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*From **experience** to **knowledge**...*
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An IDEV **Corporate Evaluation**

Evaluation of the Quality of Supervision and Exit of the African Development Bank Group's Operations (2012–2017)

Summary Report

AFRICAN DEVELOPMENT BANK GROUP

October 2018

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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.

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Abbreviations and Acronyms

AfDB	African Development Bank Group
ADB	African Development Bank
ADER	Annual Development Effectiveness Report
ADF	African Development Fund
AsDB	Asian Developmnet Bank
ASR	Annual Supervision Report
BTOR	Back-to-Office Report
CEDR	Comprehensive Evaluation of Development Results
CPO	Country Program Officer
CPPR	Country Portfolio Performance Report
CSP	Country Strategy Paper
CSPE	Country Strategy and Program Evaluation
DAM	Delegation of Authority Matrix
DBDM	Development and Business Delivery Model
DO	Development Outcome/Objective
E&S	Environmental and Social
EBRD	European Bank for Reconstruction and Development
ESAP	Environmental and Social Assessment Procedures
ESS	Environmental and Social Safeguards
IDB	Inter-American Development Bank
IDEV	Independent Development Evaluation
IFC	International Finance Cooperation
IFAD	International Fund for Agricultural Development
IPR	Implementation Progress Report
IMF	International Monetary Fund
KPIs	Key Performance Indicators
LOC	Line of Credit
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
MDB	Multilateral Development Bank
NPL	Non Performing Loan
PAR	Project Appraisal Report
PCR	Project Completion Report
PFM	Public Financial Management
PIU	Project Implementation Unit
PSR	Project Status Report
PPP	Public Private Partnership
PRA	Project Results Assessment
QA	Quality Assurance
RMC	Regional Member Country
RMF	Results Measurement Framework
SNDR	Delivery, Performance Management & Results Department
SNSC	Safeguards and Compliance Department
SOU	Special Operations Unit
TM	Task Manager
TS	Transition States
UA	Unit of Account
WB	World Bank Group
XSR	Expanded Supervision Report

Photo: © AfDB

Executive Summary

Background and Context

This report presents a summary of the key findings and recommendations of an independent evaluation of the quality of project supervision and exit processes of the African Development Bank Group (AfDB, or 'the Bank') from 2012 to 2017. The report identifies priority areas for consideration by the Bank's Management and Board to enhance the quality of project supervision and exit of its operations. The purpose of the evaluation is to fulfill the accountability mandate of the Bank and to contribute toward discussions on operational performance by identifying areas for learning and improvement. The evaluation seeks to provide evidence of the quality of project supervision to inform an overall discussion on quality assurance (QA) of the Bank's operations during the African Development Fund (ADF) 14 Mid-Term Review in October 2018.

Evaluation Design and Methodology

This evaluation was theory-based. A reconstructed theory of change for the Bank's project supervision and exit builds on the current Operations Manual of 2014. The evaluation used qualitative data analysis methods to conduct a comprehensive review of project documents. A qualitative process review was conducted on 83 public sector and 38 private sector projects. The evaluation also conducted a qualitative desk review, and validation was undertaken by external experts for a sub-sample of 45 public sector and 22 private sector projects. The evaluation was then triangulated with responses from extensive interviews, an online staff survey and five country case-study visits. The evaluation also used data from a country analysis, as well as specific analysis of environmental and social (E&S) risks for a sub-sample of the most impactful projects (Categories 1, 2 and 4) undertaken as part of an onging IDEV evaluation.

The analysis of the quality at exit was limited in scope, as this is being covered in greater detail by an ongoing IDEV evaluation of the Bank's self-evaluation system, as well as by time and resource constraints. The evaluation therefore addressed procedural aspects of the quality at exit and assessed two key performance areas highlighted by previous reviews as being considered unsatisfactory for Project Completion Report (PCR) performance. The assessment focused on establishing the extent to which risks to sustainability had been addressed in PCRs and the quality of the lessons learned. The analysis looked at a sample of 14 PCRs available within the evaluation sample of 83 public sector operations and 12 Expanded Supervision Reports (XSRs) of the sample of private sector operations.

Evolution of the Bank's Supervision Framework

Similar to other Multilateral Development Banks (MDBs), supervision in the Bank has undergone several reforms in recent years. In 2012, the Bank approved new initiatives to improve its quality assurance (QA) framework and to guide the implementation of project monitoring. Reporting tools and guidelines for private sector portfolio monitoring, and public sector project supervision and completion, were revised to conform with best practice at other MDBs. QA was further strengthened in 2015 through the setting-up of a separate unit for performance monitoring, as well as an enhanced Quality Assurance Dashboard system for monitoring and reporting on portfolio performance. Other efforts included introducing key implementation indicators in corporate reporting that monitor progress on project supervision and the Bank's portfolio, and closer monitoring by the Bank's Senior Management through monthly operations status meetings. For private sector operations, the Bank implemented results-focused reporting, targeting the ability of investment operations and financial interventions to capture and report adequately on development outcomes — a key weakness that was identified in previous reviews. However, persistent challenges with compliance and accountability of quality remain.

Portfolio monitoring has since evolved, with the revamping of delivery dashboard monitoring and an enhanced focus to ensure process efficiency and draw Management's attention to project issues. The Bank's project implementation recorded some positive performance results, through efforts to maintain reasonable levels of aging projects and projects at risk. For instance, projects at risk fell from 19.0 percent in 2013 to 11.8 percent at the end of 2017, with comparable processing time efficiencies as peers. However, the Bank's project supervision still has a long way to go to achieve optimal results.

The Bank is certainly seen to be doing, or making the effort to do, many things well, and trying hard to be on par with its comparators. However, it needs to further adapt its supervision approach to new and evolving realities and demands if it is to maintain quality and results.

The ongoing transformation under the new Development and Business Delivery Mode (DBDM) implemented since 2016 is expected to enhance the Bank's project supervision in both its public and private sector operations. The transformative measures include accelerated decentralization to be closer to clients, together with the restructuring of private sector operations.

Findings

Supervision policies and guidelines at the Bank, as formulated between 2012 and 2017, were found to be largely relevant and clear. The degree of alignment with best practice and comparators has improved thanks to the recent reforms, including updates of reporting tools and significant advances that place greater emphasis on managing E&S safeguards. However, these areas of progress are characterized by a noted absence of the required detail and special guidance for the different types of Bank operations to foster operational effectiveness, especially for addressing multinational and multi-donor operations, together with operations in fragile situations. Guidelines of peer institutions (the Millennium Challenge Corporation [MCC] and the Inter-American Development Bank [IDB]) include relevant details by project type and sector that are absent in the Bank's operational guidelines — an issue that was raised by more than half of the 92 operations staff interviewed.

The tools used are considered relevant, but their complementarity requires strengthening, as they are considered duplicative and present limited value addition, according to findings from the desk review and Task Manager responses. For private sector operations, Back-to-Office Reports (BTORs), PSRs and Annual Supervision Reports (ASRs) were noted as having almost the same content but at varying levels of detail. This defeats the purpose of these tools to provide complementary information and also indicates the need for an integrated project information platform.

The Bank has had difficulties in promoting suitable institutional arrangements to operationalize a culture of quality and results. This includes addressing the staff incentives required for a cultural shift toward quality and results. In 2016, Management committed to addressing the staff incentive structure in response to recommendations by IDEV's Comprehensive Evaluation of Development Results (CEDR). However, the evaluation found that the incentive structure still required further attention. The recent enhanced decentralization approach will require further guidance to ensure a common understanding of the new roles and responsibilities, in particular of Country Managers, Sector Managers and Country Program Officers (CPOs) to institutionalize their performance in continuous supervision.[1]

Task Managers are accountable for project supervision, with support from other team members under the existing arrangements for project supervision. The articulation of responsibilities among the team members need to be strengthened to ensure that other members of project supervision missions remain accountable after project approval. Almost half of the survey respondents (operations staff) stated that they had received only limited support from other team members for project supervision.

With respect to private sector operations, the early warning alerts involving the credit-risk monitoring team were assessed as being relevant. Similarly, the enhanced efforts to include remedial solutions for distressed operations through the introduction of the Special Operations Unit (SOU) was also deemed important for project and portfolio performance. Managing risks is an important part of managing for results, and is aligned with the Bank's commitment to strengthen supervision.

The Bank has sought to embed risk management in its reporting tools for project and portfolio monitoring. While these changes are aligned with best practice, the evaluation found that the current instruments and the capacity to track, report and adequately respond to project risks were not optimal, given persistent challenges on compliance and quality noted in the process and project document reviews.

The absence of an integrated data system for managing operations was noted by 57 percent of the survey respondents. This also resonates with similar findings of recent reviews.[2] In comparison, some comparators such as IDB and the European Bank of Reconstruction and Development (EBRD)[3] have made good progress in addressing this issue, with recent reforms to enhance risk-focused tracking and reporting capacity for results.

Several areas require improvements in compliance with quality and standards for both public and private sector project supervision to ensure supervision objectives are met. Several weaknesses were recorded regarding alignment with the required strategic areas of the Bank's focus, including gender and fragility. For instance, despite efforts to place greater emphasis on environmental and social (E&S) safeguard issues, reporting on these issues through regular project-level supervision according to the guideleines remained weak in terms of the information reported.

The evaluation found the recent changes made with the aim of improving clients' reporting on private sector operations commendable. However, the level of compliance in terms of coverage and content of key performance areas still needs further improvement. Since 2015, the Bank has reinforced the requirement to include development outcome (DO) indicators in all loan agreements, together with a requirement for all clients to collect data. Partial performance achievements in terms of reporting on DOs was noted in some non-financial operations from the desk validation review of sample projects. However, the details to justify ratings need further improvement. Private sector monitoring showed greater focus and concern for credit risks and financial performance, while reporting on DO results remained weak.

A team-based approach for addressing problematic projects in the private sector was established for credit-risk management. However, challenges of lapses in coordination and poor communication between teams were noted from interview responses. Consultations with the team further confirmed lapses in the relaying of important information between Portfolio Officers, financial accounting staff and the credit-risk team to enable timely decisions to be made.

The use of other supervision instruments, beyond periodic supervision missions, is low. In particular, the use of Mid-Term Reviews (MTRs) to help address potentially risky projects and assess the state of progress toward outcomes is sub-optimal. Only 37 percent (19 out of 52) projects that were due for an MTR in the sample received an MTR. This was observed even for projects that were identified as risky at an early stage.

The analysis of public sector supervision reports found challenges in the follow-up on implementation issues and in ensuring that they were resolved in good time. Although the desk review showed an overall satisfactory performance of 60 percent in identifying implementation issues and relevant corrective actions during supervision, it also found that the Bank was underperforming in addressing those issues in a timely manner, with only 40 percent considered satisfactory for this sub-criterion.

The management information system for projects within the Bank (SAP project information system) does not adequately support the Bank's results-focused monitoring objectives and knowledge generation. The current system does not provide an integrated platform to support the tracking of key features of projects throughout the project life-cycle. The information in SAP is not sufficiently reliable to monitor the performance of all of the Bank's projects (both public and private sector) in 'real time' at each level of the Bank's hierarchy. Similarly, it does not enable the tracking and management of lessons learned during the project life-cycle for implementation activities and at closure. This creates challenges for data access and the aggregation of updated information for use by Senior Management, operations departments and independent evaluations.

The ability to track the achievement of DOs requires appropriate and credible data collection during supervision. For private sector operations, although the Bank has incorporated reporting requirements in legal documents, a review of the 22 projects showed that only 38 percent were considered satisfactory with regard to DO reporting requirements. Clients' reporting on DOs tended to be based only on easily accessible and readily available data, such as the number of employees, which does have any direct link to projects supported by the Bank. The evaluation found that financial projects' reporting on DOs was more inadequate than for non-financial projects. Most notably, there was a lower compliance of financial clients with reporting requirements for DOs and E&S safeguards. Of the 15 projects noted as being unsatisfactory for reporting on DOs, eight (53 percent) involved lines of credit (LoCs).

Findings from the country analysis showed that country contextual issues and the capacity of Project Implementation Units (PIU) influenced implementation progress. This further confirms that, while supervision can improve a project's outcomes, actual achievements on the ground depend largely on the borrower's performance, as noted by almost all of the interviewees from the Regional Member Countries (RMCs), Bank staff and the comparators.

Further studies from a World Bank review demonstrate that, while good supervision contributes to implementation success, it does not necessarily influence project DOs. This finding was also tested in the desk validation though with a smaller sample and resulted in a similar finding.

The inability to collect reliable information on DOs during supervision also affected the quality of reporting in XSRs. XSRs were characterized by weaknesses in adhering to standard practice for determining maturity periods and disparities with the information captured during preceding supervision reports.

There were challenges in the timely delivery of PCRs compared with previous years. While the Bank made efforts to clear its backlog of reports in 2017, IDEV PCR validation delays persisted. A review of a sample of validated PCRs by IDEV for 2014 (sample of 35 projects) and 2015 (55 projects) indicated a satisfactory rating for the overall quality of PCRs (63 percent for 2014 and 73 percent for 2015). The performance also showed a declining disconnect rate of 22.5 percent in 2014 and 14.0 percent in 2015 though this relates to a sample reviewed and should not be generalised.

PCRs are one of the Bank's main reporting and lesson-learning tools. However, they do not allow for a systematic approach to recording lessons learned, as mentioned by more than half of the interviewees. This finding resonates with a review of recently validated PCRs, which showed an increased rejection rate of lessons learned in a validation by IDEV, from 46 percent in 2014 to 53 percent in 2015.

Overall, the Bank is making efforts in the relevant areas to improve its supervision practices. There is momentum toward achieving full implementation quality, as seen in several ongoing initiatives, including particular attention to project support and performance by Senior Management recently. However, this should be accompanied by suitable institutional arrangements to support a cultural shift in terms of accountability and a shared commitment toward quality and results. In particular, current corporate data indicate limited staff capacity and an increased project-to-staff ratio from 2.7 projects per Task Manager in 2013 to 3.4 projects in 2017. This issue is further compounded by inadequate training to support and guide staff in project management activities, as noted by interview respondents, with 54 percent agreeing that training was inadequate.

Following the above findings that resonate with the acknowledged challenges and subsequent reforms, this evaluation proposes the following areas for improvement.

Evaluation Recommendations

Recommendation 1 – Proactive project management: Improve the management of risks and project performance, by

- Ensuring alignment of project-level supervision with portfolio monitoring to provide appropriate support to problematic projects, and address challenges in the implementation and achievement of results in operations.
- For public sector operations, promoting a proactive approach to project supervision according to the project type and risk exposure established at the pre-implementation stage.
- Specifically for private sector operations, strengthening project supervision with special

missions to monitor DO reporting over the project life-cycle.

Recommendation 2 – Compliance with the Bank's rules: Ensure adherence to quality standards for supervision and completion, by

- Reinforcing quality control mechanisms for project supervision reporting and post-supervision follow-up.
- Establishing clear guidance and performance criteria for project supervision, including differentiation by operation type, country context and risk profiles.
- Undertaking selective post-completion field missions to strengthen the value addition of IDEV's Validation Notes and the credibility of results.
- Establishing clear guidance and performance criteria for monitoring and supervision practices within the Bank's Regional Offices and across the respective Country Offices.
- Adopting early planning of project completion from the previous supervision mission to ensure appropriate resourcing and improved performance.
- Streamlining supervision reporting tools to reduce duplication of content, the number of required reports and ensure differentiation by operation type to maximize usefulness.
- Establishing measures to link indicators of QA for supervision with the performance assessment of Task Managers and Managers.

Recommendation 3 – Enhance quality of reporting: Increase the evidence base and credibility of results reporting, by

- Reviewing PCRs through formal validation meetings to create a space for contestability and clear articulation of lessons learned.
- Developing an integrated and automated management information system across the project life-cycle to foster accountability, and to improve effectiveness and efficiency of reporting.

Recommendation 4 – Incentives: Strengthen incentive measures to support a results and quality culture, by

- Strengthening accountability and aligning staff incentives around supervision.
- Strengthening the capacity of staff in project management activities through standard training and learning suites. ■

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.

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.

The QaE evaluation uses *quality at entry* to mean the design quality and implementation readiness of 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 paper 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.[4] 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

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 performance[5] 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.

relies on four dimensions of quality — evaluability, economic analysis, implementation readiness, and risk management — but highlights two as more significant (see Box B).

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.

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*.[6]

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

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.

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 C). *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 addition to topping up existing funds — creation of another fund that allows for greater flexibility, notably for reimbursable grants and early project development capital. It also means looking closely at implementation readiness as part of the quality assurance process. *Priority: short to medium term.*

9. **Moving from supervision to support of project implementation.** Management is examining ways in which to reorient project supervision as "implementation support". This effort will refocus the activity on proactive support to project implementation units/ execution agencies to help them make progress in implementation, remove bottlenecks or capacity deficits, and ultimately progress towards desired development results. This direction is well supported by the continuous approach to supervision now enabled by increased in-country presence — not only of task managers but also Country Programme Officers and Country Managers, who provide year-round support and engagement. Nevertheless, compliance with periodic reporting guidance will also be reinforced. *Priority: short term.*

10. **Embedding a culture of quality.** Management acknowledges that the effort to transform the approval culture into one that incentivises and focuses on results and development

effectiveness in RMCs is unfinished business. Nonetheless, it is vital to ensure that all projects emphasise quality of outcomes and results over lending volumes. To reinforce this message, Management will adopt additional KPIs that emphasise quality and results, and will embed quality in performance evaluations for staff and managers. *Priority: short to medium term.*

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.

Table A: Timeline of quality assurance initiatives since 2010

Key reforms	2010	2011	2012	2013	2014	2015	2016	2017	2018
Institutional									
PD 02/2015 on Review and Clearance Process				●					
PD 02/2015 on design & cancellation of operations						●			
New Development & Business Delivery Model adopted							●		
New Delivery Dashboard launched								●	
New Delegation of Authority Matrix									●
Quality at entry									
Standard results-based logical frameworks adopted	●								
QaE Standards and RR for public sector operations	●								
ADOA introduced for NSOs	●								
QaE Standards and RR for country strategies		●							
Readiness review moved to regional departments				●			●		
Training of PIUs and executing agencies launched									●
Quality of supervision									
Supervision report (IPR) rolled out			●						
New PCR adopted			●						
Learning and staff development									
Quality assurance e-learning modules launched									●

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.**[7] **Deadlines for all the actions in the Management Action Record will be set out in the Implementation Plan.** ■

Management action record	
IDEV recommmendation	**Management's response**
Quality at entry	
1. The review tools — Enhance the relevance and effectiveness of the Readiness Review and Peer Review by:	
a. *Adjusting the content of the Readiness Review to reflect factors shown to influence project performance, including evaluability, economic analysis, implementation readiness and risk management.* b. *Increase the independence of the Readiness Review and Peer Review by mandating an 'arms-length' unit to coordinate both processes.* c. *Develop detailed terms of reference and selection criteria for technical peer reviewers.*	**Management agrees to strengthen the relevance — i.e., evaluability and readiness of operations — and independence of the readiness review** by: ▪ *Improving the "evaluability" and scope of readiness reviews and peer reviews.* Management will adjust the content of the readiness review and the peer review to provide a more comprehensive assessment, including of implementation readiness. ▪ I*ncreasing the independence of readiness reviews.* 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. ▪ *Strengthening the readiness filter.* 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.
2. The quality assurance review process — Increase the effectiveness and efficiency of the quality review process by:	
a. *Identifying approval "tracks" to differentiate among operations on the basis of risk.* b. *Reducing the number of steps that are sequential, in favour of a single meeting in which all QA inputs are considered.* c. *Providing task managers with more systematic quality enhancement support, particularly for projects that fail to meet quality standards.* d. *Identifying and allocating the required resources along the preparation "ecosystem" to support the effectiveness of the review process.*	**Management agrees to increase the efficiency and quality of the review process** by: ▪ *Implementing a more efficient review process.* 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. ▪ *Consolidating the review process.* 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.

Management action record	
IDEV recommmendation	**Management's response**
Quality at entry	
	▌ *Increasing quality enhancement.* 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:	
a. Identifying RMC capacity deficits during project identification, with mechanisms for providing additional support as required throughout preparation and appraisal. *b. 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.*	**Management agrees to increase the efficiency and quality of the review process** by: ▌ *Conducting a project-level counterpart readiness assessment.* 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. ▌ *Improving country-level tools and engagement.* 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:	
a. 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. *b. Identifying an integrated platform for managing the project pipeline, including identification, preparation and appraisal.*	**Management agrees to further strengthen the IOP and resource allocation** by: ▌ *Encouraging business development.* 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. ▌ *Revisiting standard checklists for inclusion in the IOP.* 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. ▌ *Strengthening line managers' accountability for the quality of the IOP.* Line managers will be assessed on the quality of the projects they validated in the IOP as part of their regular performance evaluation. ▌ *Improving project programming.* 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). ▌ *Rationalising allocation of resources.* 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:	
a. Ensuring staff are sensitised and encouraged to use these funds to support the identification and implementation of the IOP, including ESW.	**Management agrees to increase the use of project preparation facilities** by: ▌ *Sensitising staff to best practice approaches on project preparation* – including through using components of existing projects for the preparation of new/follow-on projects in the same sector.

<table>
<tr><th colspan="2">Management action record</th></tr>
<tr><th>IDEV recommmendation</th><th>Management's response</th></tr>
<tr><td colspan="2">Quality at entry</td></tr>
<tr><td>b. Increasing the total funds and maximum allocation for the PPF, MIC-TAF and other sources of funds.
c. Diversifying the approved use of preparation facilities to reduce transaction costs and address systemic constraints to project preparation.</td><td>▌ Increasing the use of existing project preparation facilities through a range of initiatives, including improving staff's knowledge about trust funds and special funds.
▌ Increasing allocation 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.
▌ Considering new mechanisms for financing project preparation. 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.</td></tr>
<tr><td colspan="2">6. Staffing and training — Enhance the capacity of staff to manage projects effectively by:</td></tr>
<tr><td>a. Introducing a comprehensive and mandatory training program for all task managers.
b. 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.</td><td>Management agrees to enhance staff capacity by:
▌ Establishing an Operations Academy to provide dedicated training to task managers and Country Programme Officers.
▌ Introducing compulsory accreditation. As part of the Operations Academy, Management will introduce mandatory training for all operations professional staff and an additional accreditation program for task managers.
▌ Right-sizing the number of task managers. 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.</td></tr>
<tr><td colspan="2">7. Incentives and resources — Strengthen incentives for portfolio quality in addition to approvals by:</td></tr>
<tr><td>a. Identifying meaningful indicators of quality at entry with a demonstrated relationship to project implementation progress and monitor these indicators over time.
b. Including indicators of quality at entry and pipeline development among the Bank's corporate KPIs.</td><td>Management agrees to strengthen the incentives to promote quality assurance and ensure regular and proactive project supervision by:
▌ Increasing attention to corporate KPIs on quality and supervision. Management will review existing corporate KPIs with a view to increasing the emphasis on portfolio quality and proactive supervision.
▌ Strengthening line managers' accountability for quality and supervision. Management will include corporate KPIs on quality and supervision for line managers and will review their performance as part of their regular performance evaluations.
▌ Regularly tracking corporate performance. Management will use its Delivery Dashboard to regularly track the quality of operations and supervision by Complex, region and Department.</td></tr>
<tr><td colspan="2">8. Quality at entry of NSOs — Identify a framework for reinforcing the evaluability of non-sovereign operations by:</td></tr>
<tr><td>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.
b. Identifying a quality enhancement mechanism to strengthen the development rationale and intervention logic of NSOs, particularly for projects demonstrating weak evaluability.</td><td>Management agrees to develop, pilot and mainstream an integrated results planning and tracking system for non-sovereign operations by:[8]
▌ Clarifying the logic of intervention of private sector operations. 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.[9]</td></tr>
</table>

<table>
<tr><th colspan="2">Management action record</th></tr>
<tr><th>IDEV recommmendation</th><th>Management's response</th></tr>
<tr><td colspan="2">Quality of supervision</td></tr>
<tr><td></td><td>▌ Informing project preparation with ex-ante data. Project teams will use the indicators used in the project's ADOA report to track project progress.
▌ Tracking results during implementation. The Bank will take a closer look at results achieved during implementation. The Annual Supervision Reports will be revamped to better track development results.
▌ Providing clear results information at completion. Private sector operation/project completion reports will provide detailed descriptions of results achieved throughout the project life.</td></tr>
<tr><td colspan="2">9. Credit risk of NSOs — Strengthen mechanisms for verifying the mitigation of credit risks for non-sovereign operations by:</td></tr>
<tr><td>a. Implementing a readiness filter for project finance and corporate loans to provide good practice guidance to investment officers and inform the review process.
b. Reinforcing the role of credit risk officers in ensuring that key risks are adequately addressed and enforced in loan agreements.</td><td>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:
▌ Implementing a credit readiness filter. 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.
▌ 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.</td></tr>
<tr><td colspan="2">10. Corporate governance risk of NSOs — Increase emphasis on corporate governance risks among non-sovereign operations by:</td></tr>
<tr><td>a. Re-engaging with the DFI Working Group on Corporate Governance and providing training to investment officers on corporate governance issues.
b. Identifying Technical Assistance Funds devoted to corporate governance issues for NSOs, particularly for operations involving lower-tier banks.
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.</td><td>Management agrees to increase attention to NSO corporate governance risks by:
▌ 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.</td></tr>
<tr><td colspan="2">Quality of supervision</td></tr>
<tr><td colspan="2">11. Proactive project management — Improve management of risks and project performance by:</td></tr>
<tr><td>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.
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.</td><td>Management agrees to continue to promote proactive supervision of operations and strengthen compliance with existing standards by:
▌ Reinforcing compliance with existing standards of twice-yearly supervision of all eligible operations.[10]</td></tr>
</table>

Management action record	
IDEV recommmendation	**Management's response**
Quality of supervision	
c. Specifically for private sector operations, strengthening project supervision with special missions to monitor outcomes reporting over the lifecycle of the project.	▪ *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 C) will provide line managers with a dashboard that alerts them to operations requiring closer supervision. **Other relevant actions on supervision that will be taken in response to other recommendations:** ▪ 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).** ▪ 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:	
a. Reinforcing quality control mechanisms for project supervision reporting and post-supervision follow up. *b. Establishing clear guidance and performance criteria for project supervision including a differentiation by operation type and country and risk profiles.* *c. Undertaking selective post-completion field missions to strengthen the value addition of IDEV's Validation Notes and the credibility of results.* *d. Establishing clear guidance and performance criteria for monitoring and supervision practices within the Bank's Regional Offices and across the respective Country Offices.* *e. Adopting early planning of project completion through the last supervision mission to ensure appropriate resourcing and improved performance.* *f. Streamlining supervision reporting tools to reduce duplication of content, number of required reporting and ensure differentiation by operation type to maximise usefulness.* *g. Establishing measures to link performance indicators for QA with the performance assessment of Task Managers and Managers.*	*See comprehensive package of actions set out in response to* **Recommendation 11** *(Proactive Supervision)*
13. Enhance quality of reporting — Increase the evidence base and credibility of results reporting by:	
a. Reviewing the Project Completion Reports through formal validation meetings in order to create a space for contestability and proper articulation of lessons. *b. Developing an integrated and automated management information system across the project cycle to foster accountability and to improve effectiveness and efficiency of reporting.*	**Management agrees to enhance its efforts to assure quality reporting** by: ▪ *Ensuring accountability on results and performance.* Management will report to CODE every two years on the results and performance of its operations, drawing on PCR scores.

Management action record	
IDEV recommmendation	**Management's response**
Quality of supervision	
c. Reviewing the Project Completion Reports through formal validation meetings in order to create a space for contestability and proper articulation of lessons. *d. Developing an integrated and automated management information system across the project cycle to foster accountability and to improve effectiveness and efficiency of reporting.*	**Management agrees to enhance its efforts to assure quality reporting** by: ▮ *Ensuring accountability on results and performance.* Management will report to CODE every two years on the results and performance of its operations, drawing on PCR scores.
	▮ *Increasing corporate attention to PCR coverage and timeliness.* 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.) ▮ *Strengthening accountability on the quality of PCRs* by finalising PCRs only after review by the implementation support manager and relevant sector manager. ▮ *Rolling out the Results Reporting System.* Management will roll out the Results Reporting System in 2019 with a view to regularly tracking progress in preparing, supervising and completing operations.
14. Incentives— Strengthen incentive measures to support a results and quality culture by:	
a. Strengthening accountability and aligning incentives around supervision. *b. Strengthening capacity of staff in project management activities through standard training and learning suites.*	See actions set out in response to **Recommendation 7** *(Incentives)* and **Recommendation 6** *(Training)*

Introduction and Key Concepts

Introduction

This report summarizes the findings, conclusions, lessons learned and recommendations from an independent evaluation of the quality of project supervision and exit processes of the African Development Bank Group (AfDB, or 'the Bank') from 2012 to 2017. The report identifies priority areas for consideration by the Bank's Management and Board to enhance the quality of project supervision and exit of its operations. This evaluation builds on the Bank's commitments and previous self-evaluations, institutional reviews and IDEV's evaluations. It also takes into consideration the provisions in the new Results Measurement Framework (RMF) presented during the African Development Fund (ADF) 14 replenishment, which emphasized a proactive portfolio management approach and accelerated decentralization to become closer to the Regional Member Countries (RMCs).

The evaluation aligns with the previous commitments made under ADF 11 and 12, and seeks to map progress in key areas, including: i) improvements in the quality of project supervision and the performance of projects, including the management of environmental and social (E&S) risks; and ii) the promotion of organizational learning at the Bank.[11] The evaluation is timely as it seeks to provide evidence to inform discussions during the upcoming ADF 14 Mid-Term Review (MTR). It provides evidence on successful reforms and highlights those areas requiring further reform or enhanced compliance. It is contextualized in the ongoing institutional reforms, in particular to inform the direction of implementation of the Bank's new Development and Business Delivery Model (DBDM).

This summary report is structured to provide introductory information (Section 1), findings (Sections 2 to 5), conclusions and recommendations (Section 6).

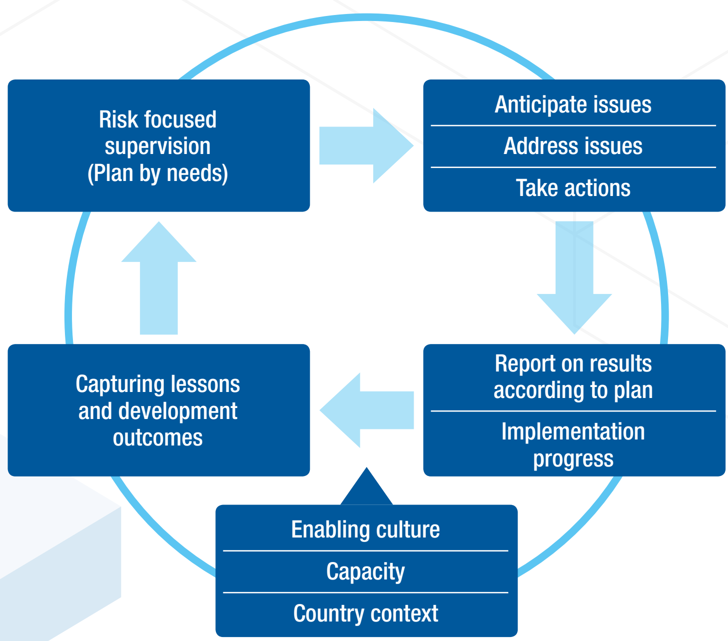
Evaluation purpose and objectives

The purpose of the evaluation is twofold. First, it fulfills the accountability mandate of the Bank by reporting on the management and performance of its commitment to enhance implementation quality. Second, the evaluation contributes to the discussion of operational performance by identifying areas for learning and improvement. It adopts a formative approach to identify progress achieved so far, and the factors that enable or hinder good performance. It draws lessons for the Bank and proposes recommendations to optimize the existing quality assurance (QA) framework for supervision and at exit to enhance the implementation quality of the Bank's operations. Specifically, the objectives of the evaluation are to provide credible evidence on the following:

1. The extent to which the Bank's project supervision system is relevant, adequate and aligned with best practice, including the E&S safeguard requirements;

2. The performance of the Bank's QA framework during implementation and completion, especially in relation to the extent to which it is focused on risks, provides active feedback and follow-up, and promotes results-focused monitoring and reporting;

Figure 1: Evaluation assessment framework



3. The factors that have enabled and/ or hindered effective implementation of supervision; and

4. Draw lessons to inform the Bank's future use of supervision to ensure the achievement of development outcomes (DOs) and organizational learning, which should support the Bank's agenda for transformation.

Evaluation scope and questions

The evaluation covers both public and private sector operations that were effective and active between 2012 and 2017, with a total approval value of UA 5,817.7 billion excluding emergency and equity operations and grants[12].

The evaluation seeks to address four overarching questions. These questions are further detailed into 22 sub-questions, addressed through over 30 judgement criteria to establish the evaluation matrix. The analysis and findings were based on the evaluation assessment framework in Figure 1. The framework is underpinned by both the supervision concept and the Bank's QA framework for supervision. The concept stipulates that supervision should ensure the borrower's commitment toward: i) implementing the project according to its plan and purpose; ii) that it covers the project life-cycle from post-approval to completion; and iii) that it ensures results-focused reporting and provides useful and actionable lessons to inform future operations. The framework is further based on the principle that supervision objectives should be achieved by considering a suitable enabling environment and adapting to the country context in such a way as to be conducive in achieving the desired results. In terms of determining supervision quality, the framework considers the following factors that are thought to influence implementation quality: i) supervision inputs and processes are adapted to project profile and context; ii) supervision activities ensure compliance with fiduciary and E&S safeguards, and proactivity in problem resolution; iii) supervision includes effective M&E that provides credible performance reporting; and iv) supervision involves reporting that focuses on DO results and provides actionable lessons. For private sector operations, supervision should also consider the client's capacity to fully respect the payment schedule and to report adequately on DO results.

The evaluation questions addressing the evaluation issues were as follows:

1. Is the Bank's current QA framework for supervision and exit relevant and aligned with best practice?

2. To what extent has the Bank's QA framework been implemented as designed?

3. How has the Bank's supervision contributed to results-based reporting and lesson-learning?

4. How do we ensure and sustain a suitable supervision system for the Bank going forward?

Evaluation Design and Methods

The evaluation was theory-based. The starting point of the evaluation was a reconstructed theory of change (Annex B2) for the Bank's project supervision and exit, building on the current Operations Manual. This had three key guiding principles, namely: (i) to support borrowers to implement and monitor projects; (ii) to ensure project implementation progress; and (iii) to report on DO results and lessons. The reconstructed theory of change was used to map the current QA framework, assess progress and identify additional reforms needed to drive improvements. This process informed the development of an evaluation assessment framework that defined the intended reforms to the QA framework proposed to improve performance. The evaluation questions, decision criteria, indicators and lines of evidence to support the findings are specified in the evaluation matrix (Annex B1). The methodological details are provided in Annex A.

The evaluation made use of five complementary lines of evidence. The analysis and findings were based on the evaluation assessment framework in Figure 1. The five components are: i) a review of the Bank's policies and guidelines to establish the relevance and validity of the QA framework applied; ii) a desk review of a representative sample of projects to identify progress and levels of achievement; iii) a review of comparator institutions focused on four institutions (the Inter-American Development Bank [IDB], the World Bank [WB], the International Finance Corporation [IFC] and the Millennium Challenge Corporation [MCC]) for which visits and interviews were conducted, and others (the International Fund for Agriculture Development [IFAD] and the European Bank for Reconstruction and Development [EBRD]), for which desk reviews and telephone interviews were conducted to identify any best practices that could be adapted to the Bank's context; (iv) an online survey of Bank staff involved in supervision; and v) country case studies of five countries (Cameroon, Kenya, Morocco, Senegal and Zimbabwe), which included interviews with borrowers/clients and national authorities, together with project site visits to obtain insights into the Bank's performance in providing the support required and those areas that could be improved.

A mixed-methods approach was used, involving qualitative analysis of key documents and interviews, and quantitative data from the Bank's information system and responses from an online survey. The evaluation undertook a project process review of a sample of 83 public sector and 38 private sector projects. The review assessed the extent of compliance and application of the supervision QA framework and illustrated its effect on performance. It further undertook an expert desk validation of 77 operations (45 public and 22 private) assessing the key dimensions contributing to supervision quality: i) the quality of the supervision approach; ii) M&E performance; iii) feedback and follow-up of remedial actions for resolving issues; and iv) realism in reporting results.

The review of quality at exit included a process review and a review of reporting quality looking into two key performance dimensions (namely, rating for the 'quality of lessons' and 'sustainability') as proxies, due to the limited number of Project Completion Reports (PCRs) available in the sample. Only 12 Expanded Supervision Reports (XSRs) and 14 PCRs were available for the identified sample. In addition to the sample, the evaluation further used IDEV's validations of two cohorts of 35 projects for 2014 and 55 projects for 2015 that were verifiable to assess performance. Information from five country case studies was used, together with findings from a stakeholder survey.

Limitations

1. The evaluation did not fully capture the quality at exit of the Bank operations. An ongoing IDEV evaluation on the Bank's self-evaluation system is looking into the quality of PCRs and XSRs in greater detail. The evaluation therefore focused on the assessment of compliance and approach, as well as two performance dimensions of completion reporting, i.e., the quality of reporting on risks to sustainability and the quality of lessons.

2. The secondary data were not consistently available. For PCRs only 14 were available for 22 projects that were due in the sample of 83 public sector projects reviewed. The

low XSR count and validation by independent evaluation constrained the assessment of the Bank's QA for completion in terms of its performance in reporting results. In order to make the assessment more relevant to the recent reforms, the evaluation established cut-off dates for sampling from 2012 to 2017. However, the evaluation had to go further back to 2009 for private sector operations to have a sizeable sample of XSRs. Even by doing so, the total sample of completed reports was only 12 XSRs. In addition, the evaluation had difficulty in accessing Back-to-Office Reports (BTORs) of supervision missions due to weaknesses in the Bank's document management system. Furthermore, records on continuous desk supervision activities were not consistently available to fully assess the quality of this supervision. This was mitigated to some extent by using other data sources where possible, including consultations with the relevant Task Manager, Project Implementation Units (PIUs) and the executing agencies in the country case-study visits.

3. The scope of the evaluation was limited to project supervision quality and could not cover portfolio supervision in detail, especially to assess country portfolio reviews, due to the time and resource constraints faced.

4. A more significant weakness, relevant in all cases, was the limited availability of project monitoring documents, in particular BTORs, Aide Mémoires and Mission TORs for the Bank's operations, and a lack of consistent data on monitoring performance indicators.

5. Concerning private sector operations, the evaluation only focused on key general quality dimensions as factors determining project supervision quality. The assessment did not fully cover a deeper analysis of credit-risk monitoring and the special operations activities.

6. The evaluation period of 2012–17 and recent cases were included to ensure that the evidence base was up-to-date, which also helped with the availability of informed interlocutors. However, this also meant that the results of the most recent reforms could not be fully captured.

7. Finally, the response rate for the staff survey was low. To address this, IDEV only reported findings for professional groups that demonstrated a reasonable margin of error, including: i) Task Managers (90 percent C.I. of +/-9 percent); and Country Program Officers (90 percent C.I. of +/- 12 percent).

The Concepts of Project Supervision and Completion

In line with the practice of other Multilateral Development Banks (MDBs), the Bank's concept stipulates that the borrower is responsible for project implementation, while the Bank provides support to the borrower to implement operations as intended. It further underpins the key role that supervision plays in achieving DO results and impact through proactive problem-solving and trouble-shooting. At the Bank, the supervision concept is applied to both sovereign and non-sovereign operations, with a differentiation in the processes to respond to their respective characteristics. The Bank's Operations Manual (2014–15) refers to the general supervision of all operations as "implementation monitoring," describing the framework as "a continuous set of activities carried out during the project life-cycle, from project launch through routine supervision activities to completion." The Bank's supervision is focused on three key principles: i) support to the borrower to implement the project; ii) monitor and

Box 1: Bank's supervision synopsis

The Bank's supervision concept is implemented at two levels, namely project supervision and portfolio supervision. The latter is applied across all of the Bank's operations, but with a careful distinction made in the different processes required for the public and private sectors.

For public sector operations, there are three complementary supervision modalities in the ADB:

a. Field supervision missions performed with the required frequency, budget, duration and team composition;
b. Desk supervision involving the preparation of guidance documentation and reports, review and response to reporting by clients and borrowers; and
c. Project implementation backstopping.

Private sector supervision, in addition to applying the above modalities, has monitoring and supervision that also focuses on capturing information on the following three key areas:

a. **Project implementation, financial performance, DOs,** E&S safeguards, and other loan covenants compliance specific to the sector. These are to be reported systematically through detailed BTORs after each field supervision mission. BTORs have different templates for financial operations and non-financial operations.
b. **Implementation progress, commercial viability and DOs** are to be reported in Project Status Reports (PSRs) and Annual Supervision Reports (ASRs), quarterly and annually, respectively; and
c. **DOs, ADB investment outcomes, and additionality** are discussed in a one-time expanded supervision report (XSR) when a project reaches operating maturity, typically 3 to 4 years after disbursement in non-finance operations.

ensure implementation progress; and iii) report on results and lessons learned. For the Bank, supervision is expected to strengthen project management and implementation, and enhance the development impact of projects. Supervision is also expected to raise any outstanding issues and to highlight decisions taken by the Bank's Management and/or additional actions required by the borrower, client or implementing agencies to improve project performance.

The Bank performs key activities during the closure or exit of a project to ensure sustainability of project results and improve its future operations. This phase starts with the activities to prepare for the closure of a project and the production of a self-evaluation report which, from the Operational Guidelines, "helps the Bank to account for its investments and collect experiences and lessons from completed operations to inform new programming." The Project Completion Report (PCR for the public sector and XSR for the private sector) is the final milestone of implementation results reporting. Establishing the right time to undertake the reviews and the timely submission of these reports are essential for the Bank's results reporting. Particularly for the preparation of XSRs, best practice requires that the right maturity period be determined based on guidelines with respect to the operation type.

Past evaluation recommendations (OPEV, 2010) emphasize that monitoring and supervision during implementation and completion are supposed to respond to multiple objectives, and require the right processes and structural arrangements to be in place. In view of this, all major development partners,[13] including the Bank, have committed to strengthening the focus on implementation through diverse reforms, including tools, procedures and institutional arrangements.

Drawing on the above, the conceptual framework for the quality of supervision is considered to be largely driven by successful risk mitigation, and results-based and adaptive management. Similarly, quality at exit, which is an integral part of the Bank's results agenda, is considered to play an essential role in identifying and applying lessons from project supervision and completion activities to improve the quality, performance and long-term sustainability of operations. This then requires that credible knowledge and performance management practices, together with favorable institutional arrangements, be put in place to achieve the necessary results.

The Bank's QA framework — which addresses both quality at entry, quality of supervision and quality at exit — is founded on obligations to previous recommendations and ADF commitments.[14] Its provision for quality of supervision and quality at exit is characterized by three key elements, namely: i) adopting a risk-based focus in supervision practices; ii) maintaining results-focused monitoring; and iii) enhancing implementation reporting beyond the focus on outputs to address DOs. These are considered by the evaluation as determinants of the quality of supervision and quality at exit. The evaluation assessment framework therefore considers achieving quality as: i) enabling borrower ownership by adapting supervision to the needs and context of the project type and complexity; ii) supervision to start from the project start-up through to completion; and iii) supervision to enable risk- and results-focused reporting, and the likelihood of achieving effective implementation. ■

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Evolution of the Bank's Supervision Framework

To What Extent has the Bank Responded to the Recommendations of Past Reviews?

Supervision in the Bank has evolved after several reviews and because of the institutional strategic objectives that aim to create a stronger implementation culture focused on results. Other MDBs[15] have adopted similar reforms in the same direction over a similar period.

In 2012, the Bank approved new initiatives designed to improve its QA framework and to guide implementation monitoring. This involved the revision of reporting tools and guidelines for both private sector portfolio monitoring and public sector project supervision, responding to recommendations made in previous reviews and evaluations.[16] The reforms also included a revision of the completion reporting tool, as presented in Figure 2.

The introduction of new QA tools to conform to best practice at comparator institutions in focusing on results and development effectiveness is a step in the right direction. In 2015, the Bank further strengthened its commitment to results and quality by establishing a separate unit in its recent organizational restructuring to ensure performance monitoring. This was coupled with the introduction of an enhanced Quality Assurance Dashboard system to increase monitoring and reporting efforts on portfolio performance.

The Bank continues to address the balance in focus between lending and implementation, with efforts to improve portfolio monitoring by introducing key implementation indicators in its corporate reporting, establishing targets to monitor progress on project supervision,[17] and including portfolio monitoring in its major corporate reporting documents. These include the Annual Development Effectiveness Report (ADER). These

Figure 2: Evolution of the Bank's efforts to enhance project supervision quality

2012	2013–14	2015	2016–17
▮ Revision to RMF ▮ Revision to NSO guidelines ▮ Revision to Portfolio Flashlight ▮ Piloting IPR tool	**Public Sector:** a. Introduction of IPR b. Revision of PCR format to align with IPR **Private Sector:** a. Revision of NSO guidelines for portfolio monitoring b. Revision of reporting formats (financial)	**Private Sector:** ▮ Revision of NSO guidelines ▮ Amendment to Credit Risk Review Guidelines: SOU ▮ Risk-based supervision ▮ Quality dashboard ▮ Revision of IPR ▮ Enhanced decentralization	**Public Sector:** ▮ Piloting Integrated System for Projects -RRS platform **Private Sector:** ▮ Restructuring of portfolio monitoring

efforts were enhanced with closer monitoring by Senior Management through Monthly Operations Status (MOS) meetings and performance monitoring tools, such as the revised Delivery Dashboard.

For private sector operations, the Bank also addressed issues identified in its self-assessment reviews, corporate reviews and IDEV's independent evaluations.[18] These included results-focused reporting, and targeting the ability of investment operations and financial interventions to capture and report adequately on DOs — a key weakness identified in previous reviews. Since then, the reporting formats for the supervision of financial operations have been revised to include sections for addressing DO indicators, in addition to revised portfolio monitoring guidelines. The Bank has also enhanced its risk- and results-focused approach to portfolio monitoring, with the introduction of the Special Operations Unit (SOU),[19] which takes over monitoring of highly distressed projects and addresses workouts or potential losses, as relevant.

Overall, the Management is responding to key issues as part of its commitment to implementation as illustrated in figure 2. However, there is still room for improvement to achieve optimal levels regarding the persisting challenges of compliance and accountability, as noted in previous reviews. ■

Relevance of the Bank's Supervision Framework: Are We Doing the Right Thing?

The relevance of project supervision was assessed with respect to two dimensions: i) the extent to which project supervision policy and framework are aligned to the Bank's strategic focus on risks, results and reporting; and ii) how the activities, procedures and organizational initiatives under the framework are made fit-for-purpose based on the guidelines. This assessment was informed by mapping the Bank's responses to previous reviews and the ADF commitments to improve implementation quality. The evidence sources included the Bank's results reporting documents, updates on reforms, revised guidelines and extensive interviews across the Bank's hierarchy.

Relevance of Supervision Policies and Guidelines

The 2014 Operations Manual provides guidance regarding the steps of the supervision process in public sector projects. While it covers mainly public sector operations, clear guidance is also provided on the Bank's broader approach to supervision with different supervision instruments[20] for all operations. The specificities for private sector operations are detailed in the Guidelines for Portfolio Monitoring (2014). The evaluation identified areas where the supervision guidance could be strengthened. For instance, the Bank does not have specific guidance for the different types of lending and non-lending operations, or to address the specificities of supervision of multinational operations or operations in different sectors. Although the Operations Manual can be considered to be broad policy guidance, two-thirds of Bank staff interviewed expressed concern over the absence of an updated Operations Manual that is easily accessible online, or one that can serve as desk reference for everyday use. The Bank's 1999 Operations Manual was revised and finalized in 2014, but has still to be formally launched. Stakeholder consultations hinted that the delay in finalizing the Operations Manual was in order to wait for the completion of the Bank's institutional transformation process. The review of the Bank's guidance documents and responses from interviews show that guidance on ensuring quality at project exit is poorly defined and not sufficiently results-oriented. The Bank's operational guidelines should provide more detailed guidance on the required follow-up mechanisms to ensure that exit and sustainability conditions are fulfilled.

Decentralized supervision

The Bank's enhanced decentralization under the new DBDM shows renewed commitment to focus on implementation quality. However, this has yet to be reflected in the Bank's operational guidelines. With enhanced decentralization, the role of the country office staff in supervising projects has become more prominent, as illustrated in the latest Delegation of Authority Matrix (July 2018). Considering the important role to be played by Country Offices in continuous supervision at the project level, further guidance and specific provisions on required activities and the role of the staff is necessary. Country Managers highlighted the need for a template to capture the efforts of country office staff, in particular Country Program Officers (CPOs), regarding day-to-day supervision besides official supervision missions.

Aligning with best practice standards

The Bank's recent revision of tools and guidelines for QA during implementation and at exit are aligned with the best practice of comparator institutions. These institutions have sought to adapt to the global and institutional focus on managing for results that is common across MDBs, in particular capturing risks and applying mitigation measures early enough to inform learning and maximize performance. The revisions include the Implementation Progress Report (IPR) tool in 2015 for public sector operations and the enhanced BTOR for private sector operations, also introduced in 2015. However, additional verification and independent reporting measures are necessary to improve the quality of the content.

There were no major changes to the Bank's monitoring and supervision procedures for private sector projects over the evaluation period until the structural reforms undertaken in the last quarter of 2017. These reforms were in response to the new DBDM and placed portfolio monitoring under the oversight of sector departments, instead of the previously centralized supervision system. The proposed revisions for the private sector reporting formats are considered relevant and address the specificities of financial operations. Similarly, having different reporting templates by project type and by sector for non-financial operations is essential in ensuring consistency in reporting.

Are the project supervision tools addressing needs?

The survey results indicate that most Task Managers (82 percent) consider all the reporting tools (including BTORs and Aide Mémoires) to add value for reporting on project implementation, with each serving a specific purpose for public sector operations (Figure 3).

However, as noted during stakeholder consultations, there is scope to minimize duplication by ensuring that: i) the IPRs focus on reporting results; ii) Aide Mémoires signed between the borrower and the Bank capture the agreed follow-up actions; and iii) BTORs identify critical issues that require management attention, in particular when dealing with internal or sensitive issues that require immediate attention.

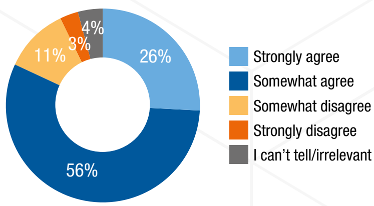
According to the survey, about 60 percent of Task Managers have a positive opinion regarding IPRs, with 73 percent of respondents agreeing on their relevance for informing decisions on project issues. Stakeholder consultations also confirmed the value of IPRs in mainstreaming and harmonizing reporting standards. The IPR is considered particularly important in improving the alignment of project reporting with the corporate-level results measurement framework. Although the IPR includes specific sections on

Box 2: Supervising environmental and social safeguards aspects

The Bank is still not fully aligned to best practice regarding the strengthening of supervision of environmental and social risks of projects during implementation to ensure effective implementation of the agreed mitigation measures, including the compensation of persons affected by projects funded by MDBs. The Bank's 12 Environmental and Social Safeguards (ESS) specialists covering the whole public and private sector portfolio spend most of their time on due diligence before project approval. The Environmental, Social Safeguards and Compliance Department (SNSC) relies on the invitation and the budget of operations departments to join field supervision missions. In practice, ESS staff devote 80 percent of their time to project appraisals. Although this imbalance has been the norm since the start of ESS implementation at the Bank, the requirements of PD 02/2015 has put extra pressure on ESS staff to ensure that, from an E&S perspective, effectiveness and disbursement delays at the early stage of implementation are minimized.

Other comparator organizations are using risk-based planning for the supervision of E&S issues. For instance, the World Bank has a budget co-efficient allocated to E&S supervision according to the project risk category (including cost/time and travel and consultants). This approach inverts the level of effort (cost and time devoted by ESS specialists), focusing it on supervision instead of heavily on appraisal. IFC and IDB have also aligned, albeit to a lesser extent than the World Bank, to this principle.

Figure 3: BTOR and Aide Mémoire supervision reports add value for reporting progress and key issues



gender and environmental issues, it does not address fragility and resilience. These issues are already known to the Bank's Management following previous reviews undertaken by the Quality Assurance Unit, after which a subsequent commitment to revise the IPR was planned for the end of 2017. However, the evaluation found no evidence of its implementation.

Survey respondents also acknowledged the key role of portfolio supervision tools, in particular the Portfolio Flashlight reports[21] and the Delivery Dashboard, in enhancing portfolio quality, improving project performance and business efficiency.

Revision of the tools for private sector operations enabled differentiation and targeted results-focused reporting by different instruments, but there are still gaps due to the absence of a streamlined process of portfolio management reporting. According to the Portfolio Monitoring Team, the revisions only served to add more reporting layers and were therefore inefficient in terms of the time required to prepare them. This was also considered a burden for Portfolio Officers. For example, the desk review of 22 sample projects showed that BTORs and Project Status Reports (PSRs) were duplicative, but the BTORs contained more relevant information than the PSRs. The PSR was seen as a summary of the BTOR, with the rating requirements differentiating it from the BTOR. However, a substantial number of respondents (44 percent) disagreed that the BTOR template provided adequate guidance according to project type, while 55 percent disagreed that it provided full coverage of DOs.

The Private Sector Department fully adopted a risk-based approach to supervision in 2015, with a revision to its monitoring guidelines and establishing the SOU. The revisions also included the introduction of the monthly watch-list meetings to review ongoing and new underperforming projects. However, there were issues of clarity. For example, decision points and the timeline for remedial actions were not well defined. There were no formal guidelines besides an informal agreement between responsible actors in taking decisions on project performance and subsequent remedial decisions by the Credit-Risk Committee (CRC) after supervision reports had raised issues. Portfolio Officers further highlighted these issues as a concern. There were instances where issues were reported in BTORs but addressed only after considerable delay. Other instances included lapses in decisions about classifying the project for watch-listing (e.g. a defaulting client (a Bank) was only added to the watch-list after two supervision reports raised the alert). Overall, the evaluation noted the need for further clarity of processes and communication channels within the system.

The Bank has still to adopt an integrated system that collates information from supervision reports to build a database of lessons that can then be applied to new operations. Currently, this information is only captured through XSRs. This is further confirmed by survey respondents (57 percent) who disagreed that the Bank's project management IT tools were adequately integrated. Other institutions, such as IDB[22] and EBRD, have established platforms that ensure better integration of the entire project life-cycle toward development effectiveness and organizational learning. Risks identified at appraisal are tracked and managed during implementation, and lessons are captured during supervisions and at completion, systematically informing new operations.

Overall, the Bank is working toward being on a par with its peers regarding private sector operations, although it trails in certain aspects, such as the absence of an integrated project information management system and the systematic tracking of risks to DOs. In contrast, peer institutions have advanced with the adoption of integrated project information management systems, such as AIMM[23] by IFC, TIMs by EBRD, and DELTA[24] by the IDB Invest to effectively track and monitor project risks at approval and applying required monitoring indicators to determine performance and progress toward DOs at determined levels.

Institutional Arrangements

Clarity of roles

The Bank's guidelines are clear on supervision responsibility and the required team composition for project launching, field supervision and completion missions. The terms of reference describe the roles and responsibilities of the team, although final responsibility rests with the Task Manager. More than half of the stakeholders consulted pointed to the need for clearer guidelines on the roles and responsibilities for monitoring regional projects. Interviews with both staff and RMC project teams highlighted that regional projects suffered from issues relating to weak coordination and inadequate supervision frequency. Only three out of 10 multinational projects in the sample received supervision missions more than once per year. Previous reviews[25] have raised this issue, but the evaluation found no evidence that it had been addressed. Country case studies, however, noted instances of special arrangements through Country Offices in some countries involved in follow-up, but this had ultimately proved ineffective due to inadequate staff capacity.

Regarding private sector operations, stakeholder consultations and document reviews revealed new arrangements to address the issue of discontinuity of Investment Officers' involvement in project activities after first disbursement. Their limited ownership of transactions post-disbursement had been highlighted in previous evaluations as creating gaps in ownership. It is too early to assess the impact of the recent reforms, which are targeted at creating ownership and shared responsibilities between Investment Officers and the Portfolio Monitoring Team. However, there is a need to improve the clarity of roles, responsibilities and reporting lines between Portfolio Monitoring Teams at the Private Sector Department's front office and the Portfolio Monitoring Officers placed within the sector departments.

Promoting a team approach for project supervision

The Bank has taken further steps toward a team approach for project supervision. Guidelines recommend the involvement of a multidisciplinary team, together with new checks and balances. However, the evaluation found only limited involvement of the key actors within the operations ecosystem, post-approval. The desk review of 45 sample projects showed an overall satisfactory rating of 60 percent, with more consistent involvement of fiduciary experts, while others, such as E&S, legal, climate change, gender experts, were not sufficiently involved. Comments by survey respondents and almost half of the Task Managers interviewed reported the need for fiduciary teams to assume their roles effectively in addressing implementation issues, instead of only policing or simply flagging problems, without contributing practical solutions.

The Bank's overall supervision approach

The Bank's overall approach to project supervision over the evaluation period was seen as not sufficiently proactive when determining the extent to which the Bank anticipated and arranged the required support, based on a project context or risk status at approval, for its public sector operations. Most Task Managers and other operations staff confirmed that the introduction of the recent QA tools, for instance the Portfolio Flashlight, the Delivery Dashboard and the Quality Assurance Dashboard reviews, had been helpful in raising alerts and providing information on portfolio progress and quality. Nevertheless, the usefulness of the tools was limited to identifying projects at risk during implementation and establishing closer monitoring, rather than using project information on risk status at approval to define the supervision and monitoring approach for implementation. More than half of the operations staff interviewed viewed the efforts as gap-filling to compensate for an inadequate focus on implementation. An analysis of the system's workflow indicated the absence of a systematic approach to problem-solving at the project level, until the more recent efforts by Senior Management through different initiatives[26] to address flagged projects. While the evaluation noted the introduction of focal points at front offices of Regional Vice-Presidents and the creation of the role of an implementation support manager, it noted an absence of established processes and guidelines for risk-based monitoring and problem-solving. In contrast, comparators have created platforms and dedicated supplementary budgets to help teams to handle such complex projects, in addition to alerting systems, as efforts to resolve problems at the project-supervision level. For example, IFAD's Supervision Implementation Support (SIS) team not only monitors and checks the quality of supervision, but also provides arms-length support for managing risky and complex projects. Similarly, the World Bank's 'Agile' system performs a similar function, by delegating teams within sector units to provide handholding support for complex projects at approval.

Overall, the evaluation noted the Bank's enhanced efforts toward improving supervision, including Senior Management attention to portfolio monitoring through enhanced monitoring tools, QA templates and additional piloted initiatives placing greater emphasis on DO reporting.

Although the overall relevance of the Bank's framework for QA for supervision and at exit is observed, the required reforms needed to address the challenges identified in previous reviews are still pending. For example, the Operations Manual has still to be finalized to reflect the recent reforms and the supervision reporting format still needs to be integrated into the Bank's SAP system.

The evaluation also notes a lack of staff incentives to drive a results-focused and quality culture during implementation of all operations and at exit. This is an issue that was apparent in all the interviews held within the Bank, and one that also resonates among the recommendations from IDEV's previous evaluations.[27] ■

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Compliance and Efficiency of Supervision

Are We Doing Things Right and to Good Quality Standards?

While seemingly efficient, there are still shortcomings in how the Bank manages its risk-based approach for supervision and subsequent compliance with the provisions of the Operations Manual. The evaluation examined the following key areas to assess progress: i) compliance with supervision frequency based on project risk; ii) time efficiency in activities, or raising issues for management decisions through the reporting documents; iii) adequate use of tools for reporting as required; iv) stakeholders' views on the adequacy of resources and budget allocations based on project risks and type; and v) the provision of sufficient expertise in the teams conducting supervision missions. The overall findings regarding these dimensions provided a mixed picture, with some areas where progress had been achieved and others where there was a need for further strengthening.

Compliance with Project Supervision Policy and Procedures

In assessing supervision compliance, the evaluation considered both field-based and desk-based supervision, which requires reporting through the IPR system for public sector operations, and uses BTORs, PSRs and XSRs for private sector operations. The assessment involved a review of the reporting documents of 83 public sector and 37 private sector projects, along with annual reports, which were compared against the requirements of the Bank's guidelines and manuals.

For public sector operations, over the period 2012–17, of the 83 projects in the sample, 54 (65 percent) received on average at least one supervision mission per year. All problematic projects in the sample were supervised at least once a year, with 77 percent of them being supervised twice a

Table 1: Extent of focus on risk in supervision in the sample of public sector operations

Findings	Project category	Projects with maximum one supervision mission/ year	Projects with more than one mission/year
ADF and ADB: Based on the sample review (83), project supervision is higher in ADB countries than in ADF countries	ADB	22%	78%
	ADF	42%	58%
	Blend	38%	63%
Fragile states: Projects in fragile states are visited less often	Fragile	11 out of 21 (52%)	10 out of 21 (48%)
	Non–fragile	20 out of 62 (32%)	42 out of 62 (68%)
Projects size: Smaller projects and middle size project are less regularly supervised than large ones	UA 1–20 million	43%	57%
	UA 20–75 million	39%	61%
	UA > 75 million	15%	85%
Risk: With regards to the sample, projects-at-risk (problematic and potentially problematic) are more regularly supervised than non-problematic projects (non-PP)	Projects at risk	23%	77%
	Non-PP	40%	60%

year. This indicates increased efforts by the Bank to ensure regular supervision of projects compared with the performance noted in a previous IDEV evaluation of supervision (2010), which reported only 57 percent of problematic projects being supervised twice a year. An overview of compliance with project supervision standards is shown in Table 1.

For private sector operations, project supervision frequency is determined by the project's credit-risk rating and its complexity, with a required minimum of one field mission per year. Document reviews showed that 75 percent of the sample projects that became effective from 2015 were supervised regularly over the period, but BTORs and other reporting requirements were not consistently available. However, interviews with the Credit-Risk Team also highlighted that the timely submission of reporting requirements regarding relevant information was a limiting factor in identifying problems early enough to be able to provide the required feedback that the client might need.

Skills-mix of the supervision teams

The Bank's guidelines require that a fully-fledged supervision mission should include — to the degree possible and depending on the resources available — in addition to the Task Manager, the following specialists: Procurement Specialist, Financial Management Specialist, Disbursement Officer, Gender Specialist, E&S Specialist, M&E Specialist, and any other relevant specialists depending on the nature and the type of operation. Evidence shows that, owing to the limited availability of experts and financial resources, supervision missions rarely include all types of expertise. The size and composition of the supervision team depends on the nature of the project, so that fully-fledged supervision teams may not always be needed. However, according to the stakeholder survey, 52 percent of Task Managers felt that the skills-mix in field supervision teams did not adequately take into consideration the project type and status. This resonates with findings from the desk review of supervision reports of 45 public sector projects, which showed that only 49 percent of supervision teams were sufficiently staffed, comprising a Task Manager, at least one fiduciary expert, and an additional sector and/or cross-cutting issues expert.

Compliance at the initial stages of implementation

The use of project launching missions to address pre-implementation issues is not optimal, according to the process review of public sector operations. The evaluation adopts the concept that supervision should start a soon as a project becomes effective. Supervision plays a key role in ensuring efficiency gains in the time that elapses from effectiveness to first disbursement. The evaluation assessed the compliance with, and the extent to which, the required supervision tools that were applied at this stage contribute to pre-implementation quality. It found that over the evaluation period only 40 projects (48 percent) of the sample of 83 projects had a project launching misson. Furthermore, weaknesses were identified in the team composition and duration of the project launching mission. More than half of the interviews with RMC teams and Bank staff reported that project launching missions frequently occurred too early (i.e., before the permanent project team was onboard) and dedicated insufficient time to covering the key issues in depth. The maximum duration noted within the sample was 7 days, but not with the complete team composition considered relevant, including support staff such as legal and ESS experts.

Though the evaluation noted the discretionary use of project launching missions in cases of repeat operations, this was not justifiable for new projects. RMC interviews highlighted that if the same team was working on a new project, a project launch was desirable, since it engaged the team in a shared commitment of project objectives.

A project launch is key for setting the requirements and sharing an understanding of the expected benefits among the team, including an opportunity to reorient the project team to any specificities within a new project and any changes in the Bank's procedures. Best practice is noted in IDB, where project launch workshops are held before approval and before the first disbursement. During the second workshop, the final implementation plan is updated and validated based on the risks to implementation identified through the first workshop. According to interviewees in IDB the timing of these activities is important in that the formal launch should be undertaken with the approved project implementation team already in place.

Compliance at implementation

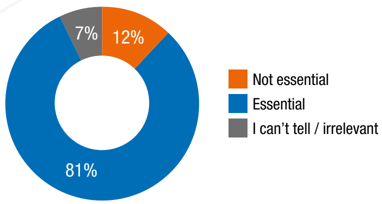
Timeliness in submitting IPRs after supervision is still poor. The timeliness in reporting after supervision missions is critical for the prompt raising of any project issues and the taking of remedial action to address problems. According to the 2017 Annual Quality Dashboard report (mid-July 2017), only 53 percent of supervision reports were submitted on time against a target of 70 percent. The report further noted low compliance with coverage. Although timeliness improved slightly, the challenge remains that the majority were already out-of-date by the time they were uploaded. The evaluation findings from the process review also resonate with this issue. The process review of the sample of 83 public sector projects showed that on average 55 days elapsed between the mission end-date and the availability of IPRs on the Bank's information system. This is well above the 30 days recognized as best practice. The longest delays observed were within multisector (77 days), transport (75 days) and power (56 days) projects. Task Managers are required to provide information on project progress following a field mission or desk review, which is subsequently approved by the line manager. A pertinent challenge related to human resources and the skills-mix is the time that supervision teams dedicate to reporting. As mentioned earlier, it is often left to the Task Manager to generate the main reports (with inputs from other members). IPRs are often produced with significant delays, limiting the ability to address issues or have them brought to the attention of managers.

According to the Bank's operational guidelines, it is mandatory to conduct MTRs for all its lending operations at a given time during implementation, but this was not being conducted consistently. This is despite the important role of MTRs in assessing progress and taking concrete decisions to keep an operation on track to achieve its DOs. Of the Task Managers who responded to the survey, 81 percent noted that the MTR was an effective tool for remedial processes, such as restructuring and refinancing during project implementation (Figure 4). However, additional comments established that the remedial processes can be extremely difficult and, as a result, an MTR was used as a last resort.

Of the 52 projects in the sample that were required to carry out an MTR, 33 (62 percent) were overdue. Of these 33, 13 showed diverse problems, mostly low disbursement rates, especially in the case of multinational operations (five cases). Although the evaluation failed to find any significant improvement in project performance following an MTR, performance upgrades did occur in five out of the 13 problematic projects.

The evaluation noted a need to make the conditions for amending and restructuring more flexible, as an incentive to encourage Task Managers to pay more attention to MTRs. For example, the World Bank has revised its policies to establish flexible processes for restructuring and cancelation of projects to encourage proactiveness in the use of MTRs for this purpose. Interviews with the Operational Effectiveness Team at the World Bank highlighted some of the changes made to encourage Task Managers, such as reducing levels of project restructuring that require Board approval. Similarly, the Independent Evaluation Group (IEG) also encourages Task Managers to restructure projects and gives credit for projects that were restructured to help address an issue and that subsequently enabled the project to be successful.

Figure 4: Opinions on the use of MTRs for follow-up of corrective actions and recommendations

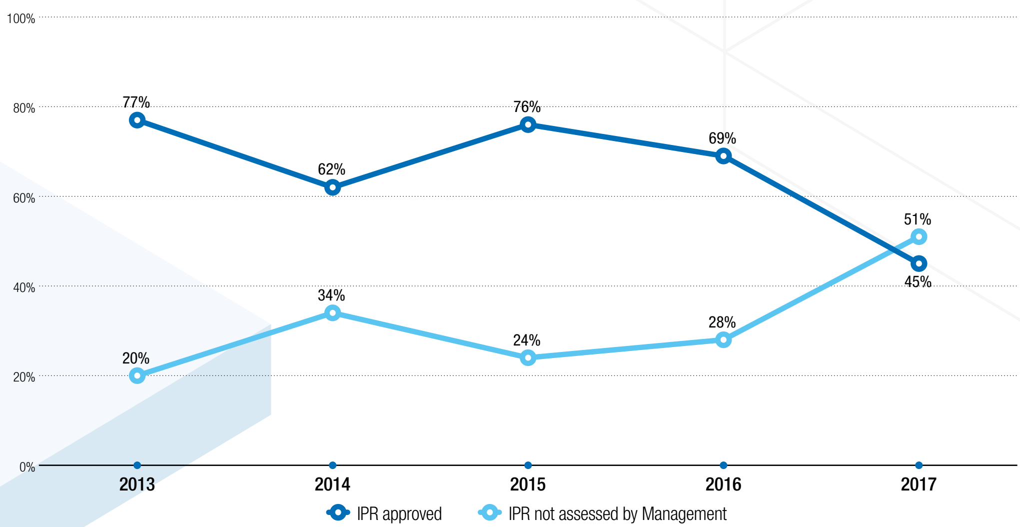


IPR coverage and compliance are a challenge. A review of the supervision missions carried out for 83 public sector projects from 2013 to 2017 showed the percentage of submitted and unassessed IPRs increased from 20 to 45 percent (Figure 5).

One key element among the problems highlighted by the Quality Assurance Dashboard reporting was the validation rate by managers. The evaluation review noted that this issue has persisted despite an action plan established in 2016 to address the problem. From the process review analysis, of the 358 IPRs reviewed for the sample of 83 projects, 260 (73 percent) were assessed and approved by the relevant Sector Manager against a required standard of 100 percent. The sectoral analysis of this indicator showed a higher proportion for agriculture (74 percent), social (64 percent) and multisector (63 percent) projects.

Survey comments and stakeholder consultations indicated that line managers did not have sufficient time to review progress reports, despite the fact that processes for clearance were in place. Management tended to assign more time and attention to other higher-level portfolio performance oversight and supervision tools than to project supervision. Stakeholders confirmed that the introduction of the Portfolio Flashlight and the Quality Assurance Dashboard were helpful tools in identifying problematic projects. Similarly, Country Portfolio Performance Reviews provided oversight by Senior Management on project performance. The recent introduction of monthly operations supervision meetings is a positive step toward cleaning the portfolio. However, these tools should not replace the need to supervise individual projects and follow up on critical issues requiring the timely attention of the Bank's managers.

Figure 5: IPR validation by year (%) 2013–17



Project completion

Timeliness of PCRs registered a downward trend from 100 percent timely submission in 2013 to only 66 percent in 2017. The evaluation noted that there was an improvement in clearing the backlog experienced in 2016 –17.

Timing of XSR preparation

The evaluation identified challenges regarding the timing of XSR preparation vis-à-vis the project maturity period to ensure that data regarding DOs could be captured. Although the Operations Manual provides guidance on the appropriate timing, the application of the guidelines was inconsistent. It was also noted from the consultations with Portfolio Officers that the planning of XSR field visits was not always based on an adaptive analysis of the portfolio to determine the right maturity period for projects. Analysis of the XSRs available for the period showed missed opportunities in adequately capturing the results and enhancing learning, due to issues of timing in some (three out of eight) cases reviewed. In contrast, IFC undertakes a selective approach to XSR preparation, which seeks to identify potential projects across different sectors of operations that will ensure adequate data on DOs and provide relevant lessons for use in new operations. A similar analysis of PCRs was not undertaken due to the lack of sufficient data.

Overall, while the decline in timeliness adversely affects the usefulness of completion reports to inform new operations in good time, this less-than-ideal situation is compounded by delays in PCR and XSR validations by IDEV.

Efficiency

The efficiency of the Bank's supervision framework was assessed using risk-based planning and resourcing. This assessment reveled a mixed picture for the sample of 45 public sector and 22 private sector operations. Furthermore, interviews with RMC counterparts and clients during the country case study missions revealed inadequacy in the coordination and resourcing of supervision.

Supervision planning

Supervision planning is not fully adapted to project context and complexity. One of the objectives of field supervision missions is to be able to discuss and update the implementation plan of projects, based observations on the ground and progress assessments. As such, this requires careful planning of the supervision mission based on project complexity, country context, emerging risks and the specific issues to be addressed during the mission. It is essential to define the correct timelines to follow up on the issues identified in previous missions and to mobilize resources based on project needs. Of the 18 fiduciary experts[28] interviewed by the evaluation, 12 stated that weaknesses in mission coordination by Task Managers was one of the main reasons for their inability to participate in supervision missions as required, in addition to the limited staff resources available. Indeed, poor coordination meant that even the limited available staff capacity was not always used efficiently.

Supervision duration and timing are not sufficiently adapted to project context or complexity. The evaluation found no connection between project implementation status and the duration of supervision missions. The process review of 83 public sector projects showed no difference in the duration of supervision missions between problematic and non-problematic projects, or between multinational and single-country projects. For instance, in reviewing 329 supervision missions for 18 problematic projects in the sample of 83, an average mission duration of 8.2 days was noted. The same duration was observed for five of the more problematic multinational projects in the sample. The Bank guidelines do not indicate the length of supervision missions per project type. It is nonetheless acknowledged that, for reasons of cost effectiveness, sector departments may decide to supervise more than one project during the same mission, although this should be the exception rather than the rule. In any case, this practice is not ideal for supervising projects at risk as per the Bank's standards.

Table 2: Portfolio management budget and cost over the period 2015–17(UA)

Cost item	2015	2016	2017
(a) Portfolio management budget	16,143,616	20,767,629	NA
(b) Portfolio management direct cost	3,000,019	3,317,755	2,721,733
(c) Staff cost + direct cost	23,209,373	24,107,997	25,730,706
(d) Bank active portfolio	853	919	991
(a/d) Sup budget by active project	18,926	22,598	NA
(b/d) Sup cost by active project (direct cost)	3,517	3,610	2,746
(c/d) Sup cost by active project (Staff cost + direct cost)	27,209	26,233	25,964

Source: Computed from the AfDB CAS accounting data.

Supervision resource planning and budgeting are not fully based on project risk profiles. The available data show that supervision costs per project decreased over time. In the absence of clearly defined cost estimates for supervision in the Bank, the evaluation team estimated the annual cost of supervision per project in 2017 as UA 25,964 (USD 36,000). In comparison, IFAD spends between USD 20,000 and for IDB USD 33,600 per project, excluding personnel costs. However, the evaluation noted that the Bank's budgeting and resource allocation for supervision does not differentiate between the active portfolio status, project type or country context, as done by comparator institutions.[29] The lack of confirmed supervision cost estimates indicates a potential mismatch between resource needs and availability. There was an observed high rate of planned supervision that was not executed in the case of one department studied.[30] Poor planning and coordination among supervision teams was identified as an issue for public sector operations during stakeholder consultations. "Bunching" of supervision missions was noted from the project reviews which occurs at certain periods[31] placing additional strain on support expertise (notably fiduciary, cross-cutting, and E&S experts), as they are expected to participate in multiple missions toward the end of the year. This was identified in almost half of the cases. Perceptions of resource adequacy and supervision planning were mixed, with 42 percent of survey respondents expressing a positive view on whether implementation takes place on schedule and in a predictable manner.

Elapsed time between approval and first disbursement is longer in the Bank than either the World Bank or IDB (Table 3).

Enhanced portfolio monitoring efforts have reinforced the alert system in the supervision of public sector operations. The implementation of the Portfolio Dashboard, the appointment of special teams at the Vice-Presidents' front offices, and the monthly operations supervision meetings, are seen as positive shifts to engage country teams in resolving issues during project implementation.

Table 3: Comparative performance: Time efficiencies for private and public sector operations

Definition	WB (Africa)	IDB	AfDB	IFAD
Time from Approval to Disbursement	9.4 months	12.1 months	14.9 months	16.8 months

Source: Benchmarking data compiled by the evaluation team from recent data of comparator institutions at March 2018.

Table 4: Comparative performance: Time efficiencies for private sector operations

Definition	IFC	IDB-IIC	ADB
Time from Approval to Effectiveness	NA	9.8 months average	13.5 months
Average number of projects per officer	NA	1.5 (project per officer)	9.5 (ranges from 2 per officer to 15 per officer)
Level of NPLs	5.4% (2017)	6% (2017)	4.5% (2017)

Source: Compiled by the evaluation team from recent data of comparator institutions at March 2018.

This should strengthen the established framework of supervision at the project level.

Proactive monitoring for private sector operations

For private sector projects, the system provides an adequate team approach, including the credit-risk management staff. However, the team approach could be strengthened. More than half of the interviewed monitoring team members considered that the Credit-Risk Team was not sufficiently engaged in project supervisions. The issue was also related to the absence of a dedicated budget for the credit team's involvement in supervision missions as needed.

The process review of the sample of 38 projects noted the frequent rotatation of Portfolio Officers — an issue confirmed through interviews — creating a communication gap with clients. The Credit-Risk Teams also reiterated that the problem was compounded by non-compliance, with the handing-over process between Investment Officers and Portfolio Officers causing delays.

Despite these challenges, the performance of risk-based supervision in private sector operations in the Bank showed a positive performance, with a low NPL rate of 4.7 percent at the end of 2017 compared with its peers, for example, 5.4 percent for IFC. ■


Photo: © AfDB

Performance: How is the Bank's Supervision Implemented in Context?

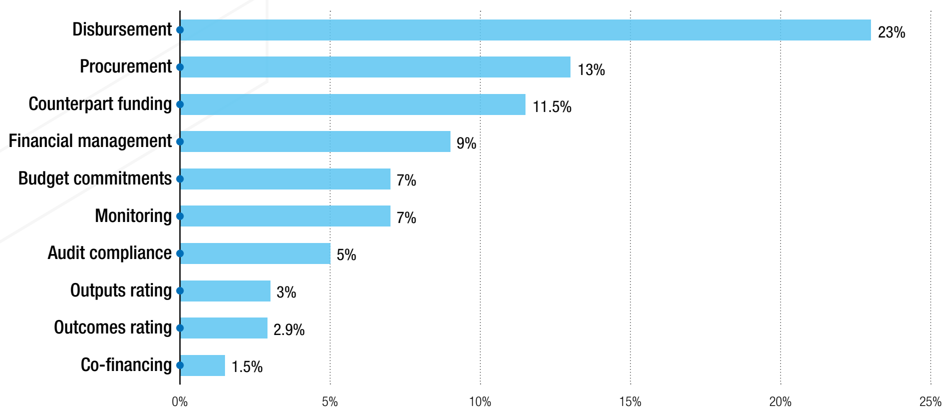
Performance Assessment

Performance was assessed through an established set of quality dimensions considered to be best practice standards, and through performance areas of the Bank's QA framework seen to contribute to supervision quality and implementation performance. The dimensions considered were, ensuring: i) supervision quality compliance; ii) quality of performance monitoring and the use of results-based M&E by both the Bank and the borrower; iii) follow-up actions to supervision issues; and iv) candor and realism in performance ratings and results reporting. The performance assessment was further validated based on evidence from interviews and a staff survey.

Ensuring supervision quality compliance

Supervision quality was assessed for the 45 public sector sample projects against three main criteria: i) evidence of compliance with required standards for team composition, mission duration and the timing adapted for project type; ii) evidence of addressing priority areas such as gender, fiduciary safeguards, E&S and fragility; and iii) evidence of adapting frequency and content of supervision to the project status. The overall rating of this dimension was considered 54 percent satisfactory. However, of the 45 public sector projects reviewed, only 13 were found to be satisfactory, with 17 considered partially satisfactory. Aspects noted as limiting performance were mainly insufficient compliance with required standards and weaknesses in terms of the skills-mix, timing and use of the

Figure 6: Lowest rating implementation performance areas (%)



Source: Compiled from 357 supervision reports relevant supervision instrument. The lowest rated sub-dimension was the adequacy of the skills-mix and the evidence that supervision had not adequately made use of cross-cutting expertise (i.e., gender, E&S experts) where relevant.

Further analysis of 357 supervision mission reports identified some of the weaknesses regarding poor implementation progress reported in IPRs (Figure 6). Twenty-three percent of the sample showed disbursement delays as the dimension with the lowest rating. This was the factor reported to have caused a low rating for implementation progress during supervision. Delays in the procurement time that elapsed from submission of the bidding documents for the Bank's approval until the contract were also noted from interviews as being significant. More than half of the RMC project teams related this delay to the low capacity of PIUs and the time taken for the Bank to respond to non-objections.

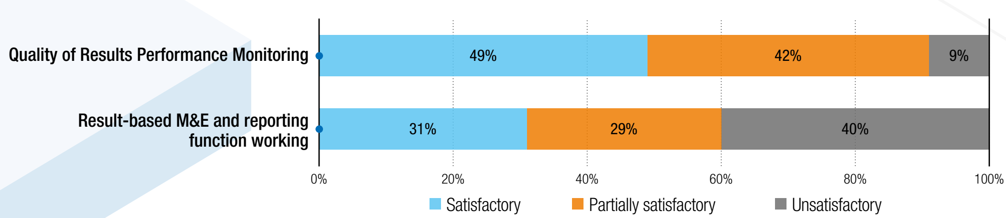
Quality of results-focused monitoring in project supervision

The evaluation assessed the extent to which results-focused monitoring had been applied as a performance dimension for determining the quality of project supervision. This dimension addressed two performance areas, measured against 11 sub-criteria (Annex A). The two performance areas assessed the soundness of the logic and M&E framework of the project by assessing: i) the extent to which the project logic adopted relevant sector indicators deemed sufficient to monitor and capture results; and ii) the extent of alignment to the results measurement framework, as well as the presence and use of an M&E system by the client (Figure 7). The second performance dimension was assessed against seven sub-criteria related to establishing the extent to which the project logic was adopted and aligned to relevant sector indicators during monitoring.

Of the 45 public sector projects reviewed, overall performance of the monitoring system was considered 49 percent satisfactory. This resonates with a similar project performance assessment noted in the Comprehensive Evaluation of Development Results (CEDR), which showed a satisfactory (S+) rating of 47 percent with respect to project design in assessing the technical soundness of Bank projects. The remaining 42 percent was noted as being partially satisfactory and 9 percent as being unsatisfactory, indicating a variety of challenges. These challenges were noted as weaknesses in the indicators and the lack of links to outputs and outcomes.

For the assessment of the results-based M&E system, the following criteria were considered: i) whether there was a provision for M&E in appraisal documents; ii) the existence of budgeted and functioning M&E; and iii) the quality of progress reporting. Pertinent issues noted as affecting monitoring performance were delays in the submission of progress reports by the borrower, limited use of the full information by the Task Manager in completing IPRs and, most significantly, difficulties in recruiting (and retaining) M&E experts and the limited will on the part of

Figure 7: Assessing quality of project results monitoring for public sector operations



Source: Aggregated scores from desk validation on performance areas for supervision quality borrowers to make sufficient use of the system. The Task Managers stated that significant efforts were being made to implement and use a sound M&E system but that more measures were required to encourage adequate use by borrowers.

For private sector operations, five criteria were assessed to determine the quality of monitoring and reporting. These were: i) implementation progress; ii) financial viability; iii) development outcomes; iv) operational effectiveness; and v) coverage of E&S. The assessment was based on the extent of coverage of the five criteria and the strength of evidence provided in the reporting. Figure 8 presents assessment ratings for financial[32] and non-financial projects.

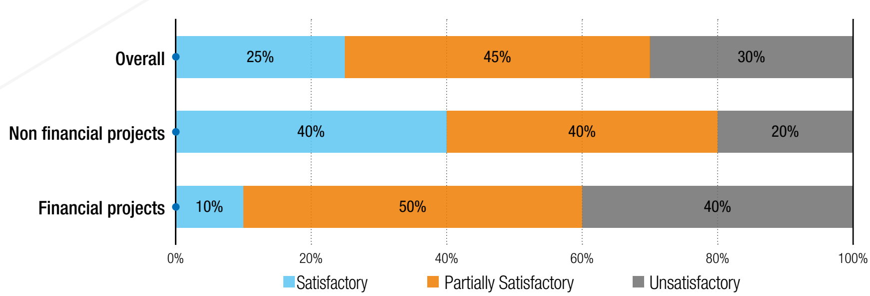
The review found that project monitoring and reporting was better achieved for non-financial projects, with 40 percent of non-financial projects considered satisfactory compared with only 10 percent of financial projects sampled. The review also highlighted that the financial performance criterion was better analyzed (58 percent considered satisfactory) with relevant evidence than 'implementation' and DOs (37 percent satisfactory). E&S issues and compliance were generally not well covered, with only 47 percent considered satisfactory. Financial reporting is standardized in loan agreements and is generally considered the area with the highest level of reporting compliance.

Follow-up actions on supervision issues

While supervision performed its function of raising key implementation issues, in most cases these issues were not addressed sufficiently or in a timely manner. One of the main functions of project supervision is the follow-up and resolution of issues identified in previous supervision missions. This was considered among the performance dimensions to assess supervision performance in the desk review. The review found that remedial actions were appropriately assigned to responsible institutions or actors, but timelines to resolve the issues were not systematically laid out and most issues were not addressed or resolved. Of the 37 projects,[33] reviewed only 15 (40.5 percent) showed evidence of sufficient follow-up on previous supervision recommendations. In assessing the extent to which issues from the previous two supervision missions had been addressed, overall performance was judged to be unsatisfactory, with only 11 projects (29 percent) out of 37 showing that issues had been adequately addressed.

Some factors noted were that recommendations were too generic or superficial to be actionable. For instance, "speeding up implementation" was noted as a recommendation to one borrower after a supervision mission and required a higher-level intervention rather than the implementation team. The perceptions of Task Managers regarding the usefulness of supervision for early identification of

Figure 8: Quality of project monitoring and reporting of private sector operations



Source: Aggregated scores for performance dimension risks and issues was positive, with more than half of the respondents either somewhat or strongly agreeing on their usefulness. The evaluation noted, however, that there was ample room for improvement to maximize the function of project supervision as an early warning system of implementation issues and its ability to address the issues in a timely manner.

The functioning of private sector operations under this performance area was found to face similar challenges as public sector operations. There was an observed difference between the quality of non-financial and financial projects for follow-up and recommendations. The review noted that the Bank had limited influence over financial clients to improve reporting compliance, particularly with regard to providing the completed DO templates and other required reporting covenants, including E&S. Recommendations and follow-up actions were often only vaguely described, and not time-bound or comprehensive enough in 12 out of 22 cases. For example, in the case of a power project in Uganda, the key risk (non-payment by the state-owned utility) was not identified as requiring further action, despite the viability of the project depending on this.

Overall, the private sector staff interviewed highlighted the need for better engagement of Managers in following up supervision issues in a timely way and not only when projects were flagged. Task Managers in turn reiterated that an Aide Mémoire co-signed by a government did not constitute an effective way of following up on issues. Scrutiny of issues and recommendations by senior managers is needed as a way of supporting Task Managers to address issues in good time.

Candor and realism of ratings and results reporting

The findings confirmed observed weaknesses in the output, outcome and development ratings noted by the previous Quality Assurance Dashboard review (2017). The evaluation verified this through a desk validation review of the sample of 45 projects by comparing the information provided in Aide Mémoires, BTORs, previous missions' Issues Notes and recommendations with the ratings provided. Only 28 percent of the sampled projects were considered satisfactory and justified. The main challenges identified included: i) ratings that were not aligned with the IPR scoring guidance; ii) weak evidence to support the ratings; iii) disproportional weight given to the "better performing" components of the project; and iv) a disconnect between the ratings and proposed remedial actions, indicating that performance was lower than the given ratings.

The IPR reporting format and scoring methodology are designed to generate an objective and evidence-based assessment of project performance. However, operations staff expressed scepticism regarding the quality and candidness of the ratings included in supervision reports (IPR) for public sector operations. This finding was

Figure 9: Performance rating in assessing proactiveness (Private sector)

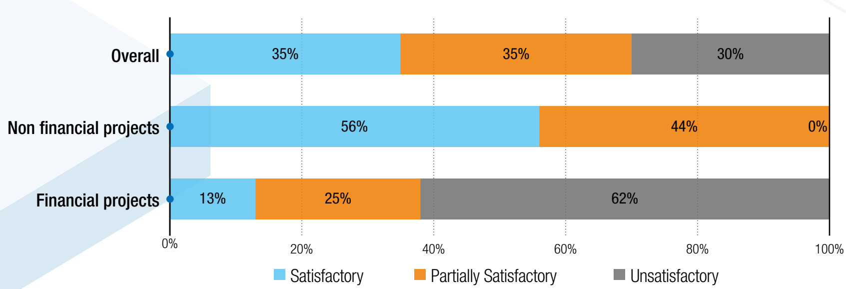
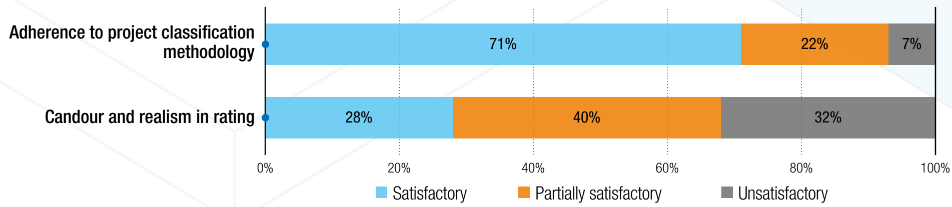


Figure 10: Assessing quality of reporting for public sector operations



considered critical for the Bank's emphasis on risks and results, given that the tendency not to give projects a poor score also seriously limited the opportunity for early identification of risks and critical issues. The findings resonated with interview responses that indicated quality control gaps in the progress reporting process. In contrast, comparators such as IDB have an independent review system integrated in their equivalent of IPR, known as Project Monitoring and Reporting (PMR), which requires validation at two levels to establish the level of candor and realism.

In assessing adherence to project classification methodology, 71 percent were considered satisfactory. However, some 22 percent of these projects were only partially aligned to the methodology and the evidence supporting the IP rating was unreliable. The lack of credible ratings occurred in cases where evidence showed a contrary performance, indicating issues with project implementation (notably disbursement and procurement) that should have resulted in lower IP sub-criteria scoring.

For private sector operations, the project review noted that reporting on DOs proved to be more challenging for financial operations than non-financial operations, as already seen in previous reviews. The desk review of the sample of projects, including 19 financial operations, further affirmed this. The review showed only 43 percent of the financial operations in the sample reported adequately on DOs. The evaluation identified the following four key challenges that were recurrent, namely i) an observable mismatch between the proposed pipeline and actual sub-projects reported on in each reporting; ii) failure to rectify shortcomings in reporting and indicator requirements in loan agreements; iii) poor DO tracking in sub-projects during supervision; and iv) inadequacies and inconsistencies in the indicators used, for example in distinguishing between jobs created and sustained, in particular temporary versus permanent jobs. Similarly, E&S issues and compliance were generally not well covered, as evidenced by a shortage or absence of relevant data in nine of the 22 projects in the sample.

The desk review showed mixed performance regarding monitoring and evaluation (M&E) capacity. Financial performance scored the highest among the rest of the dimensions, with 73 percent considered satisfactory for "appropriate coverage of issues during supervision" in the desk validation for private sector operations. This was followed by the project implementation sub-criteria. However, the comparison of actual DOs with expected DOs at approval scored very poorly. The reporting showed that clients were not good at providing data on DOs that were not generated by their own management information systems. Banks, for example, do not track job creation of their clients, focusing instead on debt servicing and financial performance.

In assessing candor and realism of the supervision reporting of private sector operations, the review noted a better performance in non-financial projects and a rather unsatisfactory performance in financial operations. This dimension was assessed by reviewing the quality of justifications provided to support the analysis, as well as the evidence in the data provided. Desk review of a sample of 22 private sector projects noted dimensions such as commercial/financial viability as having the most credible rating, with 47 percent considered satisfactory, closely followed by information on implementation progress with 35 percent of the sample of projects considered satisfactory. DOs had the lowest score, especially in financial projects. In all, 30 percent of financial projects were assessed as being partially satisfactory with respect to the candor and realism of reporting.

Quality at Completion

The sampling approach for the evaluation considered working within a sample of projects for which documentation on supervision could be obtained and used for assessing quality during supervision and at exit. This reduced the number of PCRs available in the total sample of 83 public sector operations to 14 out of 22 projects that were noted as closed from the sample and should have had PCRs. Consequently, in addition to the analysis of the 14 PCRs, the evaluation assessed the veracity of the results reported at exit by reviewing a sample of two recent cohorts of PCRs validated by IDEV for 2014 (35 projects) and 2015 (55 projects). The evaluation assessed the ratings for overall performance and to establish the extent of any disconnect between the PCR ratings and the evaluation ratings.

The review showed an overall satisfactory rating of 63 percent for the 2014 sample and 73 percent for the 2015 sample, indicating an improvement in quality. The review also showed a declining disconnect rate of 22.5 percent in 2014 and 14 percent in 2015 from the sample.

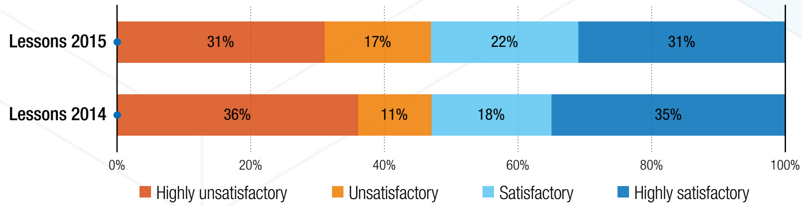
The evaluation also conducted an in-depth review of the sample PCRs (14) focusing on two key areas as noted in previous[34] evaluations as areas of weakness in the PCRs. These were the extent of coverage of risks to sustainability of the project outcomes and how they were addressed on completion. Evidence of efforts made to address risks to sustainability were noted in 6 out of the 14 PCRs. The review noted, however, that while most projects identified the risks and allocated risk owners, there was insufficient evidence of mitigation steps taken during implementation. In three PCRs, risks identified at an early stage of the projects were only noted on completion, with some references as to how they should be addressed. A review of the latest PCR validations for a sample of 91 projects for the period 2014–16 showed that 65 percent were considered satisfactory by the IDEV evaluation for adequately covering sustainability issues. There still remain the challenge of ensuring adequate measures to address risks to sustainability have been implemented or provided for at closure.

The PCRs are one of the Bank's main reporting and lesson-learning tools. However, it does not allow for a systematic approach to recording lessons, as informed by more than half of the interviewees. Most Task Managers also raised concerns regarding the capacity of the knowledge management platform to generate the relevant project completion documents and to facilitate the integration of lessons in the design of new projects.

How has supervision ensured the quality of lessons at completion?

For private sector projects, supervision focuses more on project implementation and performance than on the relevance of projects to the Bank's strategic priorities and capturing lessons. The XSRs addressed lessons but some were not of the expected quality. The review of a sample of eight XSRs showed that there was a high occurrence of over-rated performance in terms of DOs and investment profitability without adequate justification by the Bank. For example, in the case of a project in Zambia, project business viability was rated as satisfactory despite a sharp rise in NPLs that reached 40 percent also 'work quality' was judged satisfactory despite an appraisal that failed to identify a deteriorating and poor corporate governance. Other issues included

Figure 11: Quality of lessons for sample of 2014 and 2015



Source: IDEV's validation of lessons' quality of operations (sample of 2014 & 2015)

insufficient analysis of implementation or why delays had occurred, and limited quantitative analysis to support the qualitative narration, especially in terms of returns, such as FRR/IRR and ERR. While this should not be generalized, it resonates with the related findings from previous evaluations.[35]

The quality of lessons was assessed to be of limited applicability for future operations in the same sector. The question of whether a project supported in a sector meets the Bank's strategic objectives was not generally addressed. These findings related to the XSR format where lessons can be presented in the following format: i) headline; ii) what the Bank expected at approval; iii) what actually happened and why; and iv) lessons for future operations. The XSR sections covering wider developmental effectiveness ("impact on the rest of society" and "private sector development") deal with these issues in general terms, but do not attempt to link project DOs with the Bank's strategy and priorities.

Reviews revealed weaknesses in coverage and content of XSRs, with the data used in many XSRs not updated to enable in-depth analysis. This observation was confirmed in six out of 10 interviews with the Portfolio Monitoring Teams and Investment Officers who pointed to the need for greater clarity on XSR processes and the use of lessons. The evaluation noted a missed opportunity for lesson-learning, with the absence of IDEV validations of XSRs for the past three years, which previously involved capitalization sessions on XSR lessons with the Private Sector Department. Consultations with private sector staff highlighted the concerns and the repercussions on the knowledge base to inform new transactions.

Concerning public sector operations, more than half of the Task Managers felt that lessons were often too generic and without specific actionable recommendations on how to become more efficient and effective. While the PCR guidelines provide guidance on framing lessons appropriately, evidence from previous evaluations and the in-depth review of the sample showed that these guidelines were not followed properly. In analyzing IDEV's validations of a sample of 35 public sector projects for 2014 and 55 for 2015, lessons were rated at a midway balance between highly satisfactory and highly unsatisfactory (Figure 11). Lessons were seen to have weak supporting evidence.

This relates to how supervision reporting is done and the ability of IPRs to capture key lessons as part of the dimensions for reporting. It was revealed during the interviews that Bank staff placed a low premium on information and lessons from PCRs, pointing out that the right lessons were not being captured. This feedback was also confirmed by the evaluation's assessment of the rate of rejection of lessons during validation. The rate of rejection of lessons increased from 46 percent in 2014 to 53 percent in 2015. Interviewees considered this to be due to inadequate quality control and the lack of dedicated independent reviews to establish contestability and quality of PCR results. This issue is being further explored by IDEV's ongoing evaluation on the Bank's self-assessment system.

Does Project Supervision Quality Contribute to Implementation Quality?

An analysis of the extent to which project supervision quality dimensions were applied to the sample of projects with PCRs showed that better project supervision led to better project performance. The evaluation compared the PCR implementation progress (IP) ratings and the DO ratings of projects considered satisfactory for the quality of supervision with those considered either partially satisfactory or as unsatisfactory. The review involved analysis of 13 PCRs, which showed that projects whose quality of supervision was considered satisfactory by the desk review (five projects) received an average IP rating[36] of 3.55 out of 4.0 compared with 3.1 out of 4.0 for the eight projects that were rated as partially satisfactory or unsatisfactory for supervision quality.

The analysis also noted that DO ratings remained the same when the two cases were compared. Regardless of the project supervision quality, DO ratings in PCRs remained the same. This resonates with findings highlighted in a World Bank review[37] based on a sample of 178 projects to establish whether project supervision quality positively influences project management success, but might not influence project impact. The review reiterated that in order to achieve impact there should be greater focus on project planning, context and governance.

In order to reaffirm the findings, through its in-depth validation of the sample of 45 public sector projects the evaluation assessed the recurring factors identified through interviews and country visits as frequently constraining supervision efforts that were beyond the Bank's control. Among the most frequently cited factors were issues that related to the specific country context and governance (Table 5). These were further verified through findings from a country analysis for the country case studies using a Qualitative Comparative Analysis (QCA) to examine the relationship between contextual and project-level factors, and implementation progress.

Table 5: Factors enabling or hindering the Bank's supervision performance

	Hindering factors	Enabling factors
Factors under Bank control	**Applicable to public and private sector operations** - Limited training for both staff and country representatives - Absence of empowered experts team present in country offices - High workload of staff, limited time to provide due attention to issues during supervision **Applicable to private sector operations** - Limited engagement of Portfolio Officer throughout project implementation - Limited field presence of portfolio monitoring experts - Limited funding for client capacity enhancement to improve implementation and results reporting capacity	- Quality of project design and readiness for implementation - Experienced experts committed to quality and results - Frequency and quality of supervision: (adequate feedback and follow up; team composition and resources availability)
Contextual factors	- Fragile situations arrangements for implementation - Governance bottlenecks - Tedious and long national procurement process - Weaknesses in capacity or commitment of agency or ministry charged with coordination and monitoring of Bank's operations - Debt management issues jeopardizing the mobilization of project counterpart funding **Applicable to private sector operations** - Limited client capacity and commitment to focus on development outcome indicators - Clients' operational and financial capacity - Private sector policies in country - Regulatory bodies	- Country ownership (and leadership in development partner coordination) - Strong ministry or agency with technical capacity to implement - The existence of an established and well-structured sector agency - Borrower/client using effective project M&E systems

The 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) project complexity;[38] and ii) the capacity of the PIUs of the five countries. This was to demonstrate the effect of country contextual issues on implementation performance. The analysis focused on public sector operations, as in most cases private sector clients were not available to engage with the evaluation team during the country visits. Overall, findings showed that country contextual issues and PIU capacity influenced implementation progress. This further establishes that while supervision can improve a project's outcomes, actual achievements on the ground depend largely on the borrower's performance as noted by half of the interviewees from RMCs, Bank staff and comparators. Supervision quality contributed to implementation progress but, to achieve further impact, supervision efforts need to be adapted to the country context and governance issues in implementation monitoring.

There were variations in the factors associated with good and poor supervision performance. In terms of supervision quality, no single factor stood out as hindering performance, but three factors that were roughly equally cited were: efficiency and transaction costs; delays in processing requests; and the transmission of feedback addressed in quarterly reports, or by field missions on procurement issues.

Emphasis on pre-implementation and, in particular, addressing issues of the PIUs' capacity was noted as a major factor in ensuring implementation quality following IDEV's findings of the country analysis using the QCA undertaken as part of the data collection and analysis. These findings further affirmed most of the responses coming from interviews among the four peer institutions and five RMC representatives when they were asked to share their experience on success factors for implementation quality. One observed best practice that was noted among the comparators was the need to engage adequately with the client or borrower during the initial stages after approval. This helped to better address capacity challenges and other factors that could adversely affect project implementation, and enable supervision efforts to be better directed.

The RMCs' capacity to implement projects and to mobilize counterpart funding were the most noted factors causing implementation delays in three out of the five countries visited. The evaluation noted different levels of capacity to ensure a sound start-up followed by an effective implementation progress among the RMCs. Morocco was noted as the best performer, with the capacity to make use of advanced procurement to achieve implementation progress in some of its recent projects.

According to findings from IDEV's analysis of supervision missions and appraisal documentation of some 20 projects in the five countries visited, almost half of the projects did not clearly state whether the required funding was included in the national budget at approval. Supervision reports showed that such risks materialized during implementation in five of the nine projects analyzed. Interviews with key stakeholders during the country missions also noted this problem, especially in Cameroon, Kenya and Senegal. Potential budget caps set by macroeconomic stabilization policies were noted as affecting the countries' ability to meet their funding commitments. Task Managers highlighted the difficulties in attracting Senior Management's attention to resolve issues related to counterpart funding.

How to Ensure and Sustain a Suitable Supervision System for the Bank?

The Bank's supervision system has evolved over the years in an effort to bring it into alignment with best practice and reinforce its focus on implementation. However, the evaluation found that these actions were not grounded on the required enabling environment needed to nurture a system of adequate attention to risks, results-based reporting and use of lessons.

Institutional factors

As confirmed by IDEV's previous evaluation (CEDR), multiple reforms were undertaken in two areas; risk-and results-focused monitoring and reporting, with the direction of travel being positive. However, deeper issues related to the existence of suitable staff incentives and to developing a favorable culture and behaviors at the Bank, is limiting their full implementation. This was reemphasized through interviews and survey responses. For instance, more than half of the stakeholders consulted indicated that the Bank's KPIs gave greater weight to lending and disbursement than to effective results-focused supervision. As one stakeholder stated, "management seems to dedicate more time for new projects than ongoing ones." Task Managers stated that they were disincentivized to report on project implementation issues, since problems that were beyond their control were taken into account in their performance appraisals.

This issue also relates to limitations in shared responsibility regarding the approach to supervision. Most Task Managers and CPO respondents (62 percent) felt that the current practice was not conducive to mutual accountability between Task Mangers, sector experts and Management. Interviews also indicated that there was little incentive for Management to spend time on the oversight of individual project supervision.

Resources

Stakeholder consultations highlighted the need for adequate resources in terms of staffing levels to match the growing portfolio, and adapt staffing to the new development and business delivery model. This was also demonstrated by corporate data that highlighted the relatively high number of projects per Task Manager or Portfolio Monitoring Officer, as illustrated in Table 6. This situation limits the time that staff are able to devote to focusing on project supervision.

Capacity

The Bank registered a high and variable project-to-Task Manager ratio, limiting the time that staff were able to devote to focusing on project supervision. The evaluation noted overstretched teams supervising many operations. Data show a ratio of 3.4 projects per Task Manager Bank-wide. Further analysis of staffing allocation shows some disparities, with some private sector investment officers having up to 10 projects and some public sector Task Managers having up to 15 projects at given instances. By comparing this ratio with those of comparators, the Bank seems to be on the high side. For example, feedback from IDB Invest shows 1.5 projects per investment officer. The implications of such a high ratio is that investment officers not only have more limited

Table 6: Distribution of workload per Task Manager (Bank-wide)

Year	Number of TMs	Portfolio size	Ratio
2013	301	811	2.7
2014	318	852	2.7
2015	300	869	2.9
2016	295	932	3.2
2017	294	999	3.4

Source: Estimated by evaluation team from SNDR and budget data (July 2018).

Figure 12: "I have received sufficient in-house training to play an effective role during project supervision"

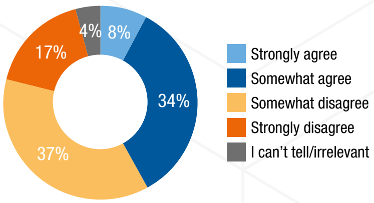
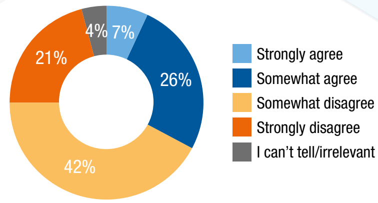


Figure 13: "I have received sufficient in-house training to play an effective role during project completion"



time to devote to following up on implementation issues, but they are also required to give more attention to developing new operations, as these give more weight in performance assessment scores.

Training

The evaluation noted weaknesses in the Bank's efforts to provide regular training and adequate support to staff on project management. Consultations indicated that previous Bank-wide standard project management training on activities such as procurement and M&E had been discontinued in recent years. The Delivery, Performance Management & Results Department (SNDR) has made efforts with the establishment of a QA Helpdesk to respond to individual queries on QA tools, and informal QA clinics, instituted in 2016, to provide support to staff on IPRs and other QA tools. However, most Task Managers responding to the survey agreed that in-house support and training were inadequate for project supervision and supervision at exit (54 and 63 percent, respectively).

The Bank has recently recruited a number of new staff who now require training, especially in operations. However, the Bank guidelines do not sufficiently reflect the supervision needs of adaptation of the approach to different sectors and project types, requiring the need for further training and guidance once these guidelines are ready.

Staff incentives

Nearly all Bank staff interviewed noted the importance of staff incentives to ensure that staff were committed to quality and results-focused delivery. However, staff also highlighted that the Bank practiced a culture that created contradictory incentives for ensuring implementation quality and results-focused delivery.

The desk review highlighted a number of weaknesses in terms of information gaps, and the varied quality of reporting with respect to depth and evidence to justify information, which resonates with indications of a clear absence of quality control mechanisms to ensure quality delivery. This feedback also resonates with responses from respondents (54 percent) who disagreed that the Bank's organizational setting and staff incentive structure were conducive to evidence-based reporting and credible scoring on project performance.

Conclusions and Recommendations

Conclusions

The evaluation acknowledges the efforts of the Bank to focus on implementation through the QA framework for supervision and monitoring, which addresses three key areas: risks, results and learning. The findings, however, point to key areas that require further improvement, as highlighted in previous sections of this report.

Relevance: Are we doing the right things?

a. The current supervision framework remains relevant and useful, thanks to the recent reforms and efforts from Management, such as:

- Updating and strengthening of tools and formats for both public sector and private sector operations, to improve the focus on DOs and alignment with the corporate results management framework.
- Strengthening the focus on, and attention to, E&S in monitoring and reporting.
- Enhancing the focus on implementation issues (Bank-wide) through improvements in portfolio monitoring and recent actions to engage Management in project monitoring.
- The enhanced accountability framework seems to be a weak link, with the current system not sufficiently adaptive and not able to differentiate between regional operations, multi-donor operations and those operations implemented in fragile contexts. This will require further adjustments to the Operations Manual and in specific guidelines for different strategic areas of the Bank's operations.

b. In view of the accelerated decentralization, continuous supervision by staff in field offices will play an important role in ensuring adequate engagement with RMCs. This will require further amendments in the QA framework to define performance indicators in order to capture efforts and give rewards accordingly.
Country-level interviews confirmed progress in the Bank's response and support to resolving issues, but this has not always come in a timely manner. Empowering field offices with the right approval authority level will be crucial—an issue to be addressed by the revised Delegation of Authority Matrix (DAM).

c. The Bank's efforts to address E&S safeguard risks have not been accompanied by the resources to adequately support supervision. It was noted that efforts were focused on due diligence before project approval. Bank experts confirmed that they only spent about 20 percent of their time on the supervision of E&S issues. Comparators such as the World Bank, IFC and IDB have increased the time and resources devoted to supervision of E&S risks in recent years. Potential adjustments will be essential to align with the new and evolving challenges emerging from the Bank's growing portfolio.

d. The Bank's steps toward a team approach for project supervision have yet to show results. Although fiduciary teams are more often associated with supervision missions than in previous years, other experts such as E&S safeguards specialists and gender experts are still not associated with all missions for which they would be relevant. In addition, there has been no improvement in clarity and defined guidelines to ensure that E&S and gender experts are accountable for project performance post-approval.

e. The Bank's efforts to adapt its current system have been constrained by the absence of an integrated project information management platform to enable appropriate information relay, proper tracking, monitoring, the management of risks and the reporting of DOs. The challenges faced by the evaluation to obtain project data — often only available in Task Managers' computers — attested to the challenge of not having an integrated project information management system and the potential adverse consequences this implies for results monitoring.

f. Current supervision tools are relevant but there is scope for streamlining to reduce duplication and redundancy regarding the type of information required. Similarly, appropriate guidelines to accompany them would seem to be desirable.

Compliance: Are we doing things right and to good quality standards?

a. Compliance with supervision guidelines presents a mixed picture. Some aspects, such as team composition and timely submission of supervisions reports, showed partial achievements. However, compliance limitations are noted in pre-implementation stages. Overall compliance performance is noted as transitional. Moreover, progress will need to be accompanied by suitable institutional arrangements to strengthen accountability and staff incentives if there is to be a successful cultural shift toward quality and results.

b. Timeliness of PCRs remains a challenge compared with performance in previous years. While the Bank has made efforts to clear the recent PCR backlog, IDEV validation delays should receive attention to ensure the usefulness of PCR validation. Planning of XSRs also presents challenges in relation to the timing of the maturity period and the absence of data regarding timeliness and delivery of XSRs.

Performance: How is supervision implemented in context?

a. The QA efforts to instill supervision quality are acknowledged and augur well for the Bank's institutional reforms. However, implementation has not been accompanied by a suitable enabling environment to ensure a culture shift toward quality and results. Some of the key areas noted that still require improvement include poor accountability, the limited quality control measures and a lack of staff incentives.

b. The Bank has missed an opportunity to maximize efficiency in resource planning and budgeting for supervision, because planning is not differentiated based on operation type or specific country implementation context.

c. As much as recent portfolio monitoring efforts have supported risk-focused supervision, attention to project-related issues in monitoring remains crucial. Management's recent efforts to address the problem are well acknowledged, but these efforts need to be better institutionalized at the project level, with defined guidelines, and appropriate resourcing and performance metrics to further strengthen their effectiveness.

d. One of the main functions of project supervision is the follow-up and resolution of issues identified in previous supervision missions. Performance in this area is considered partial from the project reviews, with the evaluation noting potentials to maximize the function of project supervision as an early warning tool for implementation issues. The main gaps identified were related to the capacity to ensure that problems identified through supervision were resolved in good time.

e. The evaluation identified efforts regarding the enhanced results focus and improvement of the

M&E of borrowers and projects. However, it also noted that further support is needed to emphasize borrowers' and clients' capacity for M&E at the project preparation, pre-implementation stages and during implementation itself. The analysis further pointed to the importance of establishing M&E systems with a sound project logic and ensuring appropriate data collection.

f. Currently, the attention paid to supervision at exit is still limited and enhanced efforts are needed to ensure quality in the reporting of results and the capturing of lessons. Effective monitoring and results reporting play a key role in identifying relevant lessons during implementation, and this has the potential to establish a pool of lessons to prioritize from or validate during completion. A full overview of performance has still to be completed by an ongoing IDEV review. Nevertheless, the findings from this evaluation create an opportunity to enhance performance through a platform to address potential contestability and quality control in the process.

g. Findings from the country analysis showed that country contextual issues and the capacity of Project Implementation Units (PIU) influenced implementation progress. This further confirms that, while supervision can improve a project's outcomes, actual achievements on the ground depend largely on the borrower's performance, as noted by half of the interviewees from the Regional Member Countries (RMCs), Bank staff and the comparators.

h. For private sector project supervision:

- Capturing DOs remains a challenge, despite efforts made to improve monitoring structures and templates.
- The current arrangement shows an absence of clearly defined communication and reporting lines, accountability measures and required supervision quality dimensions against which to measure implementation performance and DOs.
- Lessons and addressing sustainability of projects at closure is not sufficiently addressed in XSRs.
- Private sector project monitoring still faces challenges in monitoring and reporting on DOs.

  i. Reporting adequately on DOs is not optimal, although the quality of reporting on non-financial operations is higher on implementation progress and commercial viability; and

  ii. Financial operations show further weaknesses in areas such as: i) clients' ability to report on those indicators that are most relevant for Bank-funded projects; ii) clients' commitment to shared objectives and DOs; and iii) insufficient effort by the Bank to engage adequately with the clients in comparison with best practice of comparators, such as IDB and IFC.

Sustaining quality in supervision

The Bank's efforts have not been backed up with relevant institutional factors to support supervision quality. Greater attention is needed to address compliance by instilling a culture of results and accountability, supported by staff incentives. Performance is in a transitional phase and will require additional resources and higher capacity in terms of staffing levels and regular training to sustain the improvements.

Recommendations

Recommendation 1 – Proactive project management: Improve management of risks and project performance, by:

- Ensuring the alignment of project-level supervision with portfolio monitoring to provide appropriate support to problematic projects, and address challenges in the implementation and achievement of DOs in operations.

- For public sector operations, promoting a proactive approach to project supervision according to the project type and risk exposure established at the pre-implementation stage.
- Specifically for private sector operations, strengthening project supervision with special missions to monitor DO reporting over the project life-cycle.

Recommendation 2 – Compliance with the bank's rules: Ensure adherence to quality standards for supervision and completion, by:

- Reinforcing quality-control mechanisms for project supervision reporting and post-supervision follow-up.
- Establishing clear guidance and performance criteria for project supervision, including a differentiation by operation type, country and risk profiles.
- Undertaking selective post-completion field missions to strengthen the value addition of IDEV's Validation Notes and the credibility of results.
- Establishing clear guidance and performance criteria for monitoring and supervision practices within the Bank's Regional Offices and across the respective Country Offices.
- Adopting early planning of project completion through the previous supervision mission to ensure appropriate resourcing and improved performance.
- Streamlining supervision reporting tools to reduce duplication of the content, the number of required reports and ensure differentiation by operation type to maximize usefulness.
- Establishing measures to link indicators of QA for supervision with the performance assessment of Task Managers and Managers.

Recommendation 3 – Enhance quality of reporting: Increase the evidence base and credibility of results reporting, by:

- Reviewing the PCRs through formal validation meetings to create a space for contestability and a clearer articulation of lessons.
- Developing an integrated and automated management information system across the project cycle to foster accountability and to improve effectiveness and efficiency of reporting.

Recommendation 4 – Incentives: Strengthen incentive measures to support a results and quality culture, by:

- Strengthening accountability and aligning incentives around supervision.
- Strengthening capacity of staff in project management activities through standard training and learning suites. ■


Photo: © AfDB

Annexes

Annex A — Methodological Details

Methodology and Approach for Assessing Quality of Supervision and Exit

Evaluation process

- The evaluation comprised three phases: inception, data collection and analysis, and report preparation.
- IDEV organized two emerging findings presentations to share an overview of findings with: (i) focus groups from QA and reference group members; and (ii) at a special OPSCOM meeting of Senior Management.

Evaluation framework

The evaluation established a framework that defines the Bank's supervision concept and the existing QA framework of the Bank. This was also informed by a theory of change defining the overall supervision concept adopted by most MDBs, including the Bank. The evaluation framework is illustrated in Annex B.

Data collection methods

Electronic surveying was used to select a group of respondents relevant for the supervision and exit.

- Literature and document review: The evaluation involved a review of documentation from both the Bank and comparator organizations. For the Bank, this review covered relevant guidelines and corporate reporting documents directly related to implementation monitoring and portfolio performance.
- For comparator organizations, this involved:
  - A review of guidelines for results reporting and supervision, and respective templates;
  - Interviews with key informants to identify best practices for ensuring reporting quality and procedures; and
  - Accessing benchmarking data.

Benchmarking indicators for public sector operations

Benchmarking Indicators:
Budget and resource allocation; Average time from approval to first disbursement; and Project-to-Task Manager ratio.

Benchmarking indicators for private sector operations

Benchmarking Indicators:
Percentage of NPLs; and Average time from approval to effectiveness.

Sampling

Three different project samples were used in the analysis, including: i) a sample of 83 public sector operations approved between 2012 and 2017; ii) a sample of 45 private sector operations, including proportional stratification of investment projects (non-finance) and financial operations trade finance and lines of credit; iii) a sample of 14 PCRs for public sector operations selected from the initial sample of 83 for the purposes of assessing completion quality; and iv) a sample of 12 XSRs for private sector operations, including projects approved in 2009 for which XSRs were available.

Key Informant Interviews: IDEV protects the anonymity of individual interlocutors interviewed for evaluations. As such, individual names are not provided in this Annex. Semi-structured interviews were conducted with a broad range of internal and external stakeholders. The interview templates were designed to obtain qualitative insights, as well as structured responses to selected questions, deploying a theme-based format that could inform an aggregated response across interviews. Interviewees were selected to ensure adequate coverage of staff involved in all activities of supervision and completion for both internal and external stakeholders. Most of the interviews were conducted using a standardized interview protocol designed for the different roles of the interviewees. A second round of interviews were conducted to validate and verify aspects of findings from initial interviews.

Data analysis:

- Inductive and deductive content analysis: Discovering recurring themes and validating them through a cross-table analysis.
- Adopted QCA database by IDEV that defined country contextual issues that affect implementation progress for the five country case reviews.

Scoring methodology for performance ratings

To assess the performance of a dimension, the evaluation team defined sub-criteria adopted as measure for quality performance. For each performance area. Each sub dimension is rated according to the following ordinal scale: Y = Satisfactory (criteria fully met); P = Partially satisfactory (criteria partially met) and N = Unsatisfactory (criteria not met). Each sub-criteria that is not applicable to the project status or type is considered NA.

To obtain the overall performance of each dimension, numerical value to each scale was assigned as follows: Y = 1; N = 0 and P = 0.5. The overall score was then computed as follows:

$$P = \frac{(\alpha + 0.5 * \beta)}{(\alpha + \beta + \gamma)} * 100 \quad \text{where}$$

α is the number of occurrence of Y
β is the number of occurrence of P
γ is the number of occurrence of N

Finally, a dimension is considered as satisfactory if $P \geq 70\%$, partially satisfactory if $50\% \leq P < 70\%$ and unsatisfactory if $P < 50\%$.

Stakeholder survey

Whereas stakeholder interviews were conducted with staff at the Bank's headquarters and staff at the Country Offices that were 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.

Quality of supervision targeted four main groups of staff: i) Task Managers for public sector projects; ii) Portfolio Officers for private sector projects and credit teams; iii) Country Managers and iv) Country Program Officers.

Across these groups, 422 stakeholders were targeted, with 101 providing a response. However, because each group of respondents answered different questions, only relevant responses with an acceptable margin of error were used in the analysis. (Details of questions and targeted groups are in Annex B1).

Desk validations

Performance: The evaluation adopted the Bank's standard requirements for supervision, best practice identified from comparator consultations, and the Bank's QA framework to define the template for the desk validations. For private sector operations, this was aligned to the guidelines for reporting. It also considered standard reporting requirements for each operation type. For example, reporting using CAMEL analysis was adopted as a sub-criterion in assessing financial operations. The key performance areas defined in the table below formed the basis for assessing the projects. These performance dimensions formed the quality standards adopted by the evaluation to determine supervision quality. Experienced relevant sector experts conducted the desk validations and gave independent scores that were reviewed and validated by IDEV against evidence provided.

Table A1: Documents reviewed for the project's desk validation

Public Sector	Private Sector
▌ Project Appraisal Report ▌ Loan agreement documents ▌ Terms of reference for project (missions) ▌ Documents to fulfilment of loan conditions/ loan effectiveness ▌ Mission Aide Mémoire ▌ Back to Office Report ▌ Supervision Report ▌ Mid-Term Review ▌ IPR ratings ▌ The Bank's Project Completion Report	▌ Project Investment Report ▌ Loan agreement documents ▌ Common terms agreement (between lenders and the Bank) ▌ Utilization Request Letter (First Disbursement) ▌ Reporting documents from Investee Company ▌ Quarterly operational and financial reports ▌ Mission Debriefing Note(s)- where available ▌ Project Supervision Report ▌ Annual Supervision Report ▌ Expanded Supervision Report

Table A2: Framework of performance dimensions adopted for the Project Desk validation – Private Sector

Description	Performance Dimension	Criteria/Sub-criteria
Performance Area 1	M&E arrangements working	▌ Evidence of clarity of reporting requirements ▌ Evidence of client capacity for reporting (M&E) ▌ Evidence of oversight of sub-lenders/ Evidence of monitoring requirement met by the client
Performance Area 2	Appropriate coverage of key implementation issues during supervision	▌ Coverage and strength of evidence for project/LOC implementation ▌ Coverage and strength of evidence for financial performance of FI project ▌ Coverage and strength of evidence for DO indicators ▌ Coverage and strength of evidence for operational effectiveness ▌ Economic and social sustainability
Performance Area 3	Credibility in scoring for project implementation progress	▌ Evidence for implementation ▌ Evidence for financial performance ▌ Evidence for development outcome indicators
Performance Area 4	Follow-up actions and recommendations	▌ Follow-up actions and recommendations are well formulated ▌ The list of keys issues/and recommendations appear relevant and complete ▌ Evidence that recommendations have been implemented on time
Performance Area 5	Quality of supervision at maturation and exit	▌ Extent of coverage: • Development outcomes • Investment profitability • Additionally • Lessons • Sustainability

Table A3: Performance assessment dimensions used for the desk validation tool - Public Sector

Performance assessment	Assessment area	Focus
Mapping	Compliance and coverage of measures for ensuring supervision quality. It also looks at how cost effectiveness was considered in the actions and with respect to operation type	▌ Impact of supervision frequency on timeliness of cycle ▌ Compliance of supervision requirements ▌ supervision approach; extent of efficiency gains ▌ mission teams, relevance and quality of supervision activities ▌ Portfolio management actions ▌ PCR compliance to format and quality of content ▌ Appropriateness of PCR timing and extent of coverage of sustainability issues and quality of lessons captured
Performance Area 1	Quality of supervision	▌ Relevance, adequacy, efficiency, timeliness, of supervision tools and activities with respect to project type, status
Performance Area 2	Quality of results performance monitoring framework	▌ Consistency between reporting (BTORs, summary reports) and IPR scores ▌ Use of relevant Sector Indicators ▌ Reporting indicators aligned to RMF previously identified issues (proactiveness) ▌ Extent of adaptation to project situations and types of operations within supervision activities
Performance Area 3	Result-based M&E and reporting function working	▌ How M&E processes addresses responsibilities and resources allocation for the relevant and respective supervision activities and instruments

Performance assessment	Assessment area	Focus
		▌Supervision team is reviewing/responding and making adequate use of the RMC progress reports
Performance Area 4	Timeliness, relevance, and usefulness of follow-up actions to address issues	▌Extent to which quality measures has met supervision objectives ▌Identification and addressing risk, issues requiring management attention ▌Identification of credible and realistic remedial actions with respect to project progress ▌Assessing effect of measures for backstopping remedial actions
Performance Area 5	Extent of credibility in reporting and project ratings	▌Use of borrowers progress reports by the Bank ▌Consistency between supervision progress reporting and project ratings ▌Consideration of reporting with respect to project classification
Performance Area 6	Adherence to project classification methodology	▌Based on IPR ratings, extent to which the project classification reflects IPR project classification
Performance Area 7	Addressing risks to ensure effective implementation and sustainability	▌Addressing key related risks to continued financing, maintenance and institutional responsibilities
Performance Area 8	Coverage and quality of lessons learned during implementation and at completion	▌Compliance and quality of progress monitoring ▌Extent of alignment of reporting to CREAM indicators for project logic ▌Quality of reporting and compliance with PCR format

Process reviews: This was conducted on a sample of 83 projects for public sector and 38 operations for private sector. Details of factors assessed are shown in the tables below:

Table A4 : Process review - Public Sector

Description	Performance Dimension	Criteria/Sub-criteria
Compliance	Launching missions Regular missions Special missions Mid Term Reviews Project completion missions	▌Timeliness of cycle ▌Frequency of supervision (PP vs NPP) ▌Duration of supervision mission ▌Skills mix ▌Timeliness of reports submission ▌Validation of IPR by managers (quality check) ▌PCR and PCREN coverage
Resources allocation	Staff allocations Budget planning Supervision missions planning	▌Distribution of operational staff ▌Workload by sector and region for Task Manager ▌Workload for fiduciary experts (Financial Management specialist, Disbursement Officers and Procurement specialist) ▌Budget allocation and supervision cost (2015–2017) ▌Supervision planning and actual implementation ▌Coordination between task managers and fiduciary team in organizing supervision missions
Quality of the portfolio	Delivery dashboard Portfolio flashlight IPR data base	▌Evolution of the portfolio flashlight (2015–2017) ▌Project at risks ▌IPR project status ▌Persistent area of weaknesses in the portfolio
Bank's Information system on supervision	Delivery dashboard Portfolio flashlight IPR database	▌Integration and complementarity of the IPR database and the Portfolio flashlight database ▌Coverage of each database and quality check

Table A5 : Process review - Private Sector

Description	Performance Dimension	Criteria/Sub-criteria
Compliance	Regular supervision missions Special missions (SOU, CRC) Project completion mission	▌Timeliness of the cycle ▌Frequency of supervision missions (Financial Vs Non-financial projects) ▌Coverage of supervision reports (PSR, BTOR) ▌Development objectives reporting ▌Frequency of SOU and CRC mission for watch listed projects ▌Duration of supervision missions ▌Skills mix ▌Timeliness and coverage of XSR ▌XSEN coverage
Resource allocation	Staff allocations Budget planning Supervision missions planning	▌Distribution of portfolio officer ▌Workload by portfolio officer and coordinator ▌Coordination between lead, Investment officers and portfolio officers ▌Budget allocation and supervision cost (2015–2017
Quality of the portfolio	Delivery dashboard Portfolio flashlight Non-performing loans	▌Evolution of the portfolio flashlight (2015–2017) ▌Evolution and structure of the non-performing loans (active monitoring, Rehab and workout) compared with other MDBs

Table A6 : Overview of key informants

Ministries/PIUs	No.	Comparators	No.	DPs *	No.	AfDB	No.
Ministry of Finance	5	IDB	12	WB	3	Executive Directors	3
Ministry of Environment	1	WB & IFC	25	EU	2	Vice Presidents	4
Ministry of Agriculture	1	IFAD	2	EIB	1	Advisor to SVP	1
Ministry of Transport	1	MCC	6	AFD	1	Director General	3
Ministry of Energy	2	EBRD	2	BDEAC	1	Director	5
Ministry of Industry	2			JICA	2	Sector Manager	6
Ministry of Infrastructure	1			WFP	1	Country Managers CPO	5 7
Ministry of Youth	1			IsDB	1	Task Manager	35
Ministry of Tourism	1					Disbursement Specialist	6
Ministry of SME	1					FM Experts	10
Executing agency/ PIUs	22					Procurement Experts	6
Clerk of Parliament	1					ISS Specialist	3
Auditor General	1					Budget Officers	2
Clients (Private)	5					Gender specialist	1
						Portfolio Officer	4
						Credit Risk Officer	4
						Investment Officer	3
						Portfolio Coordinator	2
						SNOQ	3
						Others	4
Sub-total	45		43		12		72
Grand Total	**217**						

*Development partners (local offices)

Annex B — Evaluation Matrix and Framework

Evaluation Matrix: Quality of Supervision and Exit

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
I - Mapping				
M1: How is the Bank's supervision concept defined and what is its intended purpose?	n/a	n/a	Bank documents Bank staff	Desk-based review (IDEV) Stakeholder consultation (IDEV)
M2: Which key activities, actors, tools and (internal) feedback and QA mechanisms does the Bank's supervision consist of?	n/a	n/a	Bank documents Bank staff	Desk-based review (IDEV) Stakeholder consultation (IDEV)
M3: What have been the main changes over the evaluation period?	n/a	n/a	Bank documents Bank staff	Desk-based review (IDEV) Stakeholder consultation (IDEV)
M4: How does the Bank's QA for implementation integrate social and environmental issues to comply with its Integrated Safeguards System?	n/a	n/a	Bank documents Bank staff	Desk-based review (IDEV) Stakeholder consultation (IDEV)
M5: How does the Bank's supervision QA seek to address other cross-cutting issues, such as gender, fiduciary management, and fragility?	n/a	n/a	Bank documents Bank staff	Desk-based review (IDEV) Stakeholder consultation (IDEV)
M6: What are the inputs envisaged in the process in terms of time, financial, human resources, tools and organizational context (including accountability measures, directives, quality control decision points and management commitment)?	n/a	n/a	Bank documents Bank staff	Desk-based review (IDEV) Stakeholder consultation (IDEV) Stakeholder survey

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
Relevance				
EQ1.1: To what extent is the Bank's QA for project supervision and completion as designed, fit for its intended purpose and in line with the Bank's operational guidelines?	JC1.1.1. Extent to which the Bank policies, manuals and guidelines provide a well-defined, comprehensive and realistic description of the Bank's QA for project supervision and completion	▌The Bank operations policies, manuals and guidelines provide a well-defined, comprehensive and realistic description of : a. main objectives / requirements for each operation b. key activities, tools, and roles & responsibilities according to project type c. role and use of scoring and IT system related to supervision (launch and implementation monitoring) ▌The Bank operations policies, manuals and guidelines provide a well-defined, comprehensive and realistic description of a. main objectives / requirements; b. key activities, tools, and roles & responsibilities; and c. use of scoring and IT system related to completion	Bank documents Bank staff	Desk-based review (IDEV) Stakeholders consultation (TM) (IDEV) Stakeholders survey (LATTANZIO)
	JC1.1.2: Extent to which the Bank's QA processes developed for project supervision and completion provide an adequate coverage and response to the Bank's operations policy and guidelines. For example; processes tailored to project type or context and extent of attention to results	▌Adequacy coverage of the different contexts, intervention types supervision (launch and implementation monitoring), as in the Bank's policies, manuals and guidelines ▌Supervision adaptable to different intervention type and context	Bank documents Bank staff	Desk-based review (IDEV) Stakeholders consultation (IDEV) Stakeholders survey (LATTANZIO)
EQ1.2 To what extent does the Bank's QA for project supervision and completion prioritize and address the Bank's strategic strategies (starting with High 5s)?	JC1.2.1. Extent to which the Bank's QA processes for project supervision and completion adequately address the Bank's results agenda	Focused and aligned to RMF and other strategic areas.	Bank documents Bank staff	Desk-based review (IDEV) Stakeholders consultation (IDEV)
	JC1.2.2. Extent to which the Bank's QA processes for project supervision and completion adequately address the Bank's strategic priorities in the different sectors	▌Key result and performance indicators and other related issues covered in the Bank's Results Measurement Framework in various sectors ▌% coverage of these indicators and issues in the Bank's QA for project supervision and completion ▌% or extent of coverage of KPI addressing strategic priorities in reporting	Bank documents Bank staff Project documents	Desk-based review (IDEV) Stakeholder interviews (IDEV) Project desk review (LATTANZIO)

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
EQ1.3. Have recommendations from previous assessments and evaluations been addressed?	n/a	▌ Number of recommendations addressed ▌ Extent to which management decisions have been implemented Incl: ▌ More attention to results and risks, and institutionalizing them in every day practice	Bank documents Bank staff	Desk based review (IDEV) Stakeholder consultation (IDEV) Desk Validation
EQ 1.4. To what extent does the Bank's QA for project supervision and completion reflect best practice, including best practice of comparator institutions?	JC 1.4.1. Extent to which the key implementation issues covered in the Bank's QA for project supervision and completion are in line with best practice, or differ from those used by other comparator institutions	▌ Key result-based and performance indicators and other issues that other comparator institutions use as part of implementation monitoring ▌ Main differences between the Bank's QA and comparators' QA on all the above	Comparator institutions	Comparator analysis (IDEV)
	JC 1.4.2. Extent to which the Bank's QA practices reflect best practice and differs from the QA used by other comparators	Key steps taken by comparator institutions to ensure that their QA system is fit for purpose. ▌ QA objectives and requirements are well-defined, comprehensive and realistic ▌ activities, roles and accountability, and tools are well-defined, comprehensive and integrated for learning and knowledge management ▌ comprehensive scoring and IT systems are in place to ensure learning and integration of project cycle activities	Comparator institutions	Comparator analysis (IDEV) Desk Review Stakeholder consultation Stakeholder survey
EQ1.5. To what extent is consideration of ISS in the QA for supervision and exit fit for purpose, aligned with Bank requirements and best practice?		See EQ1.1, EQ1.2, EQ1.5		
EQ1.6. To which extent is the QA for supervision and exit used to comply the Bank's policies and guidelines for crosscutting themes (gender, fiduciary management and fragility) is fit for purpose, aligned with Bank priorities and best practice?		See EQ1.1, EQ1.2, EQ1.5		

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
Effectiveness:				
EQ 2.1: To what extent has the Bank's QA for project supervision and completion met its immediate objectives, as envisaged in the Bank's policies, manuals and guidelines? Outputs	JC2.1.1. QA for project supervision (launch) has "got the project to a good start." (Focus on launch) Private sector: QA for supervision ensured appropriate hand over and clear reporting requirement of clients. Reporting requirements discussed and accepted by clients - Client understands requirements and is able to report on required reporting indicators - Adequate training and support to client to ensure staff are well trained and have capacity for monitoring - Client reporting requirements are focused on verifiable indicators	- Borrowers /clients familiarized with the implementation activities of the project, notably: • loan conditions and requirements for their fulfilment • implementation schedules, including the first year's work program and the Supervision Plan • procurement and financial management arrangements • monitoring and evaluation (M&E) arrangements, including reporting requirements to the Bank;	Bank staff RMC staff Country case studies	Field visit (IDEV-LATTANZIO)
	JC2.1.2. Progress made toward the achievement of project objectives. Effectiveness and efficiency of project implementation have been monitored in line with Bank standards. (Focus on reporting)	- Quality of reporting: IPR scoring has been adequately used "candid" - Reporting against Logframe is based on balanced reporting and credible evidence etc. / use of independently verifiable sources - Consistency between supervision reporting and supervision ratings. - Timely reports - Borrowers' adherence to reporting requirements and use of borrowers progress reports by the Bank	Bank documentation Project documentation Country case studies Bank staff	Desk-based analysis – IDEV Quantitative analysis - IDEV Project desk review Field visit Stakeholder survey
	JC2.1.3. Outstanding issues and decisions taken by the Bank's Management and/or additional actions required by the borrower and implementing agencies to improve the performance of the project have been highlighted during supervision (Focus on risk and remedial actions)	- Identification of critical risks that require mitigating measures and management attention - Identification of credible, and realistic remedial actions - Aide mémoire / letter signed with government - IPR sign-off by Senior Management - Field Office has followed up on the recommendations - Special actions: problematic projects, disbursement suspension, loan cancellations	IPR Project documents Bank staff Case studies	Desk-based analysis – IDEV Quantitative analysis - LATTANZIO Stakeholder consultation – IDEV Desk-based project review Stakeholder survey Field visit

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
	JC2.1.4. QA at completion has enhanced quality-at-exit through an increased focus on results, risks and lessons learning.	▌PCR scoring is consistent, evidence-based and candid ▌Consistency between IPR and PCR ratings. ▌adequate use of PCR guidance and coverage of key relevant areas ▌Key recommendations are made, with particular emphasis on addressing risks to the sustainability of project benefits ▌Lessons are identified to serve as guidance for the preparation and implementation of other ongoing and future projects	Bank document Project documents Bank staff Country case studies	Desk-based analysis – IDEV Quantitative analysis - IDEV Desk-based project review Stakeholder consultation – IDEV Stakeholder survey Field visit
	JC2.1.5. QA at completion has responded to the principle of mutual accountability	▌Organization of a PCR multi-stakeholder workshop ▌The borrower provides quantitative data on outputs and outcomes achieved, and contributes to rating the Bank's and the borrower's performance.	Bank staff Case studies Project documents	Desk-based review – IDEV Quantitative analysis - IDEV Desk-based project review Stakeholder consultation – IDEV Field visit
EQ 2.2: What lines of evidence exist to show that QA for project supervision and completion has contributed to (improved) project quality, efficiency, effectiveness and sustainability?	JC2.2.1. Project supervision (launch) has helped secure timely project launch and entry into force (readiness for implementation; timely project start-up; borrower compliance) ▌Value addition of supervision instruments, e.g., risk-based supervision, role of field presence ▌Project supervision and completion focused attention to risk management and results considering different project types and contexts ▌QA for project completion has addressed deficiencies in performance ratings and enabled capture relevant lessons ▌QA has addressed challenges identified in past evaluations	▌Timely fulfilment of loan conditions (not more than 6 month period) ▌Provision of additional assistance to meet pre-requisite for implementation / retroactive financing and advance procurement facility to support pre-implementation activities (PMUs, survey etc.) ▌Borrowers' feedback on the level of support received from the Bank during launch	Project documents Country case studies Validation tool (input from QaE analysis)	Quantitative analysis (IDEV) Desk-based project review Field visit

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components

	JC2.2.2. Project supervision (implementation monitoring) has helped improve project performance during implementation
	(achievement of physical, financial and technical outcomes; borrower compliance)
	
	▮ QA for project implementation and completion has helped to improve balance monitoring and reporting.
	▮ PRIVATE SECTOR: Clients understanding and share a mutual commitment toward development outcome reporting
		▮ Trends IPR ratings (output level)
		▮ Borrowers' perception of the Bank's level of support / involvement in helping them manage their projects and/or resolve problems during implementation
		▮ RMC follow-up and response to remedial actions incl. outstanding compliance requirements
		▮ The Bank's follow-up and response to remedial actions, incl. problematic projects and key risk that require management attention
		▮ Evidence of improved performance after remedial actions taken during implementation
		    ▮ Evidence on decrease in problematic project count
		    ▮ Evidence on timeliness in project start up
		    ▮ Evidence on PIU capacity to implement and follow closure requirements
		    ▮ Evidence of good practice of fulfilments of closing requirements: Financial		

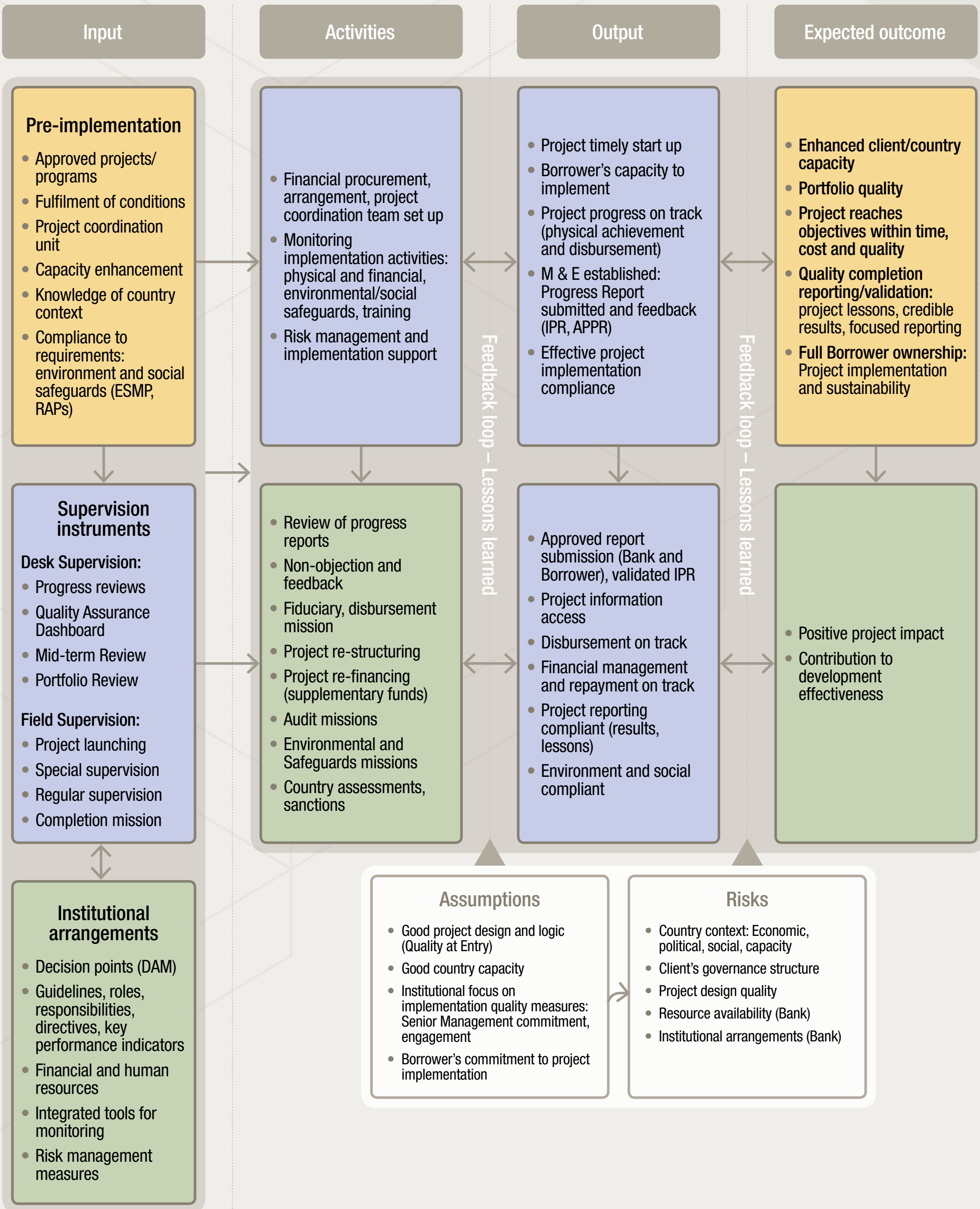
	JC2.2.3. Project completion has helped improve quality-of-exit (focus on sustainability)	Systematic approach to support project closure requirements, focusing on: ▮ Compliance with close down activities; appropriate handover to relevant stakeholder, take over activities in place	Bank staff RMC Case studies	Desk-based project review Field visit
EQ2.3 To what extent have the Bank's QA instruments for project implementation and completion contributed to the identification and use of lesson learned?	n/a	▮ Usefulness of lessons in PCR ▮ Mechanisms, role and accountability in mainstreaming lessons learned effective, e.g., for public sector operations ▮ Readiness Reviews have to carefully assess whether lessons learned have or have not been incorporated into new operations (with QaE) ▮ SDs ensure that lessons learned from previous operations in the sector feed into new cycles of projects	Project documents Bank staff RMC Case studies	Stakeholder consultation – IDEV Stakeholder survey Desk-based project review Field visit

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
		▌RDs ensure that lessons learned from previous operations in the country or countries and in the region are taken into account in new operations ▌Role of IT / data management system		
EQ 2.4: To what extent has the Bank's QA for project supervision and exit been delivered as expected and in a way that reflects the Bank's Integrated Safeguards System standards?	IPR integrates ISS inputs and allows validation of ISS in system IPR enables inputs and visibility by fiduciary team to monitor reporting and emerging risks IPRs integrating all relevant information on project for quality control	Useful tool for follow-up actions Useful tool for decision-making Useful tool for performance reporting and lesson learning	Project documents Bank staff RMC Case studies	Desk Validation (ISS) Stakeholder survey Field visit
EQ2.5: What evidence exist to show QA for supervision has contributed to an effective implementation of the Bank's ISS?	▌Clear ISS issues adequately addressed to beneficiaries satisfaction through supervision	▌Supervision emphasis on Category 1 and 2 projects according to best practice ▌Supervision captures ISS in risks management actions ▌Remedial actions on ISS issues captured and monitored from supervision instruments ▌Project completion assures measures to sustain safeguards efforts	Project documents Bank staff RMC Case studies	Desk Validation tool (ISS) Field visit
EQ 2.6: To what extent has the Bank's QA for supervision and exit been practiced and applied as expected and in a way that reflects the Bank's policies and guidelines on crosscutting issues?	Cross-cutting issues adequately identified, addressed, implemented and monitored (e.g., gender, governance indicators closely followed through implementation)	▌Supervision captures and reports adequately on key cross-cutting issues	Project documents Bank staff RMC Case studies	Desk Validation tool (ISS) Stakeholder survey Stakeholder interviews Field visit
EQ2.7: What evidences exist to show the Bank's QA for supervision is contributing to an effective implementation of the Bank's policies on cross-cutting issues?	▌Cross-cutting issues adequately addressed to beneficiaries satisfaction through supervision	n/a	Project documents Bank staff RMC Case studies	Stakeholder interviews Field visit
Efficiency:				
EQ 3.1: Is the Bank's QA for supervision in a cost-effective manner in terms of time, financial and human resources (including the skills mix)?	n/a	▌Supervision team size and skills mix ▌Continuity of supervision staff ▌Timely support from line managers ▌Role of field offices and coordination with HQ.	Bank documents QAD indicators Bank staff Project documents	Desk-based review (IDEV) Stakeholder interviews (IDEV) Quantitative analysis (IDEV)

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
		▌ Adequacy of supervision budgets allocated ▌ Extent to which stakeholders perceive the time and inputs allocated to supervision to be reasonable ▌ Extent of redundant steps in the process		Desk-based project review Field visit Stakeholder survey
EQ 3.2: Is the Bank's QA for supervision applied in a sufficiently timely manner to deliver its intended benefit?	n/a	▌ Supervision frequency ▌ Timely production of documentation (back-to-office reports, supervision reports, follow-up letters to government), existence of decision points to address issues, risks. Institutional context: having measures for accountability and management support to address project issues. ▌ Timeliness in PCR ▌ Timeliness in meeting closing requirements	Bank documents QAD indicators Bank staff Project documents	Desk-based review (IDEV) Stakeholder interviews (IDEV) Quantitative analysis (IDEV) Desk-based project review Field visit Stakeholder survey
EQ 3.3: Is the Bank's QA for project supervision and completion cost-effective compared with other available models?	n/a	▌ Supervision budget ▌ Supervision skills mix and team size ▌ Support from, and responsibility of, line managers ▌ Role of field offices and coordination with HQ. ▌ Extent of dialogue with counterparts ▌ Role of IT system ▌ Supervision adaptive to project context, type ▌ Combination of instruments to address issue	Bank documents QAD indicators Bank staff Project documents	Desk-based review (IDEV) Stakeholder interviews (IDEV) Quantitative analysis (IDEV) Desk-based project review Field visit/ Country case study
Sustainability:				
EQ 4.1: To what extent do stakeholders perceive the process to be clear, relevant, credible and useful? Has there been sufficient buy-in from stakeholders?	n/a	Extent to which stakeholders report that their role and responsibilities are clear and that existing tools are useful. PRIVATE SECTOR: ▌ Stakeholders' account of perceived usefulness of reporting requirements and results reporting ▌ Lessons learned are useful and available ▌ IT system ensure integrated system for results focus	Bank staff	Desk-based review (IDEV) Stakeholders interviews (IDEV) Stakeholder survey

Questions	Judgment Criteria	Indicators	Main source of evidence	Evaluation Components
EQ 4.2: What incentive measures are in place to ensure the Bank's supervision QA measures is implemented as designed?	n/a	▌ Extent to which stakeholders perceive that appropriate emphasis is placed on balanced reporting and opportunities for lesson learned. ▌ Identification of contradictory incentives / KPIs to ensure QA.		
		▌ Organizational setting enables; management commitment; encourages staff focus on report in balance way; staff performance rating system align to the extent of project implementation performance and not only problems or approvals	Bank staff	Desk-based review (IDEV) Stakeholders interviews (IDEV) Stakeholder survey
EQ4.3 To what extent is there sufficient training, technical support and guidance to support the implementation of the Bank's QA in supervision as intended?	n/a	▌ Identification of training and support services provided for implementation of QA tools. ▌ Extent to which stakeholders perceive process support services to be useful and credible. ▌ Proportion of Task Managers who receive formal training	Bank staff	Desk-based review (IDEV) Stakeholders interviews (IDEV) Stakeholder survey
EQ 4.4: Are appropriate systems and tools in place to institutionalize lessons learned from the Bank's supervision practices and ensure continuous improvement of portfolio quality? What incentives are in place for process stakeholders to identify weaknesses for the purposes of learning and improvement?		▌ 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	Bank staff	Desk-based review (IDEV) Stakeholders interviews (IDEV) Stakeholder survey
III - Conclusion				
C1. What have been the key factors explaining the Bank's QA performance for project supervision and exit?	▌ Bank context (e.g., resources, institutional culture, setting) ▌ RMC context (e.g., capacity, commitment, goodwill)	n/a	*Conclusion questions won't draw from new evidence but analysis from the EQs*	n/a

Evaluation Theory of Change: Quality of Supervision and Exit



Supervision Framework

	Implementing a sound framework focused on enhancing implementation quality of operations	Effective portfolio supervision	Enhanced borrower capacity	Result focus monitoring and reporting on development objectives
Intended changes		• Risk focused monitoring • Proactivity • Results focused	• Good implementation progress	
Aspects	• Guidelines and manuals focused on risk and results • Clearly defined, shared responsibilities	**Use of supervision instruments adapted to project type and risk exposure status** • Frequency • Duration • Resources/skills mix • Use of Mid Term Review	• Adapt supervision activities to borrower situation and portfolio size	• Monitoring indicators aligned with RMF/DO
	Implementation support • Tools • Quality check points • IT data system • Resource allocation	• Focus on safeguards, fiduciaries, cross-cutting issues	• Field presence support • Fiduciary clinics	• Candor in reporting
	Institutional factors • Incentives • KPIs • Resources allocation • Cultural shifts		**Quality at exit** • Client involvement • PCR addressing sustainability of borrower	• Capturing lessons during implementation
				Quality at exit • Timely submission of report
				• Use of lessons and knowledge for new operations

Survey Questions

Group	(1) Task Manager	(2) Sector Specialist	(3) Investment Officer	(4) Portfolio Officer	(5) Country Manager, CPO or Country Economist or Operations Advisor	(6) Procurement specialist, financial management specialist or disbursement specialist	(7) Credit Risk Officer	(8) Gender or safeguards	(9) other
Adequacy of resources for supervision	●	●	●	●	●	●	●	●	●
Clarity of roles and responsibilities of key actors in supervisions	●	●	●	●	●	●	●	●	●
Opinion on quality of reporting during supervision.	●	●	●	●	●	●	●	●	●
Opinion on resources dedicated to project completion	●	●	●	●	●	●	●	●	●
Early identification of risks and critical issues	●	●	●	●	●	●	●	●	●
Follow-up of corrective actions and recommendations.	●	●	●	●	●	●	●	●	●
Borrower ownership and commitment to the project	●	●	●	●	●	●	●	●	●
Addressing implementation problems	●	●	●	●	●	●	●	●	●
Existing remedial actions for problem projects enables solutions to project issues	●	●	●	●	●	●	●	●	●
Adequate support from fiduciary experts, legal, gender and E&S during pre-implementation	●	●	●	●	●	●	●	●	●
Adequate support from fiduciary experts, legal, gender and E&S during implementation	●	●	●	●	●	●	●	●	●
Adequate support from fiduciary experts, legal, gender and E&S during completion	●	●	●	●	●	●	●	●	●
Involvement and contribution at the different stages of project	●	●	●	●	●	●	●	●	●
Opinion on IPR	●	●	●	●	●	●	●	●	●
IPR coverage	●	●	●	●	●	●	●	●	●
Opinion on Back to Office Report templates (BTOR)	●	●	●	●	●	●	●	●	●
Coverage of BTOR	●	●	●	●	●	●	●	●	●
Opinion on XSR	●	●	●	●	●	●	●	●	●
Coverage and credible rating of XSR	●	●	●	●	●	●	●	●	●
Institutional factors	●	●	●	●	●	●	●	●	●

Annex C — Project Supervision Instruments of the Bank

Public Sector Operations

Supervision Instrument	Activities	Purpose and features	Responsibility	Required team composition	Tools/Output
Project Launching Mission (Pre-implementation)	▌ Preparation of relevant documentation on project for project management team. ▌ Field presence ▌ Formal presentation of project activities and Bank requirements. ▌ Workshop/ training sessions for project management team and relevant implementing agencies. ▌ Presentation of all necessary documentation for project implementation to the executing agency.	▌ Provides a more formal presentation of project activities and all related implementation procedures. ▌ Comprises all activities carried out to get the project to a good start. ▌ Starts shortly after loan approval and when key project staff is in place.	**Bank**	▌ Task Manager ▌ Procurement Expert; ▌ Financial Management Specialist ▌ Disbursement Officer ▌ M&E Specialist ▌ E&S Safeguards Specialist (for Category 1 and 2 projects); ▌ Other relevant specialists depending on the nature of the project, e.g., Gender or Governance Expert	▌ Aide mémoire / Back-to-Office Report (BTOR) ▌ Follow up letter to Government on CP validation ▌ 1st Disbursement request ▌ Project effectiveness (SAP Entry Validation)
Desk supervision Pre-Implementation					
Desk Supervision **Implementation**	▌ Studying periodic reports and responding to correspondence and queries from project executing agencies, borrower; review of progress reports prepared by the borrower. ▌ Monitoring of borrower's compliance with conditions and covenants; ▌ Responding to ▌ and reviewing procurement and disbursement requests.	▌ The day by day activities by the Task Manager on the project by maintaining constant contact with borrower/ client ▌ Review and submission of reporting documents and project specific information during Mid-Term Review	**Bank and Borrower** **Bank:** ▌ Timely feedback to queries; ▌ Timely response to requests for non-objection; payments and resolving issues **Borrower:** ▌ Timely submission of requests	▌ Task Manager (overall management) ▌ Disbursement Officer (payments) ▌ Financial Management Expert (controls on use of funds) ▌ Procurement Expert (advisory and approval of procurement activities	▌ Non objections to disbursement requests ▌ Review of progress report from borrower ▌ Audit reviews ▌ IPR entry
Field supervision	▌ Involves visits to the project site ▌ Preparation of mission ▌ Consultations with key stakeholders and executing agencies	▌ First supervision mission should be undertaken no later than six (6) months following loan effectiveness;		▌ Procurement Specialist, ▌ Financial Management Specialist,	

Supervision Instrument	Activities	Purpose and features	Responsibility	Required team composition	Tools/Output
	▌ Progress reporting ▌ Validation of reporting ▌ Follow-up on previous issues or actions to be done	▌ Undertaken for: **Regular supervision** **Mid-Term Review.** **Specialized mission** by disbursement and financial mgmt. teams **Project completion**	**Bank:** Task Manager: undertakes regular mission 1 or 2 times a year; if problematic project 2 times a year or more required.	▌ Disbursement Officer, ▌ Gender Specialist, ▌ Environmental and Safeguards Specialist, ▌ M&E Specialist ▌ Other relevant specialists depending on the nature of the project.	▌ Aide Memoire/ ▌ Back to Office Report (BTOR) ▌ Response/ Follow up Letter to borrower on recommended actions. ▌ IPR submission
	Special missions	▌ Supervision of problematic projects not combined with regular supervisions.	**Bank:** • Disbursement • Financial Management	▌ Procurement Specialist, ▌ Financial Management Specialist ▌ Disbursement Officer	▌ Aide Mémoire/ ▌ Back to Office Report (BTOR) ▌ Response/ Follow up Letter to borrower on recommended actions. ▌ Disbursement report to Sector Manager /Task Manager
	Mid-term review Mission: ▌ Assessing physical progress ▌ Assessing financial performance ▌ Achievement of output, outcome ▌ Addressing risks ▌ Address required project changes	▌ In depth review of project activities. Assessing all aspects of the project and likelihood of obtaining project objectives.	**Bank:** Sector Department Disbursement Financial Management **Borrower:** Submit all reporting on project progress and performance.	Task Manager Country Manager Sector Specialist	▌ Response/ Follow up Letter to borrower on recommended actions. ▌ Actions report: project re-structuring, cancellations, sanctions
Project completion	▌ **Preparing reporting documents for closing:** ▌ Field visit ▌ Follow-up to self-evaluation reports ▌ Follow-up on compliance requirements and closure of accounts ▌ Preparation of self-evaluation ▌ Processing of PCR for clearance and IDEV validation	▌ Support project implementation team for closing project ▌ Ensuring compliance to closure requirement ▌ Undertake self-evaluation of project and post project impact	**Borrower:** Project team/ Implementation agency ▌ Submission of all justification ▌ Submission of all audit requirements ▌ Preparation of self-assessment of project achievement **Bank:** Task Manager ensures that all relevant FM disbursement and contract issues have been properly addressed.	**Borrower:** Project coordinator, project team, Implementation Agency **Bank:** Financial Management Specialist (FMS), Disbursement Officer, relevant sector specialist	BTOR Project completion report PCR validation by IDEV

Private Sector Project Supervision and Closure

Supervision Instrument	Activities	Purpose and features	Responsibility	Required team composition	Tools/output
Pre-implementation activities	▌ Preparation of relevant documentation on project for project management team. ▌ Consistent engagement with client, support to client on documentation required to meet CP. ▌ Ensuring CP compliance, validation and final signature of agreement.	▌ Dialogue with client to meet conditions precedent (CPs). ▌ Comprises all activities carried out to get the project to a good start. ▌ Starts shortly after loan approval by Board	**Bank**	▌ Bank's investment officer ▌ Credit Risk Officer ▌ Clients' legal advisors ▌ Bank's legal advisor ▌ Portfolio Management Leader and Officer; ▌ Disbursement Officer ▌ Sector Specialists, Other relevant Specialists depending on the nature of the project	▌ BTOR ▌ Reporting Letter
Desk supervision	▌ Official handover visit to client's location by the Investment officer and Portfolio Management Officer to familiarize with client and project overview ▌ Reviewing periodic reports and responding to correspondences and queries from client; ▌ Monitoring clients compliance with agreements and reporting; ▌ Validation of Portfolio Officer's remarks on reporting submissions statements ▌ Reporting on progress of physical implementation financial and business performance of client	▌ Handover of project to Portfolio Management Team after 1st Disbursement ▌ Portfolio Management Team takeover maintaining constant contact with borrower/ client. ▌ Review and submission of reporting documents and project specific information during Mid-Term Review ▌ Risk management actions	**Bank and Borrower** **Bank:** ▌ Ensuring appropriate handover from Investment Officer to Portfolio Officer ▌ Review of reporting ▌ Monitoring risk levels (credit, operational risks) ▌ Early warning signals ▌ Timely feedback and intervention on clients requests **Client:** ▌ Timely submission of requests ▌ Timely submission of progress reports and financial reports ▌ Response to questions on reporting	▌ Investment Officer and Credit Officers (oversight management) ▌ Portfolio Management Coordinator ▌ Portfolio Management Officers ▌ Disbursement Officer(payments) ▌ Social Safeguards Expert (review ESMP reporting/ progress) ▌ Legal Officers (risk management) ▌ Sector Expert (sector related advice)	▌ Project Transfer Form ▌ Project Status Reports (PSRs)- Quarterly ▌ Annual Supervision Report (ASR) ▌ Debriefing Letter to Client ▌ Credit Risk Reviews

Supervision Instrument	Activities	Purpose and features	Responsibility	Required team composition	Tools/output
Field supervision	▌ Involves visits to the project site ▌ Preparation of mission ▌ Consultations with key stakeholders and client ▌ Progress reporting ▌ Validation of reporting ▌ Follow-up on previous issues or actions to be done	▌ First supervision mission should be undertaken no later than six (6) months) following loan effectiveness; undertaken for: ▌ **Regular supervision** ▌ **Specialized mission** by credit risks team, E&S Safeguards and special operations ▌ **Project completion mission**	**Bank:** Portfolio Management Officer: undertakes regular mission 1 or 2 times a year; if problematic project 2 times a year or more required (risk based supervision). Portfolio/Credit Risks/ Special Operations: Adapted missions to projects on watchlist or severe distress depending on complexity of issues	▌ Portfolio Management Officer, ▌ Credit Risk Officer ▌ Disbursement Officer, ▌ Environmental and Safeguards Specialist, ▌ M&E Specialist ▌ Other relevant specialists depending on the nature of the project.	▌ Back to Office Report (BTOR) ▌ Annual Supervision Report ▌ Debriefing letter to client
	Special missions	▌ Supervision of problematic projects not combined with regular supervisions	**Bank**: ▌ Credit Risk Teams ▌ Special Operations Missions	▌ Portfolio Management Officer ▌ Credit Risk Officer ▌ Legal officer ▌ Special Operations Expert	▌ Back to Office Report (BTOR) ▌ Debriefing letter to client ▌ Annual supervision report
	Mid-Term Review Mission: ▌ Assessing physical progress ▌ Assessing financial performance ▌ Achievement of output, outcome ▌ Addressing risks ▌ Address required project changes	▌ In depth review of project activities. Assessing all aspects of the project and likelihood of obtaining project objectives	**Bank:** Sector Department(Project finance) Disbursement Private Sector Department	Portfolio Management Officer Country Manager Sector Specialist (Investment Officer) Financial Analyst	
Project completion	▌ **Preparing reporting documents for closing:** ▌ Field visit/ Visit to Client ▌ Follow up on final reporting documents ▌ Collection of development outcome data ▌ Information on Client's business performance	▌ Support client with putting together reporting requirements for closing project ▌ Ensuring compliance to closure requirement ▌ Undertake self-evaluation of project and post project impact ▌ Process XSR for clearance and IDEV validation	**Client:** ▌ Submission of all reporting agreements ▌ assessment of project **Bank:** Investment officer - assessing profitability and sustainability of benefits and development outcomes	**Bank:** Portfolio Management Officer Required sector expert Independent private sector expert Financial analyst	BTOR XSR XSR validation by IDEV

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47. AfDB (2018) "Addressing Start-up Delays: Conversation with MDBs on portfolio Management"

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50. AfDB (2018) "Delegation of Authority Matrices"
51. AfDB (2018) "Fourth TMT update on the implementation of the Bank's Development and Business Delivery Model (DBDM)"
52. European Bank for Reconstruction and Development (2018) "Performance Metrics: How well do EBRD projects specify Expected Results?"

Endnotes

1. Continuous supervision as defined by the Bank's Operations Manual is the day-to-day correspondence between borrower and the Bank on project implementation issues as well as overall portfolio performance.
2. Several of the Bank's reviews by the Quality Assurance Unit, private sector reviews on LoCs, and others highlight the absence of an integrated system limiting the Bank's ability to adequately track and report on project risks and the effect on outcomes.
3. IDB's convergence platform integrating all project system data from preparation through to completion, EBRD, through its Transition Impact Monitoring System to select relevant development outcome indicators for tracking.
4. 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
5. Estelle Rosine Raimondo, "What difference does good monitoring & evaluation make to World Bank project performance?" World Bank, Policy Research Working Paper, June 2016.
6. This is an indication of the timeline priority. A more detailed sequence of time-bound deliverables will be included in the Implementation Plan.
7. 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.
8. This commitment was made in the context of the ADF-14 replenishment, with a deadline set for 2019.
9. The following four commitments are drawn from the Bank Group's Results Measurement Framework 2016–2025.
10. Not all operations are eligible for systematic supervision — for example, emergency operations and trust fund-financed operations are not eligible.
11. African Development Bank Group (2017) "ADF 14 Report: Transforming the Lives of Africa's Most Vulnerable People."
12. Grants were excluded except in the case of ZimFund Programs in Zimbabwe to obtain insights on the functioning of operations in a fragile context.
13. IFAD, WB, EBRD, IFC, IDB, AsDB have been undertaking various reforms to improve implementation quality and results reporting through various initiatives and system updates. This was noted from comparator reviews.
14. ADF IX, XII, XIV.
15. Prominent among them iare IFAD, IDB, AsDB and WB.
16. IDEV's CEDR, 2016.
17. Monthly updates of the portfolio dashboard showing level of projects at risks to inform management decisions and attention to implementation.
18. IDEV, NSO Evaluation 2010.
19. The unit is to give special support to the portfolio monitoring function.
20. Supervision instruments incudes: desk based supervision, field based supervision and continuous supervision which involves regular consultations with borrower to address implementation issues
21. Portfolio flashlight is a real time tracking tool that is produced monthly on the basis of information extracted from SAP and Boabab. It is a vehicle for proactive management action for the enhancement of the Bank's projects portfolio.
22. The 'Convergence' platform helps to incorporate all information generated during project preparation until closure to provide project information across the project cycle for decision-making.
23. AIMM(Anticipated Impact Measurement and Monitoring) tool is a new system adopted by IFC that provides guidance on generating data on devt outcomes which are further tracked during supervision. It aligns project level outcomes to targeted market impacts . It helps to give quality in rating and numerical score on excpected development impact on project level outcomes The equivalent for EBRD is the Transition Impact Monitoring System (TIMS).
24. DELTA: Development Effectiveness Learning, Tracking and Assessment tool is used to score investments in terms of their development impact and ensures alignment with strategic priorities of IDB-IIC. The DELTA in supervision tracks the achievement of project results during execution on an annual basis measuring progress against targets and opportunities to take corrective action as needed on project performance
25. IDEV's Evaluation of Multinational Operations, 2014.
26. Current initiatives to support monitoring includes; The introduction of monthly operations supervisions(MOS)
27. IDEV Comprehensive Evaluation of Development Results, 2016.
28. Financial experts 7, disbursement officers 5, procurement 6.
29. The World Bank, IFC and IAB adopt a differentiated approach in defining thresholds for supervision resource budgeting and allocation by project types, country context and status of active portfolio within given years.

30. The only department that had readily available data on their supervision planning over the period and within the limited timeframe for the data collection phase of the evaluation.
31. Of the 422 missions reviewed for the sample 36% happened in quarter 4 followed by quarter 2 (31%).
32. Financial projects refers to Lines of Credit, Trade Finance operations; Non financial refers to investment projects for private sector.
33. Eligible projects were selected and assessed based on the availability of the required documentation to make assessments, as well as the projects maturity level and status in the life-cycle to have two or more consecutive years of supervision.
34. CEDR 2016- IDEV Comprehensive Evaluation of Development Results.
35. South Africa: Country Program Evaluation (2004-2015); NSO Evaluation, 2010.
36. IPR rating dimensions includes a four point rating scale of 1= Highly unsatisfactory; 4= Highly satisfactory.
37. Lavagnon A. Ika, 2015. “Opening the black box of project management: Does World Bank project supervision influence project impact?”
38. 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.”

IDEV

Independent Development Evaluation

African Development Bank

An IDEV **Corporate Evaluation**

About this Evaluation

This report presents the findings and recommendations as well as lessons learned from an independent evaluation of the quality of project supervision and exit processes of the African Development Bank Group. It covers both public and private sector operations during the period 2012–2017.

The evaluation sought credible evidence of the extent to which the Bank's project supervision system is relevant, adequate and aligned with best practice; the performance of the Bank's Quality Assurance (QA) framework during project implementation and completion; and the factors that shape supervision effectiveness. It also sought lessons that would inform the Bank's future use of supervision under its transformation agenda. The evaluation was theory-based. It drew data from diverse sources including document reviews; interviews of Bank staff, clients in regional member countries, and staff of other international financial institutions; and site visits to 5 countries (Cameroon, Kenya, Morocco, Senegal, and Zimbabwe). Data was analysed using both qualitative and quantitative methods.

Overall, the evaluation found that the Bank is making efforts to improve its supervision practices and that there is momentum towards achieving quality in relevant areas, such as attention to project support and performance by the Senior Management. Supervision policies, guidelines and tools were found to be largely relevant and clear. However, the evaluation noted that the complementarity, use and follow up of supervision tools and teams requires strengthening, and that the Bank's management information system does not adequately support monitoring, knowledge generation and learning. A number of recommendations are made to the Bank, including to improve the management of risks and project performance; ensure adherence to quality standards for supervision and completion; increase the credibility of results reporting; and strengthen incentives to support a results and quality culture.

IDEV

Independent Development Evaluation
African Development Bank

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