place at any one comparator institution. Each dimension is scored according to whether specific criteria are judged to be present or absent, with a final score being identified on a scale of 0–4 based on the average of each dimension.

Table A.5 provides a definition of each criteria and indicates the “best practice” upon which the dimension is based.

Each review involved a close reading of the Project Appraisal Report and Technical Annexes. Projects were reviewed by experts with at least 10 years of experience in the design, implementation and evaluation of projects in the corresponding sector. In addition to assessing the specific BP Validation criteria under each dimension, these experts were encouraged to examine the quality and credibility of the information provided and provide a justification for their judgement. The BP Validation was first tested and refined through a pilot process. Furthermore, IDEV reviewed each validation to ensure quality and consistency in the application of the scoring criteria across sectors.

The Best Practice Validation Tool was first applied to a sample of 20 completed investment projects for which PCRs are available to: i) test the ability of the tool to predict the achievement of outcomes; ii) identify the key factors that differentiate between high performing and lower performing projects; and iii) identify an evidence-based threshold at which projects are likely to be high performing. Minitab statistical software was used to conduct a binary logistic regress analysis of the data. The resulting analysis indicated that the composite of the tool’s evaluability and implementation readiness dimensions (the QaE Composite Score) is a powerful predictor of

Table A.5: Existing Tools, Criteria and Best Practices Informing the Validation Tool

Dimension	Definition and criteria	Best practice
Evaluability	<ul style="list-style-type: none"> █ Extent to which the design of the intervention and targeting of beneficiaries is based on evidence. █ Clarity and realism of the intervention logic given the nature of the development challenge and scope of the intervention. █ Quality of the results framework as well as the monitoring and evaluation arrangements. 	IDB Development Effectiveness Matrix (DEM) ⁸⁷
Financial and Economic Analysis	<ul style="list-style-type: none"> █ Conduct of an evidence-based Cost-Benefit or Cost-Effectiveness Analysis, including evidence-based assumptions. █ Quality of the sensitivity analysis and identification of switching points. 	IDB Development Effectiveness Matrix (DEM) Asian Development Bank Guidelines on Economic Analysis ⁸⁸
Implementation Readiness	<ul style="list-style-type: none"> █ Readiness of Implementing Arrangements, including implementation units, manuals, procurement arrangements and management of Environmental and Social Risk. █ Readiness of design elements, including feasibility and engineering studies. █ Implementation progress of other operations in the same sector. 	World Bank Implementation Readiness Checklist ⁸⁹
Risk Management	<ul style="list-style-type: none"> █ Comprehensiveness of the risk assessment, including identification of the likelihood and potential impact of identified risks. █ Use of risk information to build an evidence-based risk monitoring and mitigation strategy. 	IDB Development Effectiveness Matrix (DEM) World Bank Group Systematic Operations Risk-Rating Tool (SORT) ⁹⁰

the extent of outcome achievement and a cut-off score was identified for which projects have a strong likelihood of achieving all expected outcomes.

Upon identifying this standard, the Best Practice Validation Tool was applied to a sample of 115 sovereign operations, including 85 Investment Projects and 30 Policy Based Operations. These data were analyzed to determine whether the quality at entry of projects has changed significantly over the evaluation period. Minitab statistical software was used to perform an ANOVA for investment projects as well as regression analyses of various operations indicators. Due to the smaller number of Policy Based Operations, projects approved during the first half of the evaluation period were compared to those approved during the second half of the evaluation period.

Best Practice Validation for Non-Sovereign Operations

Stakeholders consulted during the scoping phase of the evaluation emphasized the need to ensure that the evaluation adopts an approach that is tailored to the specific context of non-sovereign operations, rather than applying criteria more suitable to the public sector.

Evidence from scoping interviews with the IFC and IDB Invest suggest that the Bank's core review tools for non-sovereign operations, including the ADOA and Summary Credit Note largely reflect comparator best practice in terms of their structure and content. Furthermore, both tools are based on well-established methodology and require specific expertise to undertake. Accordingly, it was determined that "re-doing" these reviews would not yield significant value addition.

However, preliminary scoping interviews and documentary evidence revealed that there is some concern that information from the ADOA and SCN are not being sufficiently leveraged to improve project design prior to Board presentation. Furthermore, evidence from the EBRD, IDB Invest and IFC indicated that increasing emphasis is being placed on the evaluability of non-sovereign operations rather than the identification of potential development outcomes.

Based on these issues, a private sector desk validation tool was developed which addresses two dimensions: i) the evaluability of private sector operations; and ii) the management of credit risks, as outlined in Table A.6, below.

Table A.6: Best Practice Validation Criteria for Non-Sovereign Operations

Dimension	Definition and criteria	Best practice
Evaluability of Development Outcomes	<ul style="list-style-type: none"> ■ Evidence-based description of the development challenge and/or market failure to be addressed. ■ Extent to which the design of the intervention and targeting of beneficiaries is based on evidence. ■ Clarity and realism of the intervention logic given the nature of the development challenge and scope of the intervention. ■ Quality of the results framework as well as the monitoring and evaluation arrangements. 	IDB Invest DELTA Tool ⁹¹ IDB Development Effectiveness Matrix (DEM)
Risk Management	<ul style="list-style-type: none"> ■ Identification of key credit risks. ■ Extent to which key credit risks are deemed to be mitigated. ■ Identification of Conditions Precedent and other mechanisms to mitigate identified credit risks. 	AfDB Summary Credit Risk Note

The relevance and rigor of the tool was ensured through: i) consultation with key process stakeholders for project finance and financial sector development operations; and ii) examining the extent to which ratings from the tool predict certain negative project outcomes. Each project was reviewed by private sector experts with at least 10 years of experience in the design, implementation or evaluation of non-sovereign operations. Each review involved a close reading of the Appraisal Report, ADOA Note, Credit Risk Note and, where available, the loan agreement.

A predictive analysis was performed using binary logistic regression to confirm the predictive validity of the tool and examine the relationship between different types of credit risks and the occurrence of certain negative project outcomes. Negative project outcomes examined included: i) taking longer than 1 year to sign; ii) taking longer than 18 months to disburse; iii) being watchlisted; iv) being referred to the Bank's Special Operations Unit as a jeopardy or joint venture operation; and v) being identified as impaired. Minitab statistical software was used to conduct the analysis.

The Sampling Principle

Project samples for sovereign and non-sovereign operations were identified through stratified random sampling of projects approved between 2013 and 2017. Sovereign operations were stratified by year to help ensure a robust analysis of trends over time. In the case of non-sovereign operations, the sample was stratified by project type based on proportional allocation to ensure adequate representation of project finance/corporate loans and operations involving financial intermediaries. The advantage of using random sampling is the ability to identify unbiased estimates of population parameters that can be generalized to the rest of the Bank's portfolio over the period.

Qualitative Analysis of the Bank's Quality at Entry Process

Whereas the desk validation examines the relevance and validity of the criteria currently used by the Bank to promote QE, the process review examines: i) the extent to which the Bank's procedural framework for quality is being implemented as designed; and ii) the extent to which information generated through this framework is incorporated into the design of new projects prior to Board approval.

The process review also provides an opportunity to examine certain cross-cutting issues in greater detail, including: i) use of project preparation facilities and trust funds; ii) skills mix of preparation and appraisal teams; iii) incorporation of gender into the project design; and iv) extent of stakeholder consultations; and iv) number and nature of loan conditions.

Across both public and private sector projects, the core elements of the process review address four key issues, including: i) **compliance** with the existing review process; ii) **relevance** of review feedback to the Readiness Review dimensions and **actionability** of the feedback provided; iii) **additionality** across different review stages; and iv) **implementation** of feedback into the final PAR to improve QaE.

The process review itself involves a review of all key milestones produced over the course of project identification, preparation and appraisal, including: i) the project brief; ii) the project preparation report; iii) the project concept note; and iv) the project appraisal report. The review also involves the key outputs of different review mechanisms, including the peer review, Readiness Review and Country Team Review.

Individual comments identified across the different review mechanisms were first coded against criteria aligned with the dimensions of the Readiness Review to assess the extent to which comments are **relevant** to project quality at entry. An additional category was created to capture comments pertaining to “document quality” and other issues. Each comment was also assessed in terms of its **actionability**. An actionable comment refers to a specific passage or element in the project milestone and clearly identifies what needs to be improved and how.

If comments were found to be relevant and actionable, it was then verified whether the comment was integrated in a verifiable way by referring to feedback from the task manager and identifying the changes made in the relevant project milestone. The integration of comments was rating in terms of three actions: i) comment is integrated; ii) comment is not integrated with an explanation; and iii) comment is not integrated with no explanation. Comments linked to actions i) and ii) were deemed to have been verifiably addressed, whereas comments linked to action iii) were deemed not to have been addressed.

The process review was originally to be conducted on a purpose sample of 60 sovereign operations and 50 non-sovereign operations. Due to time and resource constraints, this analysis could only be performed for 25 sovereign operations. Sovereign Operations were selected to maximize shared projects between the complementary evaluation of Quality of Supervision.

Country Case Studies – How Quality at Entry Interacts with the Country Context

The final layer of review involves an in-depth examination of a sub-set of projects through the conduct of five country case studies and site visits. Rather than focusing on the country portfolio as a whole, these case studies provided an in-depth review of how the country context and project quality at entry influenced implementation progress for a subset of the original project sample of sovereign operations.

The core objectives of the case studies were to:

1. Conduct an in-depth examination of QaE issues, including feedback from a range of internal and external stakeholders;
2. Identify how QaE has influenced the implementation of case study projects; and
3. Examine how the country context contributes to the QaE of projects and the achievement of results.

The five case study countries comprise: i) Senegal (West); ii) Morocco (North); iii) Cameroon (West); iv) Kenya (East); and v) Zimbabwe (South). Case study countries were selected on a purposive basis using the full random sample of sovereign operations such that each case study project had also been reviewed using the Best Practice Validation Tool. Individual countries were selected on with the objective of: i) maximizing the number of projects under review; ii) ensuring a balance of case studies across regions and languages, including one fragile state; and iii) ensuring an optimal mix of sectors for each case study.

As part of the country case studies, in-depth data collection and analysis was conducted for a selection of ongoing investment projects, including: i) consultations with internal stakeholders, including task managers and country team members; ii) consultations with external stakeholders, including RMC representatives and project teams; iii) reviews of project IPRs and implementation data; and (iv) site visits for 13 projects.

In total, the country case studies cover 24 ongoing sovereign investment projects across 5 sectors. Two ISPs were included in the sample due to their similarity to investment projects.

Analysis of Country Case Studies

Country case studies were analyzed using Qualitative Comparative Analysis, a qualitative analysis technique which examines how contextual factors and intervention mechanisms combine influence one another to contribute to the achievement of outcomes. The analysis involves a structured binary assessment to identify when certain contextual factors, project outcomes and outcome achievement is “present” and “absent.” Based on these ratings, QCA identifies “INUS” logical conditions, including contextual and project-level factors that are sufficient to achieve outcomes as well as conditions that are necessary, but insufficient.

Projects were rated as “present” or “absent” for a total of 9 criteria reflecting the implementation context, project characteristics and implementation achievement (Table A.7). Each criterion was rated as present or absent based on numerical standards, moderated by evidence obtained through interviews and site visits. The Data were analyzed using FsQCA software from Compass. An overview of the Case study ratings and analysis is available on demand.

Table A.7: QCA Criteria and Evidence Sources for Country Case Studies

Criterion	Level	Evidence sources
Quality of Budgetary Management	Country	<ul style="list-style-type: none"> CPIA Indicators WGI IMF Reports PEFA Reports Interview data
Capacity for Public Investment Management	Country	<ul style="list-style-type: none"> CPIA Indicators IMF Reports and PIMA Interview data
Fiduciary Capacity	Country	<ul style="list-style-type: none"> CPIA Indicators WGI IMF Reports PEFA Reports Interview data
Quality at Entry	Project	<ul style="list-style-type: none"> QaE Composite Scores Interview data
Project Complexity	Project	<ul style="list-style-type: none"> Appraisal Reports Interview Data
Capacity of the Project Implementation Unit	Project	<ul style="list-style-type: none"> Appraisal Reports Interview Data Financial Statements
Time to effectiveness	Outcome	<ul style="list-style-type: none"> SAP Data
Time to First Disbursement	Outcome	<ul style="list-style-type: none"> SAP Data
Implementation Progress	Outcome	<ul style="list-style-type: none"> SAP Data IPRs Interview Data

References

Excludes all project documents

1. AfDB (1994) "The Quest for Quality: report of the Task Force on Project Quality for the African Development Bank"
2. AfDB (1994) "Action Plan for Implementation of the Task Force Report on Project Quality (the Knox Report)"
3. AfDB (1999) "Operations Manual for Sovereign Operations"
4. AfDB (2000) "ADF-Project Preparation Facility (PPF) Operational Guidelines"
5. AfDB (2010) "Independent Assessment of the Quality at Entry of ADF 2005-2008 Operations and Strategies"
6. AfDB (2010) "Staff Guidance on Quality at Entry Criteria and Standards for Public Sector Operations"
7. AfDB (2011) "Credit Risk Management Guidelines for Non-Sovereign Operations"
8. AfDB (2011) "Revised Guidelines for the Administration and Utilization of the Middle Income Country Technical Assistance Fund"
9. AfDB (2012) "Service Level Agreement on FFMA.2 Modus Operandi"
10. AfDB (2013) "Staff Guidance Note on Quality at Entry Standards for Public Sector Operations"
11. AfDB (2013) "Presidential Directives 03/2013 – Procedures and Guidelines"
12. AfDB (2014) "Improving Portfolio Performance at the African Development Bank"
13. African Development Bank Group (2014) "Evaluation Indépendante du Cadre D'Évaluation de L'Additionalité et des Résultats en matière de développement (ADOA) des opérations du secteur privé"
14. AfDB (2015) "Bank Group Operations Manual for Sovereign Operations"
15. AfDB (2015) "Presidential Directive No 02/2015 Concerning the Design, Implementation and Cancellation of Bank Group Sovereign Operations"
16. AfDB (2015) "ADOA Framework 2.0 for Private Sector Operations"
17. AfDB (2015) "Proposal for the Establishment of a Special Operations Unit for Non-Sovereign Operations"
18. AfDB (2015) "Presidential Directive No. 02/2015 concerning the Design, Implementation and Cancellation of Bank Group Sovereign Operations."
19. African Development Bank Group (2016) "Business Manual for Non-Sovereign Operations"
20. AfDB (2016) "Comprehensive Evaluation of the Development Results of the African Development Bank Group (2004-2013) – Synthesis Report"
21. AfDB (2016) "An Update of the Decentralization Action Plan in Line with the New Development and Business Delivery Model," ADF/BD/WP/2015/54
22. AfDB (2016) "An Update of the Decentralization Action Plan in Line with the New Development and Business Delivery Model," ADF/BD/WP/2015/54
23. AfDB (2016) "Rapport d'évaluation du système-pays passation des marchés par la Banque"
24. AfDB (2017) "Implementation Review of PD 02/2015"
25. AfDB (2017) "African Development Fund Project Preparation Facility (ADF-PPF) – Implementation Update"
26. AfDB (2017) "Operational Knowledge Brief – Implementation of PD 02/2015 on the Design, Implementation and Cancellation of Bank Operations: Emerging Good Practices and Related Operational Tools"
27. AfDB (2017) "Information Note on the Bank's Quality Assurance Agenda"
28. AfDB (2017) "Information Note on the Review of the Credit Risk Committee"
29. AfDB (2018) "FIRM Brown Bag Series – ADF Project Preparation Facility (PPF)"
30. AfDB (2018) "Addressing Start-up Delays: Conversation with MDBs on Portfolio Management"
31. AfDB (2018) "Study on the Impact of Lines of Credit"
32. AfDB (2018) "Enhancing Result and Quality Reporting of Non-Sovereign Operations"
33. AfDB (2018) "SMCC Note on the Middle-Income Country Technical Assistance Fund"
34. AfDB (2018) "NSO Capacity Building Program – 2018 Training Catalogue"

35. African Development Bank Group (2018) "Checklist – Guidelines for Corporate Finance and Guarantees"
36. AfDB (2018) "General Checklist for NSO Transactions"
37. AfDB (2018) "Information Note on the NSO Capacity Building Program"
38. AfDB (2018) "RDGN – Project Checklist for PD 02/2015"
39. AfDB (2018) "Current Watchlisting Process – Non-Sovereign Operations"
40. AfDB (2018) "Early Warning Signs for NSOs"
41. AfDB (2018) "Delegation of Authority Matrices"
42. AfDB (2018) "Review of Operations Delivery Capabilities"
43. Asian Development Bank (2017) "Guidelines for the Economic Analysis of Projects"
44. Barhouni, Vu et al (2018) "Public Investment Efficiency in Sub-Saharan African Countries – What Lies Ahead?"
45. Communaute Urbaine de Yaounde (2018) "Evaluation Indépendante du PADY2"
46. Corral, L. & McCarthy, N. (2017) "Organizational Efficiency or Bureaucratic Quagmire: Do quality at entry Assessments Improve Project Performance?"
47. Dabla-Norris, Brumby et al. (2012) "Investing in Public Investment: An Index of Public Investment Efficiency"
48. Development Bank of Southern Africa (2018) "DBSA's Approach to Project Preparation"
49. De Bruin, T. and Roseburn, M. (2005) "Towards a Business Process Management Maturity Model," 2005 Proceedings of the 13th European Conference on Information Systems, 26-28 May, Germany.
50. Elmaalam, M and Abdelaziz, K (2012) "Model ISR3M for Assessing the Maturity of IS Risk Management Process," IEEE.
51. Ernst & Young (2016) "Review of the AfDB's Non-Sovereign Operations"
52. European Bank for Reconstruction and Development (2013) "Performance Metrics: How well do EBRD Projects Specify Expected Results?"
53. European Bank for Reconstruction and Development (2018) "Review of the Transition Impact Monitoring System (TIMS)"
54. European Bank for Reconstruction and Development (2018) "Memorandum: Information Session (Transition Impact Methodology Update)"
55. Hammer (2007) "The Process Audit," Harvard Business Review, April 2007.
56. Hopkinson, M (2011) The Project Risk Maturity Model: Measuring and Improving Risk Management Capacity, Taylor and Francis.
57. International Fund for Agricultural Development (2018) "President's Bulletin: Recalibrating the IFAD Project Design Process"
58. IFAD (2018) "Recalibrating IFAD's Project Design Process"
59. IFAD (2018) "Differential Project Review – Composition of OSC Meetings"
60. IDB (2017) "Organizational Efficiency or Bureaucratic Quagmire: Do Quality at Entry Assessments Improve Project Performance?"
61. IDB (2017) "Toolkit for the Application of the DEM – Sovereign Guaranteed Operations"
62. IDB (2017) "Risk Management for Sovereign-Guaranteed Operations – Guide to Procedures"
63. IDB (2017) "Procedures for Processing Sovereign Operations"
64. IDB (2018) "Convergence"
65. IDB (2018) "Corporate Governance Progression Matrix for Financial Institutions"
66. IDB (2018) "Instruction Sheet for Financial Institutions"
67. IDB (2018) "How IFC Measures the Development Impact of its Interventions"
68. IMF (2013) "Cameroon – Article IV Consultation"
69. IMF (2015) "Senegal: Selected Issues – Country Report No 15/15"
70. IMF (2015) "Cameroon – Staff Report for the 2015 Article IV Consultation – Debt Sustainability Analysis;"
71. IMF (2015) "Making Public Investment More Efficient"
72. IMF (2015) "The Public Investment Management Assessment"
73. IMF (2015) "Senegal - Request for a Three-Year Policy Support Instrument – Debt Sustainability Analysis Update"

74. IMF (2017) "Cameroon – Request for a three-year arrangement under the extended credit facility- press release; staff report and statement by the executive director for Cameroon;"
75. IMF (2017) "Senegal – Fifth Review under the Policy Support Instrument and Request for Modification of Assessment Criterion – Debt Sustainability Analysis"
76. IMF (2017) "Fifth Review under the 24-month Stand by Arrangement and the Arrangement Under the Standby Credit Facility and Requests for Waivers" IMF Country Report No 17/25;
77. IMF (2017) "Morocco – Staff Report for the Article 4 Consultation" Country Report 18/75.
78. IMF (2018) "Public Investment Management Assessment – Review and Update"
79. IMF (2018) "Morocco- 2017 Article 4 Consultation – Country Report No 18/75"
80. Itad (2013) "Second Independent Assessment of Quality at Entry in Public Sector Operations"
81. KETRACO (2018) "Kenya-Tanzania Power Interconnection Project"
82. Kenya Urban Roads Authority (2018) "Construction of the Nairobi Outer Ring Road Improvement Project"
83. Mayer, J and Fagundes, L (2009) "A Model to Assess the Maturity Level of the Risk Management Process in Information Security," IEEE.
84. Millennium Challenge Corporation (2016) "Compact Development Guidance"
85. Ministère des Domaines du Cadastre et des Affaires Foncière (2018) "Rapport d'Avancement du PAMOCCA"
86. Ministère de L'Hydraulique et de L'Assainissement (Sénégal; 2018) "Projet de Restauration des Fonctions Ecologiques et Economiques du Lac de Guiers" (presentation)
87. Ministère des Travaux Publics (Cameroon, 2018) "Travaux d'Amenagement de la Route Kumba-Mamfe – Fiche de Presentation du Projet"
88. Ministère des Travaux Publics (Cameroon, 2018) "Les Travaux d'Aménagement de la Route Kumba-Mamfe – Lot 2"
89. PEFA Secretariat (2011) "Senegal – Cadre de Mesure de la Performance de la Gestion des Finances Publiques au Senegal"
90. PEFA Secretariat (2012) "The Republic of Zimbabwe – Country Integrated Fiduciary Assessment"
91. PEFA Secretariat (2012) "Government of the Republic of Kenya – Public Expenditure and Financial Accountability Assessment"
92. PEFA Secretariat (2016) "Maroc – Rapport sur la Performance de la Gestion des Finances Publiques"
93. PEFA Secretariat (2016) "Cameroun -Evaluation du Système de Gestion des Finances Publiques selon la Méthodologie PEFA 2016"
94. Roglinger, M., Poppelbus, J. and Becker, J. (2012) "Maturity Models in Business Process Management," Business Process Management Journal, 18(2).
95. Van Looy, A., DeBacker, M. and Poels, G. (2011) "Defining Business Process Maturity: A Journey toward Excellence," Total Quality Management, 22(11), 1119-1137.
96. Van Looy, A., DeBacker, M. and Poels, G. (2014) "A Conceptual Framework and Classification of Capability Areas for Business Process Modelling," Enterprise Information Systems, 8(2), 186-224.
97. World Bank Group (2012) "Zimbabwe – Public Investment Management Efficiency Review"
98. World Bank Group (2014) "Interim Guidance Note on the Systematic Operational Risk-Rating Tool (SORT)"
99. World Bank Group (2016) "Instructions: Preparation of Investment Project Financing (Track 2)"
100. World Bank Group (2016) "Project Preparation Facility: Increase in Commitment Authority and Enhanced Scope"
101. World Bank Group (2016) "Beyond Resilience Increasing Productivity of Public Investment;"
102. World Bank Group (2017) "Program to Strengthen Governance for Enabling Service Delivery and Public Investment in Kenya"
103. World Bank Group (2017) "Project Preparation Facility – Chair's Summary"
104. World Bank Group (2017) "Investment Project Financing Project Preparation Guidance Note"
105. World Bank Group (2017) "Investment Lending Checklist"
106. Vittinghoff, E. & McColloch, C. (2007) "Relaxing the Rule of Ten Events per Variable in Logistic and Cox Regression," American Journal of Epidemiology, 165(6), 710-718.
107. Zou, Chen et al (2010) "Understanding and Improving your Risk Management Capacity: Assessment Model for Construction Organizations," Journal of Construction, Engineering and Management, 136(8), 854-863.

Endnotes

1. A recent IDB paper used a much larger sample of 853 projects to undertake an econometric analysis of the relationship between quality at entry and project performance. See Leonardo R. Corral and Nancy McCarthy, "Organisational efficiency or bureaucratic quagmire: do quality at entry assessments improve project performance?" Inter-American Development Bank, IDB Working Paper Series – 787, March 2017. Another recent study analyses a dataset of all 2,845 investment project financing projects approved between FY95 and FY2009, which constituted 89% of all projects closed between FY2005-2015, to examine the factors driving investment project performance at the World Bank. See Mustafa Zakir Hussain, Thomas Kenyon, and Jed Friedman, DEC Policy Research Report, September 2018. Washington, DC: World Bank
2. Estelle Rosine Raimondo, "What difference does good monitoring & evaluation make to World Bank project performance?" World Bank, Policy Research Working Paper, June 2016.
3. This is an indication of the timeline priority. A more detailed sequence of time-bound deliverables will be included in the Implementation Plan.
4. The quality assurance tools and processes are different for sovereign and non-sovereign operations. While this Management Response does not always make a distinction between them, the Implementation Plan will clearly differentiate priorities and actions for sovereign and non-sovereign operations.
5. This commitment was made in the context of the ADF-14 replenishment, with a deadline set for 2019.
6. The following four commitments are drawn from the Bank Group's Results Measurement Framework 2016-2025.
7. Not all operations are eligible for systematic supervision — for example, emergency operations and trust fund-financed operations are not eligible.
8. AfDB (1994) "The Quest for Quality – Report of the Task Force on Quality at Entry for the African Development Bank"
9. AfDB (2016) "Comprehensive Evaluation of the Development Results of the African Development Bank Group (2004-2013) – Synthesis Report"
10. AfDB (2016) "An Update of the Decentralization Action Plan in Line with the New Development and Business Delivery Model," ADF/BD/WP/2015/54
11. AfDB (2015) "Presidential Directive No. 02/2015 concerning the Design, Implementation and Cancellation of Bank Group Sovereign Operations."
12. AfDB (2016) "An Update of the Decentralization Action Plan in Line with the New Development and Business Delivery Model," ADF/BD/WP/2015/54
13. AfDB (2017) "Development and Business Delivery Model (DBDM): Implementation Update," ADF/BD/IF/2017/13.
14. AfDB (2017) "Implementation Review of PD 02/2015"
15. A project is defined as entering the Bank's portfolio after approval by the Bank's Board of Executive Directors.
16. Confirmed by data provided by the ADOA team.
17. AfDB (2010) "Staff Guidance on Quality at Entry Criteria and Standards for Public Sector Operations;" AfDB (2013) "Staff Guidance Note on Quality at Entry Standards for Public Sector Operations."
18. Project Complexity is described as instances where a project: (i) involves more than one country; (ii) involves a fragile state; (iii) involves more than one national implementing body; or (iv) involves resettlement. Projects that demonstrated more than one of these characteristics were labelled "highly complex."
19. AfDB (2018) "Early Warning Signs for NSOs."
20. IDB (2017) "Toolkit for the Application of the DEM – Sovereign Guaranteed Operations."
21. World Bank Group (2017) "Investment Lending Checklist"
22. World Bank Group (2014) "Interim Guidance Note on the Systematic Operational Risk-Rating Tool (SORT);" IDB (2017) "Risk Management for Sovereign-Guaranteed Operations – Guide to Procedures."
23. IDB (2017) "Risk Management for Sovereign-Guaranteed Operations – Guide to Procedures"
24. See World Bank Group (2016) "Instructions: Preparation of Investment Project Financing (Track 2);" IDB (2017) "Procedures for Processing Sovereign Operations;" IFAD (2018) "President's Bulletin: Recalibrating the IFAD Project Design Process"

25. AfDB (2013) "Staff Guidance Note on Quality at Entry Standards for Public Sector Operations"
26. IMF (2015) "Making Public Investment More Efficient."
27. Defined as the disbursement ratio over the proportion of original timeframe elapsed.
28. $Z = -2.5106$, $p < 0.05$
29. IFC (2018) "How IFC Measures the Development Impact of its Interventions"
30. EBRD (2018) "Memorandum: Information Session (Transition Impact Methodology Update)"
31. Ibid.
32. Data from the Bank's Credit Risk Function.
33. AfDB (2018) "Early Warning Signs for NSOs"
34. AfDB (2018) "Checklist – Guidelines for Corporate Finance and Guarantees"
35. https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+cg/priorities/overview
36. See IDB (2017) "Risk Management for Sovereign-Guaranteed Operations – Guide to Procedures;" World Bank Group (2014) "Interim Guidance Note on the Systematic Operational Risk-Rating Tool (SORT)."
37. IDB (2017) "Toolkit for the Application of the DEM – Sovereign Guaranteed Operations."
38. AfDB (2018) "Enhancing Result and Quality Reporting of Non-Sovereign Operations"
39. Elmaalam, M and Abdelaziz, K (2012) "Model ISR3M for Assessing the Maturity of IS Risk Management Process," IEEE.
40. Van Looy, A., DeBacker, M. and Poels, G. (2011) "Defining Business Process Maturity: A Journey Toward Excellence," *Total Quality Management*, 22(11), 1119-1137; Van Looy, A., DeBacker, M. and Poels, G. (2014) "A Conceptual Framework and Classification of Capability Areas for Business Process Modelling," *Enterprise Information Systems*, 8(2), 186-224; Roglinger, M., Poppelbus, J. and Becker, J. (2012) "Maturity Models in Business Process Management," *Business Process Management Journal*, 18(2); De Bruin, T. and Roseburn, M. (2005) "Towards a Business Process Management Maturity Model," 2005 Proceedings of the 13th European Conference on Information Systems, 26-28 May, Germany; Hammer (2007) "The Process Audit," *Harvard Business Review*, April 2007.
41. IFAD (2018) "President's Bulletin: Recalibrating the IFAD Project Design Process"
42. World Bank Group (2017) "Investment Project Financing Project Preparation Guidance Note"
43. AfDB (2018) "Delegation of Authority Matrices"
44. AfDB (2015) "Bank Group Operations Manual for Sovereign Operations"
45. IFAD (2018) "President's Bulletin: Recalibrating the IFAD Project Design Process"
46. IDB (2017) "Procedures for Processing Sovereign Operations"
47. World Bank Group (2016) "Instructions: Preparation of Investment Project Financing (Track 2)"
48. Data from the Financial Control team.
49. IFAD (2018) "Differential Project Review – Composition of OSC Meetings"
50. AfDB (2015) "Bank Group Operations Manual for Sovereign Operations"
51. AfDB (1999) "Operations Manual for Sovereign Operations"
52. AfDB (2017) "Information Note on the Bank's Quality Assurance Agenda"
53. IDB (2017) "Toolkit for the Application of the DEM – Sovereign Guaranteed Operations."
54. IFAD (2018) "President's Bulletin: Recalibrating the IFAD Project Design Process"
55. IFAD (2018) "President's Bulletin: Recalibrating the IFAD Project Design Process"
56. AfDB (2015) "Bank Group Operations Manual for Sovereign Operations"
57. AfDB (2016) "Business Manual for Non-Sovereign Operations"

58. AfDB (2015) "ADOA Framework 2.0 for Private Sector Operations"
59. AfDB (2011) "Credit Risk Management Guidelines for Non-Sovereign Operations"
60. AfDB (2013) "Staff Guidance Note on Quality at Entry Standards for Public Sector Operations"
61. AfDB (2015) "Bank Group Operations Manual for Sovereign Operations"
62. AfDB (2018) "RDGN – Project Checklist for PD 02/2015"
63. IDB (2018) "Convergence"
64. AfDB (2015) "Bank Group Operations Manual for Sovereign Operations"
65. World Bank Group (2017) "Investment Project Financing Project Preparation Guidance Note"
66. Data from SAP, PPF and African Development Bank Group (2018) "SMCC Note on the Middle Income Country Technical Assistance Fund."
67. World Bank Group (2016) "Project Preparation Facility: Increase in Commitment Authority and Enhanced Scope"
68. Ibid.
69. AfDB (2017) "African Development Fund Project Preparation Facility (ADF-PPF) – Implementation Update"
70. AfDB (2018) "SMCC Note on the Middle Income Country Technical Assistance Fund;" African Development Bank Group (2011) "Revised Guidelines for the Administration and Utilization of the Middle Income Country Technical Assistance Fund."
71. World Bank Group (2016) "Project Preparation Facility: Increase in Commitment Authority and Enhanced Scope;" World Bank Group (2017) "Project Preparation Facility – Chair's Summary"
72. AfDB (2017) "African Development Fund Project Preparation Facility (ADF-PPF) – Implementation Update"
73. Data from SAP and PPF.
74. AfDB (2018) "SMCC Note on the Middle Income Country Technical Assistance Fund"
75. AfDB (2017) "African Development Fund Project Preparation Facility (ADF-PPF) – Implementation Update"
76. AfDB (2018) "SMCC Note on the Middle Income Country Technical Assistance Fund;" SAP data.
77. PPF and SAP data.
78. World Bank Group (2016) "Project Preparation Facility: Increase in Commitment Authority and Enhanced Scope"
79. Ibid.; World Bank Group (2017) "Project Preparation Facility – Chair's Summary."
80. Data from the TA Portfolio and Results Monitoring Platform.
81. https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+cg/priorities/overview; https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+cg/investment+services/corporate+governance+methodology; International Finance Corporation (2018) "Corporate Governance Progression Matrix for Financial Institutions;" International Finance Corporation (2018) "Instruction Sheet for Financial Institutions"
82. AfDB (2018) "Review of Operations Delivery Capabilities"
83. For example, SPD at IDB employs a team of 35 permanent staff and 20 consultants to review 160 operations each year.
84. AfDB (2017) "Information Note on the Bank's Quality Assurance Agenda"
85. AfDB (2016) "Business Manual for Non-Sovereign Operations"
86. AfDB (2018) "NSO Capacity Building Program – 2018 Training Catalogue"
87. IDB (2017) "Toolkit for the Application of the Development Effectiveness Matrix"
88. AsDB (2017) "Guidelines for the Economic Analysis of Projects"
89. World Bank Group (2017) "Investment Lending Checklist"
90. World Bank Group (2017) "Interim Guidance Note – Systematic Operations Risk Rating Tool (SORT)"
91. IDB Invest (2016) "Development Effectiveness Outlook"



IDEV

Independent Development Evaluation
African Development Bank



About this Evaluation

This report presents findings, conclusions and recommendations from IDEV's Evaluation of Quality at Entry (QaE) of the Operations of the African Development Bank Group ("the Bank"). It covers all sovereign and non-sovereign operations (NSOs) approved between 2013 and 2017. The main objectives of the evaluation were (i) to assess the QaE of the Bank's operations against an evidence-based standard; (ii) to examine the extent to which the Bank's conceptual and procedural framework for quality influenced the QaE of new operations as well as strategic decision-making; and (iii) to derive recommendations to inform the Bank's forward-looking quality agenda.

The evaluation responds to persistent challenges that have been observed over the years with respect to QaE, which have lessened the impact of the Bank's operations. The evaluation used a mixed-methods design that was both formative and theory-based. Evaluation findings drew from several sources of information (document reviews, interviews of Bank staff, clients and comparator institutions, site visits) and applied both qualitative and quantitative analytical methods. The evaluation team also developed an innovative tool which represents an evidence-based standard for QaE based on the best practices of comparator organizations and which can predict the likelihood of projects achieving their expected outcomes.

The evaluation revealed that the existing Bank QaE tools for sovereign operations do not distinguish projects based on their likely performance, and that the existing procedural framework for QaE does not systematically assess some of the crucial contextual factors such as the capacity of the borrower's project implementation unit. In regard to NSOs, the Bank's conceptual framework for QaE is aligned with those of comparators on many aspects except on evaluability and the effect of NSOs on private sector development. Other challenges were observed with respect to differentiating projects on the basis of risk, mechanisms for contestability, independence and verification, and the Bank's enabling environment for QaE. A number of recommendations were made to the Bank that touched upon the review processes and tools for quality assurance; member country readiness; planning and budgeting; business development; staff capacity; incentives and resources; and credit as well as corporate governance risk of NSOs.



IDEV

Independent Development Evaluation
African Development Bank

African Development Bank Group
Avenue Joseph Anoma, 01 BP 1387, Abidjan 01, Côte d'Ivoire
Phone: +225 20 26 20 41
E-mail: idevhelpdesk@afdb.org

