



RE-315

***Assessment of the 2004
Project Completion Reports
(PCRs) Produced Under The
Bank's New PCR Guidelines***

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	I
A. The PCR	i
B. Compliance and Validation Findings	i
C. Other Compliance Findings.....	iii
D. Findings Regarding the PCR Guidelines and Production Process	iii
F. Conclusions and Recommendations.....	iv
I. INTRODUCTION	1
A. Background.....	1
B. The PCR and its Objectives.....	1
C. The Intended Significance of PCRs	2
D. The Evaluation.....	4
II. EVALUATION METHODOLOGY	5
A. Congruence of Objectives Assessment	5
B. Development Objectives Assessment.....	5
C. Compliance with Guidelines Assessment	6
D. Internal Consistency Assessment and OVE Validation of PCR Self-ratings....	7
III. COMPLIANCE AND VALIDATION FINDINGS	8
A. Congruence of Development Objectives.....	8
B. Result Frameworks and RAA Scores	9
1. Development Objective (DO)	12
2. Project Implementation (IP).....	15
3. Sustainability (S).....	18
IV. OTHER COMPLIANCE FINDINGS	21
V. FINDINGS REGARDING THE PCR GUIDELINES AND PRODUCTION PROCESS	24
A. Findings Regarding the PCR Guideline	24
B. Findings Regarding the PCR Process.....	26
C. Time and Resources Allocated to the PCRs.....	30
VI. CONSEQUENCES OF THE LACK OF COMPLIANCE WITH THE GUIDELINES	32
A. The PCRs Do Not comply With the MDB-ECG Core Standards.....	32
VII. CONCLUSIONS AND RECOMMENDATIONS.....	34
A. Conclusions	34
B. Recommendations	36

1. The Bank Should Ensure Full Compliance With the MDB-ECG Principal Core Standards.....	36
2. The Bank Should Prepare and Regularly Update a Results Framework For Each Project to Systematically Record Outcome Evidence Related to Development Objectives.....	36
3. The Bank Should Also Improve Output Reporting	37
4. The Bank Should Provide Basic Mechanisms and Incentives to Ensure Compliance With its Own Guidelines and its Supervision Functions.....	37
BIBLIOGRAPHY	38
ANNEX 1	1
A. Principal Core Standards for Multilateral Development Banks (MDBs) Project Completion Reporting	1
B. The Universe of PCRs	2
C. Employee hours spent preparing PCRs	3
D. 2004 ARPRE's Review of PCRs.....	4
E. Compliance, Performance, and Internal Consistency Scorecards	7
F. Table of Validation Ratings.....	9

ANNEX 2: RAA TABLES FOR EACH PCR

[HTTP://IDBDOCS.IADB.ORG/WSDocs/GETDOCUMENT.ASPX?DOCNUM=678650](http://idbdocs.iadb.org/WSDocs/GetDocument.aspx?docnum=678650)

ACRONYMS

ARPE	Annual Report on Projects in Execution
ARPRE	Annual Report on Portfolio Management and Results
CRG	Comité de Revisión Gerencial
DEV/PMP	Development Effectiveness and Strategic Planning Department / Portfolio Management and Project Monitoring Division
DO	Development Objective
EA	Executing Agency
ECG	Evaluation Cooperation Group of the Multilateral Development Banks
IDB	Inter-American Development Bank
IOS	Institutional / Organization Strengthening
IP	Implementation Progress
IRR	Internal Rate of Return
LF	Logical Framework
LMS	Loan Management System
MDB	Multilateral Development Banks
MTAP	Medium Term Action Plan
NLF	New Lending Framework
OECD	Organization of Economic Cooperation and Development
OVE	Office of Evaluation and Oversight
PCR	Project Completion Report
PPMR	Project Performance Monitoring System
RAA	Results Achieved Analysis
RF	Results Framework
S	Sustainability

EXECUTIVE SUMMARY

A. The PCR

The Project Completion Reports (PCRs) are an IDB self-evaluation instrument written upon project completion. Several Bank documents state that the PCR is intended to be a key tool in terms of development effectiveness and managing for development results. The PCR feeds into many Bank activities. Lessons from the PCRs are intended to be transferred to the Bank's LERN system. PCRs are also publicly available on the Bank's internet webpage. Because only 16% of IDB projects eventually receive an ex-post evaluation, the PCR is the only Management-approved final word on the results of the large majority of IDB projects. The Bank and the Executing Agencies share the responsibility for the achievement of the project's development objectives, and the PCR is intended to document this achievement. Thus the PCR is intended to play a key role in the accountability of the Bank and the Executing Agencies' actions.

In 2004, the Bank produced and launched the New PCR Guidelines (i.e. the Guidelines). Each PCR contains self-ratings regarding project performance on aspects such as: the achievement of development objectives (DO), project implementation (IP), and sustainability (S).

The objective of this evaluation is to provide an independent validation of PCR self-ratings, and to assess compliance with the Guidelines. Management identified the universe of 19 PCRs that were produced under the New PCR Guidelines in 2004.

B. Compliance and Validation Findings

Congruence of objectives:

Method: First, this evaluation assessed the congruence of the development objectives written in each PCR with the original objectives in each project Loan Document (or in any official restructuring document).

Finding: **This evaluation found that only 21% of the PCRs presented development objectives that were fully congruent with their project's original objectives.** This general lack of congruence occurred because i) original objectives were missing on the PCRs, and ii) objectives were significantly reworded. This lack of congruence between the objectives as initially approved by the Board and the objectives as reported in the PCR means that projects cannot be held accountable for their original objectives.

Results Frameworks:

Method: Next the evaluation used each project's original development objectives to construct a Results Framework (RF) by transcribing information contained in each PCR verbatim into a matrix. The RF systematically recorded if each development objective was measured by an indicator that measured outcomes¹, and if each indicator included a baseline, target, and end data. Then a completeness index (called a RAA Score) was

¹ Note that outputs are the products and services delivered by the project, while outcomes are the changes in well-being that occurred due to the use of the outputs.

calculated that reflected how much evidence the PCR presents to track the achievement of development objectives. As the Guidelines require PCRs to use indicators to compare expected and achieved outcomes, the RAA Score is one measure of compliance.

Finding: This evaluation found a fundamental problem with the PCRs' compliance with the Guidelines. This is demonstrated by the finding that 18 of the 19 PCRs did not contain an acceptable Results Framework. Objectives, outcome indicators, baselines, targets, and end data were not systematically recorded in the PCRs. This problem manifests itself mainly because i) the PCRs confuse outputs with outcomes, ii) individual objectives are not always tracked by outcome indicators, iii) outcomes are asserted as achieved without the presentation of measured outcome evidence, and iv) baselines and targets are infrequently presented in the PCRs.

Validation of Development Objectives self-ratings:

Method: The Results Frameworks were then used to assess the internal consistency of each PCR's self-rating on DO and the outcome information provided by each PCR. The Guidelines require that PCRs use outcome indicators to document the achievement of the project's development objectives, and then provide a self-rating of the project's effectiveness in terms of attainment of the DO. OVE validated the DO self-ratings when the PCRs contained sufficient evidence (as reflected in the RAA Scores) and this evidence supported the self-ratings.

Finding: Due to a lack of outcome evidence in the PCRs, OVE was able to validate the DO ratings of only 2 of the 19 PCRs. Factors that limited OVE's ability to validate DO ratings included: i) low RAA scores demonstrate that the PCRs do not contain sufficient evidence, thus they are mostly unevaluable in terms of outcomes, and ii) indicators are rarely fully populated—63% of PCRs do not list a single objective where the starting point (baseline), the target, and the end outcomes were all identified.

Validation of Project Implementation self-ratings:

Method: Regarding outputs, the Guidelines require that PCRs use indicators to compare expected and achieved outputs, analyze any gap, and then self-rate the project's implementation (IP).

Finding: Although the PCRs were generally better at documenting outputs than outcomes, OVE was able to validate only 3 of 19 IP ratings because the data presented in the PCRs was incomplete: i) in several cases, it was not possible to compare planned and achieved outputs², and ii) output indicators were not always adequately measured.

Validation of Sustainability self-ratings:

Method: The Bank intends for the results of the projects it finances to be sustainable. Thus the Guidelines require that PCRs identify which outputs and outcomes will be sustained and for how long, and self-rate sustainability (S).

Findings: Given the information presented in the PCRS, OVE was only able to validate one of the 19 S ratings, due to reasons including: i) to identify which outputs and outcomes will be sustained requires first that the PCRs document initial

² This evaluation did not create the Results Framework at the level of outputs, but in several cases PCRs did not include any indicators of planned and/or achieved outputs to support their IP self-ratings.

achievements, which they often failed to do, and ii) high S self-ratings were not internally consistent with the negative information presented in the PCRs.

C. Other Compliance Findings

Other compliance issues included:

- i) the ‘basic data’ section of the PCR was incomplete for 95% of the PCRs;
- ii) other sections were incomplete implying that the new system to automate the production of the PCRs only partially functioned;³
- iii) several PCRs that were produced using the MS Word template (rather than the Bank’s in-house system) altered or deleted some of the Guidelines’ questions;
- iv) and the PCR section on the capacity to conduct a in-depth future ex-post evaluation rarely included the information required by the Guidelines.

PCRs are still not produced on time

The Guidelines state that PCRs must be approved within 180 days after project completion. Data for the 71 PCRs approved in 2004 (including the 19 produced under the New Guidelines and assessed above) indicate that a backlog exists. Only 30% of PCRs were approved by their deadline in 2004. And the delays are substantial—in 2004 the average PCR was approved 330 days after total disbursement.

D. Findings Regarding the PCR Guidelines and Production Process

Several additional issues were identified regarding the PCR Guidelines:

- i) although the Guidelines do include relevant elements, the Results Framework they set up is not well-structured;
- ii) the revised PCR forms do not allow the reader to clearly comprehend the project and its context;
- iii) the Guidelines’ concept of ‘Sustainability’ is inconsistent;
- iv) and the Guidelines do not encourage the identification of lessons that are based on evidence.

From an evidence-based point of view, the Management Review Committee (CRG) is often ineffective at the quality control of PCRs

Employees from across the Bank attend CRG meetings to review each PCR and provide an institutional opinion. OVE has reviewed available CRG Minutes in relation to PCR Guidelines and has found:

- i) the CRGs lack a clear role in the PCR approval process;
- ii) missing CRG Minutes imply that some PCR do not fully comply with Guidelines’ requirement;
- iii) because the PCR revision process is not fully documented, it is not possible to track if CRG recommendations are incorporated in PCRs;
- iv) and few CRGs requested further information or evidence to support PCR’s self-ratings.

³ System failures were found in the links to other Bank documents (Section 1.5 Reference Document) and in some links to the PPMR.

Resources allocated to the PCR process are minimal

Regarding resources allocation, the evaluation found that within the universe of this evaluation, between 0.5% and 8.6% of a project's total hours were allocated to the preparation of the PCRs. And the Operational Departments allocated between 0.36% and 0.47% of their budgets to the preparation of all PCRs in 2003. As the Guidelines require nontrivial tasks such as the recalculation of rates of return, as well as the requirements discussed above, it is not clear that current allocations of resources are sufficient.

E. PCRs still do not comply with the MDB-ECG Standards

In 2001, an OVE evaluation concluded that the PCRs then did not comply with the Principal Core Standards for Project Completion Reporting as agreed by the Multilateral Development Banks (MDB-ECG Standards). In 2004, the Bank released the New PCR Guidelines and stated that they comply. **But this evaluation arrives at the same conclusion as the 2001 evaluation: the PCRs still do not comply with the MDB-ECG Standards.**

- The Standards require a future operation plan, including clear future actions, indicators, and monitoring and evaluation systems. None of the PCRs' Sustainability Action Plans complied with this Standard.
- The Standards require that the borrower provide its own evaluation. Half of the PCRs in the universe did not comply as they failed to include completed Executing Agency memos.
- The Standards require that PCRs include re-estimation of economic rates of return or cost-effectiveness analysis for projects that included such estimates in the original Loan Document. None of the projects that were required to provide these estimates complied with this Standard.
- The Standards require self-ratings on the achievement of major outcome objectives, given the efficacy of their achievement. This requires information on outcomes achieved, as reflected in the Results Frameworks. But, this evaluation found that only one of 19 PCRs presented a Results Framework sufficiently populated with evidence to support its DO self-rating and thus comply with the Standard.
- Finally, the Standards require full coverage of projects with PCRs. Most Bank projects are covered by some form of a PCR. The 19 PCRs in the universe did not comply with the Standards. An additional 52 PCRs were approved in 2004. It is unknown if these PCRs complied with the MDB-ECG Standards, but this is unlikely as they were produced using the old Guidelines that were not designed to comply with the set of Standards.

F. Conclusions and Recommendations

As stated above, PCRs are the Bank's only Management-approved report on the achievement of projects' results for the large majority of its projects.⁴ Under the new Information Disclosure Policy, PCRs are publicly available⁵ and have the potential to

⁴ This is probably true also for the Executing Agencies.

⁵ Only PCRs approved after the approval of the Information Disclosure Policy are available. The policy is not retroactive.

play a key role in the Bank's accountability as well as in its institutional learning. Several Bank documents attest to the significant efforts the Bank has placed on 'managing for results'. But these efforts have not paid dividends in the PCRs. **This evaluation concludes that too much outcome information is missing from the PCRs in order to assess development effectiveness—yet this does not prevent the PCRs from asserting that the Bank achieved its Development Objectives.** Indeed, 94% of the PCRs in the universe self-rated DO as 'effective' or 'very effective', but given the outcome information provided in each PCR, OVE could only validate the DO ratings of 11% of the PCRs. **This missing outcome evidence significantly constrains the Bank's capacity to manage for results and if not addressed, will constrain the New Lending Framework's results-based corporate system.**

Given the findings of this evaluation, a future revision of the PCR Guidelines should address the weaknesses identified above in the context of the whole Bank Monitoring System. OVE provides the following recommendations:

- i) the Bank should ensure compliance with the MDB-ECG Standards;
- ii) the Bank should prepare and regularly update a Results Framework for each project to systematically record outcome evidence (baselines, milestones, targets, and end data) related to the each development objective;
- iii) for greater accountability, the Bank should ensure that its project development objectives are not rewritten during the project cycle, unless formally restructured;
- iv) the Bank should also improve output reporting;
- v) the Bank should provide basic mechanisms and incentives to ensure compliance with its own Guidelines and its supervision functions, and to ensure the Executing Agencies are part of the results-based corporate system;
- vi) and CRGs should perform the role of quality control as required by the PCR guidelines.

I. INTRODUCTION

A. Background

- 1.1 In 1997, the Bank revised its Guidelines for the Project Completion Reports (PCR) to improve the quality and usefulness of the information derived from these reports. In 2001, the Office of Evaluation and Oversight (OVE) evaluated the IDB's project monitoring and evaluation system, including the PCR instrument (RE-247-2). The evaluation's conclusions included that the "current IDB practice falls short of the project completion reporting guidelines developed by the Evaluation Cooperation Group of the Multilateral Development Banks"¹ (hereafter MDB-ECG). The Board of Executive Directors (the Board) formally endorsed the recommendations of RE-247.²
- 1.2 In this context, New Guidelines for PCRs (hereafter "the Guidelines") were written in November 2003 and became effective February 2004 (updated in May 2004).³ The Guidelines state that they "follow OVE's recommendations [in] RE-247" and "are consistent with the MDB-ECG Standards."⁴ According to the Guidelines, "the new PCR introduces a series of novelties designed to enhance the usefulness of project evaluation in terms of development effectiveness:
- a. **A new focus** towards development effectiveness concentrating on the project strategic results, its sustainability and the distilling of lessons learned.
 - b. **A new process** promoting greater participation from Executing Agencies in project evaluation and PCR preparation, aiming to promote a greater sense of project ownership in the borrowing country, as well as to promote the institutional strengthening required to ensure project sustainability.
 - c. **A new system** automating the preparation, administration and dissemination of PCR."⁵

B. The PCR and its Objectives

- 1.3 **The PCRs are a Bank self-evaluation instrument written upon project completion.** According to the PCR Guidelines, each PCR is prepared by Bank Specialists and submitted to Headquarters. Then Regional Management reviews the PCR and calls a Comité de Revisión Gerencial (CRG) meeting to review the PCR, before it is approved.⁶ The self-evaluation is a collaborative and participatory process; although the Bank and the Executing Agency separately

¹ RE-247-2. 'Oversight Review of the IDB's Project Performance Monitoring Review, the Mid-Term Evaluation and the Project Completion Report' OVE. October 2001, pg 1-2, 16, 22

² DE/2001/20. Point 7, RE-247-1, pg 2.

³ 'Project Completion Report – PCR: Guidelines for the PCR System v.1.0'. November 2003 (updated May 2004), pg 1. <http://ops.iadb.org/ros/pmp/pcr.asp> The Guidelines are also Annex 2 to CO-309.

⁴ PCR Guidelines, 2004, pg.5.

⁵ PCR Guidelines, 2004, pg 6.

⁶ PCR Guidelines, 2004, pg 16-17.

submit their Memorandums to ensure that independent criterion of each party is respected.⁷

- 1.4 **The Bank uses the PCR to assess various aspects of each project upon completion.** This assessment crystallizes in a set of ratings on the following key management aspects: Project effectiveness in terms of development objectives [DO], project implementation [IP], contributions to institutional and organizational strengthening [IOS], project sustainability [S], the Executing Agency's performance and the Bank's performance.⁸ Based on the detailed questions of the PCR form, the authors of the PCR self-rate the Bank and Executing Agency on these six key aspects regarding the project's effectiveness.
- 1.5 According to the Guidelines, "The PCR has three main objectives:
- a. **Evaluate the project results achieved** in terms of outputs and outcomes, as well as gauging the extent to which such project results are articulated with the sector goals and country strategy, in order to achieve sustainable development in the population's condition and standards of living (impacts).
 - b. **Evaluate project sustainability**, assessing the existing conditions and taking the necessary actions to maintain a continued flow of results initiated by the project. This will increase the probability of achieving medium and long-term effects (outcomes) and impacts.
 - c. **Retrieve the lessons learned** on result-based management and project sustainability, so that they can be used to improve the design and execution of future operations."⁹

C. The Intended Significance of PCRs

- 1.6 **In February of 2004, the Heads of the MDBs (including the IDB) endorsed managing for development results**, i.e. "...a management strategy focusing on performance and achievement of output, outcomes and impact."¹⁰ In response to this, the Bank's *Special Report on Development Effectiveness* states that Management continued to use the PCR to take stock of actual (and likely future) outcomes, and to compare them with original expectations as a basic measure of project success.¹¹
- 1.7 **The 2004 Annual Report on Portfolio Management and Results (ARPRE) explains how the use of such outcome results contributes to management for development results**, "Improvements in reporting on project and portfolio outcomes are essential, since it allows the Bank and borrowers to demonstrate the effectiveness of development interventions. It also provides a foundation for

⁷ PCR Guidelines, 2004, pg 11, 12.

⁸ PCR Guidelines, 2004, pg 4.

⁹ PCR Guidelines, 2004, pg 6.

¹⁰ CS-3500-1. 'Update on Cooperation among Multilateral Development Banks.' March 2004.

Core Principles of the Joint Marrakech Memorandum, signed by the Heads of MDBs in Marrakech, Morocco, February 2004

¹¹ GN-2324-8, 'Special report on development effectiveness at the IDB'. March 2005. pg. 10-11.

assessing the economic efficiency of those interventions in terms of cost-benefit or cost-efficiency analysis. Even more important, it sets the stage for managing for development results... designed to achieve sustainable improvements in country outcomes and long term impact on poverty reduction and increased standards of living. It is therefore imperative that the Bank continue efforts... to improve reporting on outcome results and continuously use those results in the decision making process during execution, so that development effectiveness objectives are fully achieved.”¹² **The PCR is one of the key instruments to achieve this goal.** According to the Guidelines, “This PCR system has been conceptualized as a key building block towards development effectiveness.”¹³

- 1.8 **In addition, PCRs feed into other important Bank activities.** PCRs are inputs to the yearly ARPPE, which is an internal assessment of the Bank’s portfolio performance, submitted to the Board and to Management.¹⁴ PCRs also inform the Bank’s Country Portfolio Reviews¹⁵ and are a source of information used in some of OVE’s work.¹⁶ The Bank also intended for the PCR’s ‘lessons’ to be automatically linked to the Bank’s LERN system to aid in the design of future projects.¹⁷
- 1.9 **PCRs are also publicly available**¹⁸ via the ‘project gateway’ on www.iadb.org.¹⁹ The Guidelines state, “The new PCR has been developed as a tool ... meant to constitute one of the most important sources of information on project performance and its results.”²⁰ In other words, the PCR is intended to play a key role in the transparency and accountability of the Bank’s actions.
- 1.10 **The PCR is the main document that the Bank uses to record each project’s results upon completion.** This occurs because the requirement of Borrower ex-post evaluation was discontinued in 1993,²¹ and because only about 16% of IDB

¹² 2004 Annual Report on Portfolio Management, Performance and Results (ARPPE). pg 30.

¹³ <http://www.iadb.org/projects/ARPPE/index2004.cfm>

¹⁴ PCR Guidelines, 2004, pg 4.

¹⁵ 2003 ARPPE, pg. i. <http://www.iadb.org/projects/arppe/pdf/arppe03eng1.pdf> and 2004 ARPPE, pg. i. <http://enet.iadb.org/idbdocswebservices/idbdocsInternet/IADBPublicDoc.aspx?docnum=593215> and 2004 ARPPE, Background Document III, pg 1.

¹⁶ See for example: CP-1129-13. ‘Barbados Country Portfolio Review.’ May 2005, pg. 9 and CP-2771-2. ‘Paraguay Country Portfolio Review.’ December 2004. pg. 24.

¹⁷ RE-271-1. ‘Protocol for the conduct of Country Program Evaluations – Revised.’ April 2003. pg. 5. <http://enet.iadb.org/idbdocswebservices/idbdocsInternet/IADBPublicDoc.aspx?DOCNUM=412391> See for example: RE-304-2. ‘Country Program Evaluation Guatemala,’ 1993-2003. pg. 16 and Annex 5. <http://www.iadb.org/ove/Documents/uploads/cache/527143.pdf>.

¹⁸ PCR Guidelines, 2004, pg 10.

¹⁹ Since 1997, PCRs have been generated in electronic form and are stored in an internal Bank archive <http://ops.iadb.org/ros/pmp/pcr.asp>. Also, after its approval at the end of 2003, the Bank’s Public Information Disclosure Policy (OP-102) requires that all PCRs thereafter be disclosed to the public.

²⁰ ‘Project Gateway’: <http://www.iadb.org/projects/index.cfm?language=English> leads to a page on each specific project. This page has a link to the PCR at the bottom of the page.

²¹ PCR Guidelines, 2004, pg 4.

²² RE-247-2, pg 18.

projects have actually received ex-post evaluations.²² Thus, the PCR is intended to be the management-approved final word on the results of the majority of IDB projects.

D. The Evaluation

- 1.11 **In this context, OVE conducted a review of all 2004 PCRs approved by Management produced under the New Guidelines.** As established in the policy document on ex-post evaluation (GN-2254-5), this evaluation provides an “independent view of Management’s self-evaluation in terms of consistency and main conclusions, and validating the ratings reported in the PCR.”²³ There were 71 PCRs approved in 2004. Of these, this evaluation reviewed those that were prepared under the New PCR Guidelines. DEV/PMP provided OVE with the universe of 19 PCRs that fit these criteria.²⁴ The universe of this evaluation includes projects from all 3 regions, as well as a representative range of amounts, approval years, sectors, and instrument types. **Annex 1** presents the list of PCRs evaluated by OVE.

²² This is the most recent estimate available, from the period 1998-2001. see RE-293. ‘The Project Supervision System: An Evaluation of use of its instruments.’ April 2004. pg 22.

²³ GN-2254-5. ‘The Policy Document on Ex-Post Evaluation,’ pg 5. September 2003.

²⁴ It should be noted that despite DEV/PMP’s certification of a universe of 20 PCRs, the PCR for one project (HO0112) was in fact prepared under the prior PCR format. There were also 12 PCR due but not approved.

II. EVALUATION METHODOLOGY

- 2.1 **This evaluation will be conducted in two stages. This document concludes the first stage, where the PCRs were reviewed and their ratings validated through a “desk review.”** The review (henceforth referred to as ‘evaluation’) appraised the information provided by the PCRs within the context of the Guidelines. The first stage used assessment tools designed by OVE including (i) an assessment of the congruence of objectives; (ii) an assessment using Result Frameworks and Results Achieved Analysis (RAA) to measure evaluability and completeness of the PCR’s record of development outcomes; (iii) an assessment of compliance with the Guidelines; (iv) a qualitative assessment of the internal consistency between the information provided in the PCR and the PCR’s self-assessment performance ratings; and (v) OVE validation of PCR performance self-ratings. The second stage will consist of a detailed, in-country ‘full review’ of a sample of the PCRs.

A. Congruence of Objectives Assessment

- 2.2 **The first step of the evaluation recorded the original official development objectives of each project in the universe.** Objectives were recorded verbatim from the Loan Document’s Executive Summary / Logical Framework (LF). Multiple objectives that were initially grouped as a single objective were separated.¹ Also, if project’s development objectives were restructured and approved by the Board, the revised objectives were recorded.
- 2.3 **Next, the evaluation recorded the objectives as written in each PCR, and attempted to match these to the project’s original objectives.** It should be noted that since the Bank and the Executing Agencies are accountable for objectives agreed and approved by the Board, the degree of congruence between a PCR’s objectives and a project’s original objectives influences the PCR’s ability to comply with the Guidelines regarding documenting the achievement of Development Objectives.

B. Development Objectives Assessment

- 2.4 **The PCR Guidelines and MDB-ECG’s Core Standards require the assessment of an operation’s outcome, or achievement of its major objectives, taking into account the efficacy and efficiency of their achievements.** Assessing the efficacy of achievements requires evidence of what outcomes occurred. Thus, to comply with the Standards and the Guidelines, the PCRs should provide outcome evidence to support their self-ratings. One way to present this information in an organized and readable manner is in a Results Framework.

¹ For example an objective written in the Loan Document as, ‘i) to improve coverage and quality of schools’ would actually be separated into two objectives: ‘i) to improve coverage [of schools], and ii) [to improve] quality of schools’. This splitting of objectives was done because a single indicator would not be able to track the achievement of both of those objectives.

- 2.5 **The Results Framework is a matrix that transcribed the information contained in the PCR verbatim (at face value) and systematically recorded if each objective was measured by an indicator and how these indicators changed over time.** Although PCRs were frequently unclear about which indicators tracked which objectives, this evaluation attempted to match indicators to objectives and then gave the Operational Departments the opportunity to comment on the Result Framework's transcription for each PCR.
- 2.6 **The Result Framework answers the following questions:**
- What were the original objectives in the project's Loan Document?
 - Is each of these objectives tracked by at least one outcome indicator?
 - Are these indicators defined and measured?
 - Do these indicators have baselines, targets and end data?
- 2.7 The answers to these questions are aggregated into a RAA score (a completeness index) from 0 (no evidence presented) to 1 (fully evaluable) that reflects how much outcome² evidence the PCR presents in order to document the project's achievement of its original objectives.
- 2.8 This evaluation recreated and analyzed Results Frameworks and calculated RAA scores for all PCRs' in the universe (**Annex 2**). The RAA score indicates how much outcome evidence is presented in the PCR and this influences OVE's ability to validate PCR self-ratings on Development Objectives, Sustainability, and compliance with the PCR Guidelines.

C. Compliance with Guidelines Assessment

- 2.9 A panel of four or five OVE panelists³ was assembled to read each PCR and use the RAA to rate each PCR's compliance with the Guidelines and to validate each PCR's ratings. In addition, each meeting included at least one OVE sector/country expert. Each panelist conducted a **compliance assessment** to assess if each section of each PCR complied with the corresponding instructions in the PCR Guidelines (see the *PCR Compliance Scorecard* in **Annex 1**).

² In order to evaluate project results it is crucial to make the distinction among outputs and outcomes: According to the PCR Guidelines, "the outputs are the observable results at the end of the project implementation, such as works completed, goods obtained, personnel trained, services granted to the beneficiaries, as well as other actions completed on institutional and organizational strengthening (laws and regulations approved, new organizational processes, etc.)". On the other hand, "the outcomes refer to the use of project outputs by project beneficiaries and their resulting changes in behavior, performance and/or capacity" (PCR Guidelines, 2004, pg 7). The OECD provides a similar definition of outcomes: "outcomes are defined as the likely or achieved short-term and medium-term effects of an intervention's outputs on beneficiary individuals, families, communities, or organizations." (OECD, Glossary of Key Terms in Evaluation and Results-Based Management, Paris: OECD, Development Assistance Committee, 2002, p. 28) The Bank's 2004 ARPRE states, "Outcomes should take place when beneficiaries and other stakeholders make use of the outputs produced by an intervention. Project designers should make every effort to ensure that the expected outcomes of an intervention are realistic, measurable and directly related to the project components, or outputs." (2004 ARPRE, pg 19).

³ One of the 19 PCRs had 3 panelists.

D. Internal Consistency Assessment and OVE Validation of PCR Self-ratings

- 2.10 Using the information contained in the PCR, the panels then rated each PCR's performance in terms of the specific requirements of the PCR Guidelines (see the *PCR Performance Scorecard* in the **Annex 1**). Next, given the prior analysis, the panel validated each PCR's self-ratings of DO, IP, IOS, S, and Bank and Executing Agency performance (see the *PCR Internal Consistency Scorecard* in the **Annex 1**). The PCR Guidelines use a ratings scale from 1 to 4 for each performance rating, and this evaluation used the same scale. Based on the information provided in the PCR (as reflected in the PCR's text and the RAA), the panel rated DO, IP, and S, and if the PCR's self-ratings matched, they were validated. In other words, for OVE to validate the ratings, the information provided in the PCR needed to be internally consistent with the PCR's self-ratings.

III. COMPLIANCE AND VALIDATION FINDINGS

A. Congruence of Development Objectives

- 3.1 **This evaluation documents that in the PCRs, often the Bank does not maintain its focus on the original development objectives.** The premise of this evaluation is that the original objectives of a project, as stated in the Loan Document (LD), and as approved by the Board, are the intentions of the Bank and of country governments. Therefore, unless there is a restructuring approved by the Board, the Bank is accountable for the objectives of each project as originally stated.
- 3.2 **After comparing each project's original development objectives to the objectives listed in the PCR, this evaluation found a general lack of congruence.** To be fully congruent, objectives in the Loan Document and in the PCR should be the same. Only 4 out of 19 PCRs (21%) had objectives that were fully congruent.¹ Furthermore, PCRs failed to satisfactorily explain any changes in objectives, and the associated consequences for the project.
- 3.3 **This lack of congruence arises in two ways: i) objectives are dropped, and ii) objectives are significantly reworded.**² Dropping objectives occurred in at least three PCRs (ES0088, PN0032 and UR0130). For example, the PCR of ES0088 did not include the original development objective 'foster efficient use of electricity.'

Lack of congruence is also a consequence of objectives being reworded.³ Frequently, the main rewording of objectives happens in the first PPMR, when the loan document's Logical Framework (LF) or Policy Matrix is transferred into the PPMR system. However, sometimes objectives are further reworded in PPMRs later in the project cycle or even in PCRs themselves. This finding indicates that the Results Frameworks of a project are heavily influenced by the Bank's decisions throughout project preparation and execution, not only after project completion. **Table 3.1** provides some examples.

Table 3.1: Examples of rewritten objectives in the PCR

PCR	Original Objective	Objective as Rewritten in PCR
CA0008	To supply the private sector with adequate credit	To contribute to the development of the private sector in Central America through the provision of financial resources

¹ The four PCRs with fully congruent objectives are: ME0118, SU0016, UR0137 and BR0203.

² Note that in 6 cases, the Loan document and the Legal Contract's Annex A did not match (ES0090, ME0118, AR0280, UR0130, VE0090, and PN0032). In 2 of these, the PCRs do use objectives from the project's Legal Contract (Annex A) instead of the objectives in the Loan Document (AR0280, VE0090). However, this is not the main contributor to the poor congruence observed: 10 of the PCRs listed objectives that were not congruent with the objectives of the Loan Document or the Legal Contract (see the PCRs of AR0296, CA0008, CH0157, DR0101, DR0140, EC0002, ES0088, ES0105, ES0109, and NI0014).

³ A project's objectives in loan documents are often complex and difficult to achieve and yet, after several years in the Bank's supervision system, objectives in the PCRs are frequently rewritten to become more vague.

DR0101	To increase internal and external efficiency	Increase efficiency
EC0002	To ensure that sufficient staff with appropriate skill levels are available to implement and administer the concession	To reserve the supervision and regulatory role to ECAPAG
ES0090	To prevent juvenile delinquency and improve the conditions for young inmates	To improve the justice system for minors
ES0105	i) To improve management of government finances through a more efficient use of state revenues, ii) To improve the delivery of client oriented services, iii) To monitor more efficiently the collection of duties on foreign trade, iv) To streamline the public sector's procurement and contracting system and make it more efficient	[To establish a] more efficient and effective financial administration of the State
ES0109	To ensure maintenance of completed social and economic infrastructure projects	[To have] the component of preventive maintenance operating
ES0109	To improve the coverage and quality of basic social and economic infrastructure in the poorest municipalities least attended by the social fund	[To have] the social and economic infrastructure projects identified, prioritized, and finished in 48 municipalities that have local development plans

3.4 In sum, this pattern of dropped and rewritten development objectives over the project cycle means that projects cannot always be held accountable for their original objectives.

B. Result Frameworks and RAA Scores

3.5 This evaluation recreated the Results Framework for each PCR in the universe (**Annex 2**). OVE gave the Operational Departments the opportunity to suggest changes or revisions to these Result Frameworks.⁴ OVE received comments regarding 3 of the 19 PCRs, and incorporated these comments where appropriate.

3.6 **One of the main findings of this evaluation is that the PCRs' Results Frameworks are inadequate. PCRs, as written, do not provide evidence to document the projects' achievement of their Development Objectives.** Although projects typically include some version of an ex-ante Results Framework during project preparation (i.e. LF, Policy Matrix or Conditionality Matrix), and although the PCR Guidelines require PCRs to use outcome indicators to compare planned results with achieved results, a key finding of this evaluation is that within the its universe, only one PCR contained an acceptable Results Framework. Objectives and indicators are not recorded systematically in the PCRs.⁵

3.7 **Using Results Achieved Analysis (RAA), this evaluation found that the average PCR in the universe contains only 27% of the evidence required to fully document the achievement of each project's development objectives (see**

⁴ For each PCR, Management was asked to review the Result Frameworks and RAA Tables and: (i) Verify the transcription of the projects' original specific objectives; (ii) Verify the match between indicators and project objectives; (iii) Identify cases where additional data exist (though not included in the PCR) documenting the achievement of development objectives.

⁵ For example, the objectives of ES0109 were spread throughout the first 12 pages of the PCR (in several different sections of the report), making it difficult to understand what the project originally hoped to achieve. In most PCRs, indicators are more likely to be scattered than objectives.

Table 3.2 below). Thus, typically the performance self-ratings contained in the PCRs cannot be justified by evidence. As the next paragraphs discuss, this lack of evidence generally manifests itself in many ways.

- 3.8 **The Bank confuses outputs with outcomes.** In the PCR section that reports and analyzes outcome indicators, some PCRs report output indicators instead. This confusion of outputs and outcomes is quite widespread. For instance, the PCR of ES0090 presented over 20 indicators in its ‘outcome’ section yet, 17 of these were actually output indicators. The PCR of ES0105 acknowledges that the project didn’t establish outcome indicators during design (pg. 12) and proposes new indicators such as passing transparent legislation, installing an information system, automating payments, etc. These substitute indicators in fact measure outputs. The PCR of DR0140 acknowledges that the four proposed ‘outcome’ indicators it inherited from the PPMR system in fact measure outputs (pg. 16). Similarly, the PCR of NI0014 reports “number of production units trained” as outcomes. But according to the PCR Guidelines, these indicators would actually be classified as output indicators.⁶
- 3.9 **The projects’ original development objectives are sometimes not tracked by outcome indicators.**⁷ For example, the PCR of ES0109 presented no outcome indicators related to its six original objectives; while the PCR of ME0118 presents no outcome indicators tracking 3 of its 5 original objectives. Poor congruence of objectives contributes to the finding that the PCRs often don’t track original objectives with outcome indicators (Examples can be also found in the PCRs including DR0101, NI0014, and, UR0130).
- 3.10 **In general, outcomes are asserted as achieved without presenting measured evidence.**⁸ (i) **Some PCRs acknowledge that they are asserting achievement based on assumptions:** the PCR of ES0109 states that one can *infer* that the people living near public infrastructure built by the project have seen increased quality of life and development opportunities (pg. 10). Yet, the PCR does not provide data to support this inference. The PCR for CH0157 states that one can *assume* that the project met the additionality criteria (i.e. adding to the total supply of credit in the sector, rather than crowding out credit) (pg. 6). But the PCR does not present evidence to support this assumption.
- 3.11 **More frequently, the PCRs present statements as if they were fact.** For example, the PCR of AR0296 asserts that social spending was ‘protected’ (pg. 9) without presenting supporting data; the PCR of DR0140 asserts that the impacts

⁶Many of the indicators presented in this section do not report on outcomes as defined by the PCR guidelines. PCR Guidelines, 2004, pg 7

⁷ Note, some objectives are only at the output level. For example, AR0280’s second objective was to ‘implement fiscal and structural reforms.’ When the PCR documents that the reforms were implemented, technically the objective was achieved. However, this is not evidence that a development outcome occurred due to the reforms. The DO expects a project to influence outcomes, and in order to improve the RAA Score, the PCR must provide additional information to demonstrate how the citizens of a client country have seen their well-being improve due to these reforms, or at least indicators of intermediate outcomes.

of the project can be measured based on ‘... the increase in transparency of public administration’ (pg. 17), and the PCR of EC0002 writes, ‘los usuarios han iniciado una cultura de creer en que el Sector Privado puede ser un buen aliado en el desarrollo de la ciudad’ (pg. 8). But these PCRs do not define these indicators or explain how they were measured. Actually, these cannot even be considered indicators. Finally, many times, the indicators presented in PCRs are restatements of a project’s specific intentions as if they were facts. (Also see the PCRs of CH0157, ES0109, ES0105, NI0014, and UR0130).

- 3.12 **Baselines are not always reported in the PCR.** The most frequent information provided about indicators is their end data. Yet, without the baseline, it is impossible to measure change that occurred during a project or to understand the scope of the potential change. For example, the PCR of CA0008 reports that the credit rating of CABEL was ‘investment grade’ at the end of the project, without reporting what the credit rating was initially; the PCR of EC0002 does not report baselines regarding water pressure or hours per day water service was available, thus, the end data cannot show any improvement. (See also the PCRs of AR0280 and ES0105).
- 3.13 **Even if the PCR documents a positive change in an indicator, the Bank and EAs are accountable for what they planned to achieve.** Unfortunately, such targets are not always set initially, and/or they are not reported in the PCR making it impossible to fully document if the Bank and the EAs achieved its objectives or not. For example, the PCRs of VE0090, ES0109, and NI0014 did not report any targets for their outcome indicators. This makes it impossible to compare what the project planned to achieve with what was actually obtained. It is important to note that the PCRs with the two highest RAA scores in our universe (BR0203 and DR0101) are the one that included targets for most of their indicators.
- 3.14 **Given this general lack of evidence, the RAA Scores are rarely satisfactory.** The average RAA in the universe of this evaluation was 0.27 (out of a possible 1.00). Ten of the 19 PCRs had RAA scores under 0.25 (see **Table 3.2**). Only one PCR scored very well: the PCR of BR0203 presented outcome for every objective, with baselines, targets and end data—despite the fact that the project was not originally designed with a Logical Framework.

Table 3.2: RAA Score (1 = fully evaluable)

CH0157	ES0090	SU0016	AR0296	ES0109	DR0140	ES0088	ME0118
0.00	0.00	0.00	0.08	0.10	0.13	0.13	0.22
AR0280	EC0002	ES0105	NI0014	UR0130	CA0008	VE0090	PN0032
0.23	0.24	0.25	0.27	0.30	0.33	0.33	0.34
UR0137	DR0101	BR0203	HO0112				Average
0.56	0.63	0.96	N.A.				0.27

- 3.15 The evaluation also found that within the universe of this evaluation, the average RAA of Investment Loans (Avg. score 0.31) was twice the average RAA of Policy Based Loans (PBLs) (Avg. score 0.13). This mean that PCRs for PBLs

provided even less evidence than the PCRs of Investment Loans to demonstrate that their projects obtained development outcomes. The RAA of the one emergency loan was 0.23.⁹

- 3.16 When baselines, targets and end data for outcome indicators are reported, it is possible to see if the Bank has achieved or missed its outcome targets. This is important from an accountability point of view, and can also help the Bank and its EAs to identify lessons. The lack of outcome evidence constrains this evaluation's ability to validate high performance ratings on the achievement of Development Objectives, Sustainability and even the Compliance Assessment.

C. Validation of PCR Self-Ratings

1. Development Objective (DO)

- 3.17 **The 'outcomes' section of the PCR (section 2.1.2) attempts to focus on the first objective of the PCR Guidelines — an evaluation of project achievements, in terms of outcomes.** In this section the Guidelines require that PCRs analyze the achievement of the DO by comparing achieved and planned outcome indicators. And, if there is a significant gap between them, to briefly explain the factors responsible for the gap.¹⁰ The Guidelines also require the inclusion of estimations of the Internal Rate of Return (IRR) and of Cost Effectiveness, if such estimates were conducted during project design.¹¹ The Guidelines then request that the PCR 'rate the project's effectiveness in terms of attainment of the DO according to the following benchmark:

Table 3.3: Ratings and Criteria for DO¹²

Score	Rating	Criteria
4	Very Effective	The project achieved all of the expected outcomes, is likely to sustain the flow of benefits initiated by the project for the target population, and has a very high probability of achieving future outcomes and impacts
3	Effective	The project achieved most of the expected outcomes, is likely to sustain most of the flow of benefits initiated by the project for the target population, and has a high probability of achieving future outcomes and impacts
2	Marginally Effective	The project achieved some of the expected outcomes, is not likely to sustain the flow of benefits initiated by the project for the target population, and has a low probability of achieving future outcomes and impacts
1	Ineffective	The project did not achieve the expected outcomes, it is not sustainable, and is unlikely to achieve future outcome and impacts

⁹ The RAA scores were strongly negatively correlated (-0.30) with the approval year of the loan. Even though older projects were not required to contain a LF, some of the PCRs with the highest RAA scores were among the oldest projects (BR0203, DR0101, PN0032). This suggests that even older projects retrofitted with a LF can produce complete PCRs. On the other hand, the RAA Score was not strongly correlated with the original size of the loan (-0.04), or the percent of the loan amount cancelled (-0.06). Note that the findings of this paragraph should be interpreted with caution, due to the small sample size.

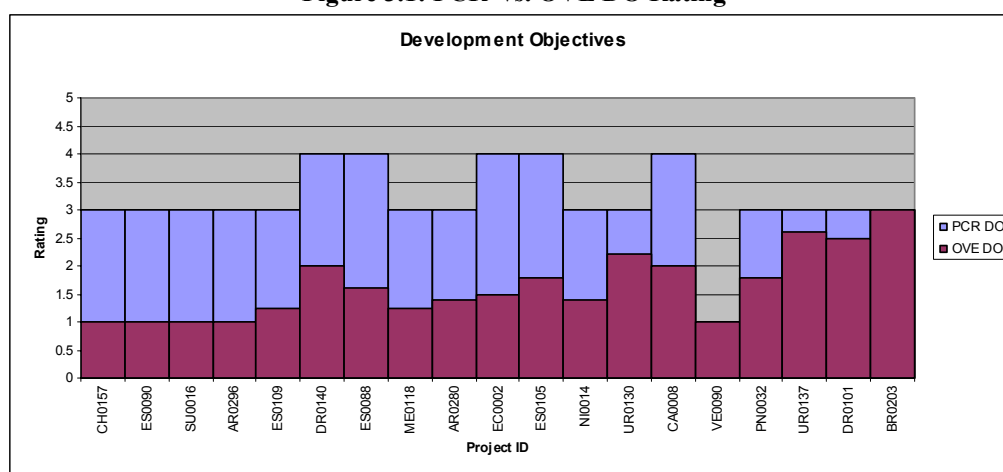
¹⁰ PCR Guidelines, 2004, pg 20.

¹¹ PCR Guidelines, 2004, pg 23

¹² PCR Guidelines, 2004, pg 23.

- 3.18 According to the Guidelines, ‘this is the PCR core section in terms of identifying the project benefits regarding the economic and social development of the target population.’¹³
- 3.19 **Based on the information presented in the 19 PCRs, OVE could only validate the DO self-ratings of 2 PCRs.** The PCRs’ average DO rating was 3.16, while OVE’s average DO rating was 1.71. (**Annex 1F** has the specific ratings). It should be noted that, as stated above, this evaluation evaluates the PCR, not the project itself. This desk review does not allow OVE to confirm if the project achieved its objectives or not. This evaluation validated self-ratings if the PCR provided adequate evidence related to the achievement of each specific project objective.¹⁴ (See **Figure 3.1**).

Figure 3.1: PCR vs. OVE DO Rating



- 3.20 **Low RAA Scores demonstrate that the PCRs presented limited outcome evidence regarding the achievement of project objectives, and this constrains OVE’s ability to validate high self-ratings on the DO.** To be complete and fully evaluable, the PCR should provide at least one indicator with a baseline, target and end data for each objective. Having all three pieces of information allows the Bank to understand where the project started from, where it hoped to go, and where it actually ended up. But the PCRs were very weak in presenting this full set of information. Of the 84 specific project objectives in the universe of this evaluation, only 14 were fully tracked with at least one indicator with a baseline, target and end data. 12 of 19 PCRs didn’t have a single objective that was tracked by one outcome indicator that included a baseline, target and end data. And this lack of evidence makes it difficult to support high performance ratings regarding the DO.

¹³ PCR Guidelines, 2004, pg 20.

¹⁴ In a related review the 2004 ARPPE (pg. 22) writes “This review refers to the quality of the PCR document and not the project.”

- 3.21 **The MDB-ECG's core standards and the PCR Guidelines required projects to re-estimate rates of return.¹⁵** Rates of return are essential for an assessment project achievement of its Development Objectives. As will be discussed below, such an analysis is especially critical for those projects without an ex-post evaluation requirement. To comply with the guidelines and the MDB-ECG Standards, a PCR should update the ex-ante rate of return calculation, and apply a comparable methodology to determine ex-post if the initial assumptions were valid and if the project obtained a positive economic rate of return.
- 3.22 **Yet all four of the PCRs that were required to report these estimates did not comply.** The PCR of ES0088 states that there was not sufficient information to recalculate the IRR. In the case of NI0014, the PCR states that there were no baselines and the monitoring system was not adequate to collect information. The PCR of PN0032 acknowledges that rates of returns were not updated. Finally, the PCR of EC0002 states that the CRG suggested that RE3 conduct the ex-post evaluation later, and that the IRR should be recalculated then. This means that all four of these PCRs did not comply with the Guidelines and provide evidence to support their DO performance ratings.¹⁶
- 3.23 **In extreme cases, the evaluation found problems with the relevance of the outcome indicators.** Although this evaluation did not assess the quality of indicators in general, in cases where indicators were extremely poor, DO ratings were not validated. The second-stage of the PCR review will focus more on the quality of indicators presented in PCRs,¹⁷ however, some critical issues identified in this stage included:
- a. **Indicators are poorly linked to the timing of the projects.** DO scores are not considered supported by evidence if PCRs used indicators that are poorly linked to the timing of the project itself. For example, the PCR of AR0280 presents data from when the conditionalities were met (2003), instead of data from when the project was completed (2004-5). The PCR of ME0118

¹⁵ The MDB-ECG's Core Standards require "Re-estimated economic performance, involving re-estimation of economic and financial rates of return when these parameters were estimated at appraisal, and cost-effectiveness analysis for projects not subject to cost-benefit analysis at appraisal". See Annex 1A. From "Comparative Analysis of MDB Completion Reporting and Performance Review", The World Bank Committee on Development Effectiveness CODE96-77 November 12, 1996. The Guidelines also require the PCR to recalculate the Internal Rate of Return (IRR) and all other economic evaluation indicators if they were initially included in the Loan Document. (PCR Guidelines, May 2004, pg 23)

¹⁶ Two other PCRs did provide some estimation of rates of return, even though this was not specifically required: the PCR of UR0137 reported forecasts for several rates of return, and the PCR of DR0101 reported external rates of efficiency that were estimated by the World Bank (the project was co-financed).

¹⁷ Note that this desk review took the indicators in the PCR at face value, except in extreme cases where the timing or relevance of indicators was not appropriate. Although all outcome indicators were entered in the RAA at face value, the ideal indicator would account for the counterfactual, i.e. what outcomes would have occurred in the absence of the Bank's project. Ideal indicators would be constructed using methods such as treatment and control groups (i.e. two groups with 'perfectly' similar characteristics, other than the fact that one group is beneficiaries), with sufficiently large sample sizes, etc. For more discussion, see for example: Ravallion, Martin. 'The Mystery of the Vanishing Benefits: An Introduction to Impact Evaluation'. World Bank Economic Review. 2001. Vol. 15, No. 1. pg 115-140.

presents data from 2001, yet the project ended in 2004 (pg. 13 and EA memo pg. 3).

- b. **Indicators are poorly linked to the project objectives.** Several PCRs present indicators that measure changes that occurred during the project, but that poorly correspond to the original objectives. For example, indicators of spending on education do not track DR0101's objectives of increasing equity. Similarly, the number of cases of intrafamily violence attended by a center is not evidence that the objectives of prevention of juvenile delinquency or improving the conditions for juvenile inmates were achieved (ES0090).. And the PCR of ME0118 acknowledges some indicators (such as the national unemployment rate) are only indirectly linked to the project, because many external factors could lead to simultaneous changes in the proposed indicators (pg. 11, 12). (See also the PCRs including AR0296, CH0157, ES0105, and VE0090).

2. Project Implementation (IP)

- 3.24 **In the 'outputs attained' section (2.1.1), the Guidelines state that the PPMR system provides indicators of the planned outputs. The authors of the PCR are asked to update these indicators with the outputs achieved by the project, and explain factors responsible for any gap.¹⁸ Then, at the end of the IP section (2.2), the authors of the PCRs are required to 'rate the project implementation considering the above management analysis and the obtained project outputs in the expected quantity and quality, reasonable timeframe, and reasonable costs.'** The ratings are assigned given the criteria listed in the following table.

Table 3.4: Ratings and Criteria for IP¹⁹

Score	Rating	Criteria
4	Very Satisfactory	The project achieved between 81-100% of its outputs within the expected quality, reasonable timeframe, and reasonable costs
3	Satisfactory	The project achieved between 66-80% of its outputs within the expected quality, reasonable timeframe, and reasonable costs
2	Unsatisfactory	The project achieved between 51-65% of its outputs within the expected quality, reasonable timeframe, and reasonable costs
1	Very Unsatisfactory	The project achieved less than 51% of its outputs within expected quality, reasonable timeframe, and reasonable costs

- 3.25 **Although the difference between PCR IP self-ratings and OVE ratings is not as large as the differences in the ratings for DO, OVE was able to validate only 3 IP ratings of the 19 PCRs, based on the information they contain.**

¹⁸ PCR Guidelines, 2004, pg 19.

¹⁹ PCR Guidelines, 2004, pg 29.

3.26 In general, the PCRs are better at documenting what was delivered (outputs) than documenting what improvements in well-being occurred resulting from the projects (outcomes). The ‘outputs’ section of the PCR was the section in which the Bank performed relatively better. This evaluation notes relatively suitable compliance and analysis of outputs in the PCRs of AR0280, BR0203, UR0130, UR0137, and VE0090. However, OVE was not able to validate the IP self-ratings of certain PCRs due to several problems explained below:

Table 3.5: Problems in the IP section

				Given information in certain PCRs, it is not possible to compare planned and achieved outputs			In some PCRs, Insufficient analysis of what was NOT achieved				
Project Number	Self IP	OVE IP	Dif	Planned outputs undocumented	Achieved outputs undocumented	Missing analysis of gap between planned and achieved outputs	Insufficient analysis of gap between planned and achieved outputs	A significant portion of planned outputs not achieved	Insufficient analysis of cancellations / waivers	Insufficient analysis of delays	Output indicators not adequately measured
AR0280	3	2.8	0.2						X	X	
AR0296	3	2	1								X
BR0203	3	3	0							X	
CA0008	4	3	1				X		X		
CH0157	3	2	1	X		X					
DR0101	3	1.75	1.25		X	X					
DR0140	4	3	1				X				X
EC0002	4	2.75	1.25							X	
ES0088	3	2	1						X	X	
ES0090	3	2	1							X	
ES0105	4	2.4	1.6							X	
ES0109	4	2	2					X		X	X
ME0118	3	2.5	0.5								X
NI0014	3	2.2	0.8				X				
PN0032	3	1.8	1.2	X	X	X				X	
SU0016	3	2.2	0.8	X		X				X	
UR0130	3	2.8	0.2								
UR0137	3	3	0						X	X	
VE0090	1	1	0								
HO0112	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Average	3.16	2.33	0.83								

3.27 **Given the information in certain PCRs, it is not possible to compare planned and achieved outputs.** This is manifested in 3 ways. First, certain PCRs did not document the *planned* outputs (See the PCRs of CH0157, PN0032, and SU0016).²⁰ Second, certain PCRs did not document the *achieved* outputs (See the PCRs of DR0101 and PN0032). Third, it follows that the PCRs of those projects could not comply with the Guidelines by analyzing any gap between planned and achieved outputs. Having planned or achieved outputs undocumented made it difficult to comprehend not only what outputs these projects delivered, but also what was *not delivered*, and why.

3.28 **Other shortcomings regarding output reporting include:** Several PCRs presented indicators that were not adequately measured. For example, the PCR of AR0296 refers to “physical and financial targets” being “satisfactorily met”, but

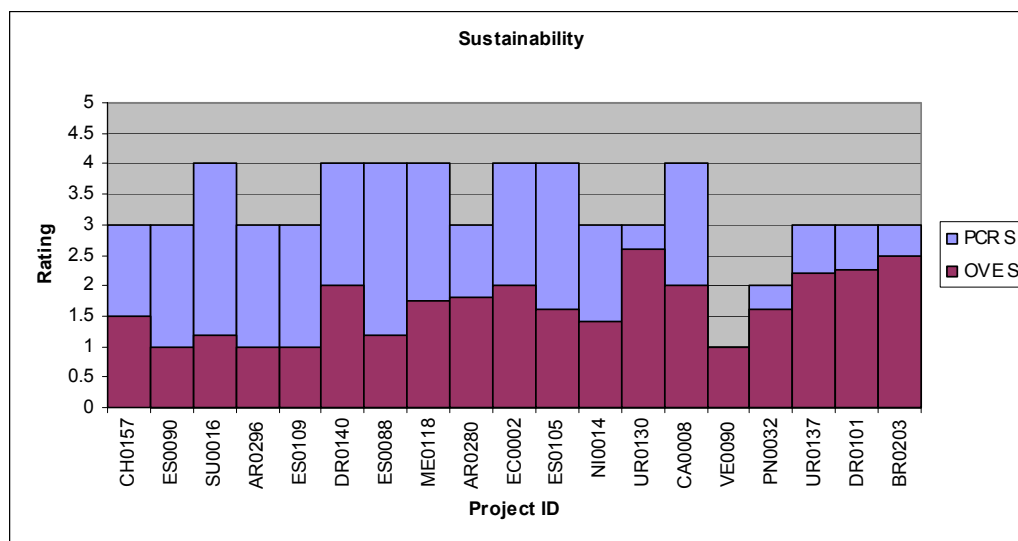
²⁰ The PCR of PN0032 uses its ‘output’ section to discuss *outcomes*, so it is difficult to understand what products the project actually planned and delivered.

- does not clearly explain these targets or how they were satisfied (pg. 5-6). In other cases, it was not clear if output indicators were sufficiently linked to the project itself. For example the PCR of ME0118 lists outputs that were achieved in some cases two years before the project was eligible for disbursements. In other words, the output data presented in the PCR both start too early and end too early to directly measure what the project implemented. (See also the PCRs of DR0140, ES0109)
- 3.29 **In general, the IP sections present insufficient analysis without a systematic comparison between planned and achieved outputs, and its gaps.** For instance, the PCR of NI0014 presented a long laundry list of outputs with insufficient analysis, making it unclear what was achieved and what was not achieved. The PCR of ES0109 states that approximately 50% of the project's expected outputs were achieved (pg. 18), yet self-rated IP as 'Very Satisfactory', which the Guidelines say should correspond to at least 81% of outputs being delivered. (See also the PCRs of CA0008, DR0140, PN0032)
- 3.30 **The PCRs of projects that experienced cancellations/waivers rarely provide sufficient analysis of these issues.** For example, the PCR of ES0088 did not clearly explain the cancellation of 3 of its components, and gave the impression that the reform of the regulatory framework (an objective) was in contradiction with some of the project's components. And the PCR of CA0008 presented little information on the project's waivers. (See also the PCRs of AR0280 and UR0137)
- 3.31 **Furthermore, PCRs have insufficient analysis of delays and their implications.** For example, the PCR of ES0090 listed delays of 4 or 5 years, and the PCR of ES0105 reported its first component (the bulk of the investment) was 3.5 years late. The PCR of SU0019 listed delays of 4 years. The PCR of UR0137 referred to both delays in disbursements (pg. 32) and a partial cancellation (pg. 55). Yet, in each of these PCRs, the discussion of the reasonableness of these delays and cancellations was poor as their implications on the rest of the projects' outputs were rarely analyzed. (See also the PCRs of AR0280, BR0203, EC0002, ES0088, ES0109, PN0032, UR0137)
- 3.32 **Finally, almost every PCR presents insufficient analysis of the quality and cost of outputs.** The PCR Guidelines' state that a PCR's IP rating criteria is also a function of whether the achieved outputs were of expected quality and reasonable costs. But the PCRs rarely discussed the quality or costs of outputs (See the PCRs including AR0280, CA0008, DR0101, DR0140, ES0090, ES0105, SU0019, UR0130).

3. Sustainability (S)

- 3.33 **In the ‘sustainability’ section, the PCR Guidelines ask several questions to support the rating of S.**²¹ First, “the scope for sustainability is defined (what impacts, outcomes, outputs, actions and services should be sustainable and for how long), the existing foundations for sustainability are identified, the root causes affecting or contributing are analyzed, lessons learned are distilled, and an action plan oriented to make sustainable the project results. This analysis concludes with the sustainability rating (S rating).”²² Regarding the rating, the PCR Guidelines state, “considering the previous analysis and the probability of implementing the Sustainability Action Plan, rate the probability for the sustainability of this project during the next three years”²³ Also, one of the PCR Guidelines’ main objective is to *evaluate project sustainability* by assessing existing conditions and planning actions to increase the probability of achieving future outcomes and impacts.²⁴
- 3.34 **Based on the information contained in the PCRs, OVE was able to validate only one of the Sustainability ratings** (see Figure 3.2 and Annex 1F). The PCRs’ average S rating was 3.21, while OVE’s average S rating was 1.55. There are several reasons driving these ratings, presented below

Figure 3.2: PCR vs. OVE Sustainability Ratings



- 3.35 **Sustainability ratings were often constrained by a lack of information in the DO and IP sections. If the PCR does not present evidence that certain outcomes or outputs were achieved, it cannot then rate the likelihood that**

²¹ The new PCR Guidelines do not provide a clear and consistent concept of ‘Sustainability.’ This will be addressed later in this evaluation. This current section of the evaluation will assess Sustainability given the PCR Guidelines’ inconsistent instructions.

²² PCR Guidelines, 2004, pg 12.

²³ PCR Guidelines, 2004, pg 31-35.

²⁴ PCR Guidelines, 2004, pg 6.

- these achievements will be sustained.** A PCR with a lack of information about outputs and outcomes achieved is constrained in its ability to justify a high self-rating regarding Sustainability since the S rating is a function of the information presented in the PCR in the DO (outcome) and IP (output) sections. For example, the PCR of UR0137 documents that farmers' behavior changed due to the adoption of innovations. It then argues that sustainability of these innovations depends on their impact on the profitability of the enterprise; but the PCR presents no data on profits and therefore sustainability cannot be assessed. Many PCRs did not identify their achievements, and thus did not have the ability to argue that these (undocumented) achievements would be sustainable.
- 3.36 **High self-ratings of S were not internally consistent with negative information presented in the same S section of the PCR.** Generally, the PCR's negative factors were more frequent and significant than the counterbalancing positive factors, yet many PCR's self-ratings on Sustainability did not fully reflect the balance of these positive and negative factors. For example, the negative factors influencing sustainability listed in the PCR of ES0105 included: the people that were trained might change jobs, a lack of support from high management, a lack of funding for maintenance, etc. These negative factors alone would suggest that a high self-rating of Sustainability could not be supported. The PCR of ES0109 mentions negative factors such as uncertainty regarding who is responsible for maintenance, and uncertainty if sufficient sources of financing for maintenance exist (pg. 21), yet still rates S as 'probable'. (Also see the PCRs of EC0002, ES0090, and NI0014)
- 3.37 **Some self-ratings were not internally consistent with other potentially negative factors affecting sustainability presented elsewhere in the PCR.** For example, the PCR of CH0157 acknowledges a highly visible case of embezzlement related to the project (pg. 17), but the impact of this case on the institution's credibility was not analyzed in the 'sustainability' section of the PCR. And the PCR of BR0203 states that in some areas, infrastructure was built, but households were not always willing to pay for the connections (pg. 5). This casts doubt on the willingness to pay for the services, which is an important factor regarding the likelihood of sustainability. Furthermore, CRG minutes for the PCR of AR0296 acknowledges that 'el principal outcome [del proyecto fue] disponer de recursos de rápido desembolso fue contribuir al cumplimiento del país con las obligaciones financieras de las instituciones multilaterales'. Given this, it is unclear how a self-rating of 3 for Sustainability could be validated. A transfer of cash in order to service debts does not imply that results will be sustained. (Also see the PCR of SU0019)
- 3.38 **Some PCRs also refer to a planned future project to assert a higher likelihood of sustainability for the current project. However, this is not evidence that the results of a completed project will be sustained.** On the contrary, the argument that the likelihood of the project sustainability increases due to a future project could be interpreted as suggesting that the original project

was not sustainable on its own merits. (See the PCRs of DR0140, DR0101, ES0109, ME0018, NI0014, PN0032, UR0137)

- 3.39 **Finally, the sustainability action plans presented in PCRs are weak and do not comply with MDB-ECG Standards nor with PCR Guidelines.** The MDB-ECG's Principal Core Standards require a 'future operation plan, with a clear description of the required elements for the plan, including the system for monitoring and evaluation, performance indicators, and proposed Bank follow-up actions'.²⁵ And the PCR Guidelines require to create a Sustainability Action Plan containing significant actions that the Bank and/or Borrowing Country should undertake during the next year to ensure the sustainability of outcomes, products, etc. The example in the Guidelines includes specific actions, actors responsible, and deadlines. The Guidelines also state that the S self-rating is a function of the probability the Action Plan will be implemented.²⁶
- 3.40 **In practice, none of the PCRs complied with the MDB-ECG Standards regarding Sustainability Action Plans..** Examples range from an incomplete Sustainability Action Plan (PCRs of PN0032, AR0296); to Action Plans that suggest actions that are quite vague ('diálogo continuo entre el país y el Banco' (PCR of AR0296, pg. 20)); to Action Plans that are unclear which actor should take which actions (PCRs of CA0008, CH0157, DR0101, ES0088, ES0105); to Action Plans that don't seem related to the sustainability of the project in question (PCRs of AR0296, DR0140, EC0002). Most Action Plans do not include measures to mitigate the negative factors affecting sustainability as identified by the PCR (for example, see PCR of DR0101).

²⁵ See Annex 1A.

²⁶ PCR Guidelines, 2004. pg 34-35.

IV. OTHER COMPLIANCE FINDINGS

- 4.1 OVE found other non-compliance issues including: (i) the new system to automate the production of the PCRs only partially functioned; (ii) several PCRs using the MS Word template (rather than the Bank's in-house system) altered or deleted some of the Guidelines' questions (iii) Executing Agency Memos were incomplete or missing; (iv) the PCR section on future Ex-post Evaluations rarely included the information required by the Guidelines; v) the PCRs show poor compliance with deadlines.
- 4.2 **First, the PCR's aim of developing "a new system automating the preparation, administration and dissemination of PCRs."**¹ **was only partially achieved, which limited compliance.** The in-house PCR system was designed to include an automatic transfer of information from the Bank's Loan Management System and PPMR to the PCRs.² However, some information to be transferred was missing from most PCRs. For example, the 'Basic Data' section was incompletely transferred or filled out in 95% of the PCRs. In only 3 of 19 PCRs was the author of the Bank Memo identified. Other information was often missing, including several of the dates of the project cycle, the author of the EA memo, and a summary of the EA memo's performance ratings. Typically reference documents were not attached (and the links to IDBDocs did not work).
- 4.3 **Several of the six PCRs that used the MS Word Template altered or deleted some of the Guidelines' questions.** Examples of non-compliance include: The PCR of CA0008 does not present indicators in the planned, achieved, and analysis format, and other sections are missing. The PCR of DR0140 presents a modified output table presenting the contractual conditions and the planned outputs (pg. 7) but ignoring achieved outputs. The PCR of SU0019 restructured sections of the report, and the Development Objectives were not clearly isolated in their own section.
- 4.4 **Executing Agency Memos were incomplete or missing.** 'Borrower participation' is a Principal Core Standard of the MDB-ECG³, and the 3rd focus of the PCR Guidelines on "a new process" promoting greater participation from Executing Agencies (EA) in project evaluation and PCR preparation, aiming to promote a greater sense of project ownership in the borrowing country, as well as to promote the institutional strengthening required to ensure project sustainability.⁴ However, many of the PCRs did not comply as only 10 of 19 PCRs (53%) included completed EA memos.
- 4.5 Of the nine incomplete memos, two EA Memos were significantly incomplete (SU0016, UR0130), one is available only in the *ficha* intranet page (although it is

¹ PCR Guidelines, 2004, pg 6.

² PCR Guidelines, 2004, pg 10.

³ See Annex 1A.

⁴ PCR Guidelines, 2004, pg 6.

<http://ops3.reg.iadb.org/idbdocswebservices/getDocument.aspx?docnum=293589>

not clear if this document is in fact the EA memo), two PCRs mention that their corresponding EA memos exist (but these are not attached to the PCR) (CA0008, UR0137), and the other four were blank or missing. Also, in at least one case, it seems the EA memo was not carefully prepared and reviewed. The EA memo of EC0002 “Concesión de Agua y Alcantarillado” states that a lesson learned and adopted to promote sustainability is a communication plan related to intrafamily violence (EA memo, pg. 16). The relation between this communication plan and the project’s components regarding sewer and water systems is unclear.

- 4.6 **The section on Ex-post Evaluation was also incomplete.** The PCR Guidelines stipulate that if the project’s loan agreements require an ex-post evaluation, the PCR should provide details regarding the start and submission date of the ex-post, who is responsible for carrying out the ex-post, an estimate of the cost of the ex-post, the identification of who will finance the associated costs of the evaluation and an analysis of positive and negative factors influencing the evaluation and the capacity of the actors and information systems to collect, review and report information on outcomes and impacts.⁵ Yet PCRs rarely included the information required by the Guidelines.⁶
- 4.7 **Since PCRs contain little evidence of outcomes, and the ex-post evaluations are so rare, the Bank (and its borrowers) have little evidence-based knowledge of their development effectiveness.** A broad problem is that only a fraction of the projects are required to conduct an ex-post evaluation. Within the universe of the evaluation, only four projects required Ex post Evaluations and in the recent past, only 16% of projects financed with IDB resources received an ex-post evaluation.⁷ Consequently, for the other 84% of the Bank’s projects, the PCR is intended to be the Executing Agency and Management-approved final opportunity to document the results achieved by IDB projects.
- 4.8 **Furthermore, the PCRs poorly complied with deadlines.** The PCR Guidelines stipulate that drafts of the PCRs must be submitted to Headquarters by 90 days after each project is completed. And the Operational Departments must organize a CRG and must revise and approve the PCRs by 90 days after the PCR due date. Even if the PCR is delivered late to Headquarters, the Operational Departments “should make necessary provisions to ensure that the total 180-day period is not exceeded.”⁸ Yet according to official Bank data for the 19 PCRs in this universe, 8 complied, another 8 exceeded the 180-day deadline, and another 3 had bad data (See Figure 4.1). After dropping bad data, the average time from total disbursement to PCR approval was 227 days for this universe of PCRs

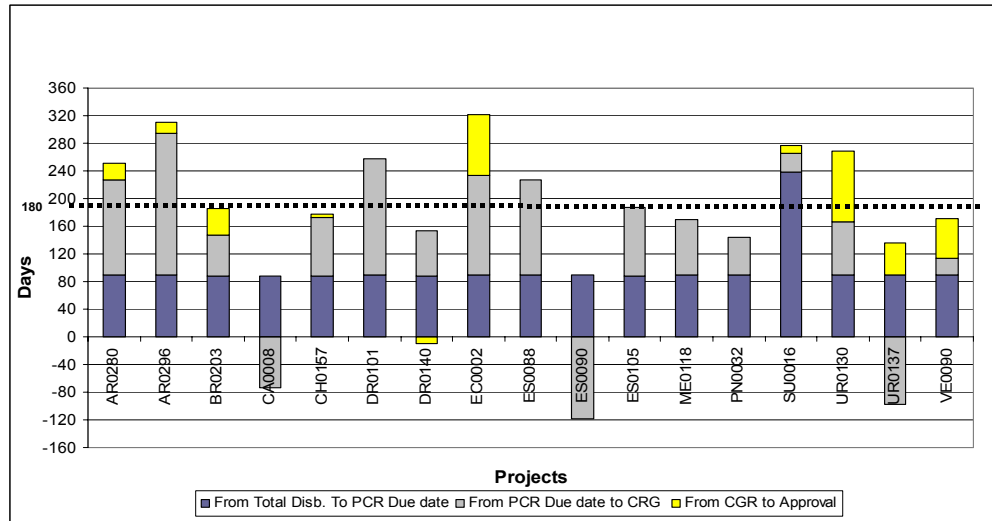
⁵ PCR Guidelines, 2004, pg. 37 –38

⁶ A lack of data can be identified as among the key constraints to ex-post analysis proposals, and is acknowledged as problematic in certain PCRs (see the PCRs including EC0002, ES0109). Note that while it may be possible to add indicators or measure end data after the project is closed, it is possible, though more expensive and technically difficult, to measure baselines ex-post. However, it is not possible to create target data, where they do not exist, after project completion

⁷ This is the most recent estimate available, from the period 1998-2001. see RE-293. “The Project Supervision System: An Evaluation of use of its instruments.” pg 22.

⁸ PCR Guidelines, 2004, pg 15.

Figure 4.1: Days in the Life-Cycle of the PCR



Source: OVE with Data from OPS and DEV

- 4.9 More broadly, the data for all PCRs approved in 2004 (i.e. 71 PCRs, including the 19 in the universe used for the detailed analysis above), indicate that often PCRs are delivered significantly late. In 2004 the average PCR was approved 330 days after total disbursement (this average was calculated after dropping the bad data and four outliers that ranged from 1,127 to 2,253 days). 53 of 71 PCR's approved in 2004 were late, and another 12 should have been delivered in 2004, but were not.⁹ OVE's 2001 evaluation recommended that the backlog of delinquent and/or unapproved PCRs be cleared,¹⁰ but **Table 4.1** suggests this still has not occurred.

Table 4.1: Compliance with PCR Approval Deadline¹¹

	IDB 2004	World Bank 2004	IDB Target 2006
% of PCRs approved by their deadline	30%	91%	82%

⁹ Data from OPUS System, Table IIWP.OPEVENT. Project close was indicated by the variable 'totally disbursed date'.

¹⁰ RE-247-2, pg 24.

¹¹ 2004 ARPPE Statistical Table 18.

V. FINDINGS REGARDING THE PCR GUIDELINES AND PRODUCTION PROCESS

A. Findings Regarding the PCR Guideline

- 5.1 **Although the Guidelines do include relevant elements, the Results Framework they set up is not well-structured.** The Guidelines state that output and outcome indicators and their baselines and planned targets are automatically brought from the PPMR. The PCR author should update what was achieved using these same indicators, and analyze the factors contributing to any gaps between planned and achieved. This analysis of results feeds into the PCR self-ratings on IP and DO.¹ However, despite these instructions in the PCR Guidelines, this evaluation has found a lack of evidence about outcomes, and in some cases outputs (see above).
- 5.2 **The Guidelines' concept of Sustainability is inconsistent. It is unclear if the Guidelines intended to make a distinction between the sustainability of the project and the sustainability of a project's results.** For example, most of the questions in this section are in regards to the 'sustainability of the future impacts, outcomes, products, actions and/or services.' However, the question regarding the S rating refers only to 'the sustainability of this project'.² Due to this inconsistency, the Guidelines are unclear about which possible factors should influence the S rating.
- 5.3 **The Guidelines do not encourage the identification prescriptive and evidence-based lessons.** Although the third objective of the PCR Guidelines is to "retrieve the lessons learned on result-based management and project sustainability, so that they can be used to improve the design and execution of future operations"³, the evaluation found that most PCRs did not provide evidence regarding results, and this would suggest that it is not possible to achieve PCR' objective of retrieving lessons based on results. Although this evaluation notes some PCRs with relatively better lessons (AR0280, BR0203, and PN0032), content analysis reveals that many PCRs presented lessons that were inadequate. This can be attributed to several reasons:
- a. **Lessons don't tell how to avoid similar problems in the future.** Typically the projects that faced long delays, cancellations, or waivers did not identify lessons that would help the Bank avoid such problems in the future or to help the Bank avoid the repetition of past mistakes. (See EC0002, ES0088, ES0090, and VE0090).
 - b. **Usually the lessons state what to do, but not how to do it.** OVE's 2001 evaluation reported that most lessons of the PCRs reflected the symptoms of problems, rather than the causes and solutions.⁴ This is generally true today;

¹ PCR Guidelines, 2004, pg 12.

² PCR Guidelines, 2004, pg. 31 - 35.

³ PCR Guidelines, 2004, pg 6.

⁴ RE-247, pg 19

lessons in the PCRs were mainly generic statements, but without specific content. For example, the PCR of ES0105 wrote: ‘Los proyectos de modernización fiscal deben permitir mecanismos ágiles y flexibles para implementarlos de acuerdo a la realidad socio/política’ (pg. 12). Because the lesson is not specific, it is unclear how future project designers will understand how to identify and implement flexible mechanisms that will correspond to the socio/political context.

- c. **The PCRs of projects that follow up on past projects identified relatively weak lessons.** A significant fraction of Bank projects follow up on previous projects, or are themselves followed by future projects, or both. This suggests the opportunities to learn from such a long-term interaction with the country, in that sector, or perhaps with that executing agency should be fertile ground for learning lessons. But if so, these lessons are poorly transferred into the PCR. Considering these projects were links in chains of projects, the lessons identified in the PCRs of AR0296, CH0157, and UR0137 were meager.
- d. The PCR Guidelines require many questions regarding lessons, which might give the authors the incentive for quantity, not quality. The 10 questions are:
 - 2.2.1.3. Lessons learned for the project design (adopted measures).
 - 2.2.1.4. Lessons learned for the project design (alternative measures).
 - 2.2.1.7. Lessons learned during project implementation (adopted measures).
 - 2.2.1.8. Lessons learned for the implementation (alternative measures).
 - 2.2.4.2. Lessons learned on project management.
 - 2.3.2.5. Lessons learned on sustainability (adopted measures).
 - 2.3.2.6. Lessons learned on sustainability (alternative measures).
 - 2.4.2. Lessons learned on organization and management of the PCU (adopted measures).
 - 2.4.3. Lessons learned on organization and management of the PCU (alternative measures).
- e. OTHER LESSONS LEARNED AND RECOMMENDATIONS (for the design and implementation of future projects).⁵ **Furthermore, a broader problem is that it is unclear how the Bank uses these lessons.** PCR Lessons are intended to be automatically uploaded into the Bank’s ‘Lessons Learned Retrieving Network’ (LERN)⁶, yet it is unclear if this happens.⁷ But perhaps even if the lessons identified in the PCR were successfully imported into the LERN system, the Bank still might not be achieving the third objective of the PCR. In this case, the ‘lessons learned’ are in fact ‘lessons retrieved’. To move from ‘retrieved’ to ‘learned’ the lessons must be read, understood, and incorporated into the design of projects by future team leaders. It is unclear if this is happening.

⁵ PCR Guidelines

⁶ PCR Guidelines, 2004, pg 10.

⁷ LERN is available to Bank employees after logging on to the ‘myidb’ web page. Click on ‘communities’ and then ‘LERN’. The evaluation attempted to search for the lessons in our PCR universe within this system. However, the LERN system did not allow textual search

B. Findings Regarding the PCR Process

- 5.4 Once drafted and reviewed by the Regional Operations Management, the PCRs are submitted to a *Comité de Revisión Gerencial* (CRG), which reviews the Bank Memorandum, the Executing Agency Memorandum, the PCR annexes and other relevant documents in order to perform a complete project evaluation.⁸ The PCR Guidelines state, “The CRG recommendations are very important since they constitute an institutional opinion and represent the best adequate mechanism for taking sustainable result-oriented decisions about the project to be completed and formally include the lessons learned, in the design of new Bank operations.”⁹
- 5.5 **This evaluation performed a content analysis of the CRG minutes associated with the PCRs in the universe against the PCR Guidelines.** Key findings are: (1) the CRGs lack a clear role in the PCR approval process, (2) missing CRG Minutes imply that PCR do not fully comply with Guidelines’ requirement, (3)) because the PCR revision process is not fully documented, it is not possible to track if CRG recommendations are incorporated in PCRs, and (4) few CRGs requested further information or evidence to support PCR’s self-ratings. Thus, from an evidence-based point of view, CRGs quality control on the PCR process is often ineffective.
- 5.6 **The PCR Guidelines are unclear in designating CRG responsibilities. OVE’s 2001 evaluation noted a “lack of clear definition or standard as to what constitutes an approved PCR”¹⁰. The new Guidelines are still unclear in this dimension.** The new Guidelines state, “The CRG decides if it will approve the PCR. If the CRG does not approve the PCR and requires changes, the PCR’s original authors should make the adjustments required by the minutes, and the Regional Manager or delegate may then approve the PCR.”¹¹ Thus an ‘approved PCR’ may have been approved by the CRG or by the Regional Manager. However, analysis of the CRG Minutes shows that none of the CRG minutes has a statement of approval. In most cases, CRG Minutes conclude by stating that the PCRs should be revised to include recommendations and then sent to the Regional Manager for approval.
- 5.7 **As most CRGs made recommendations to be incorporated, 46% of the PCR in the universe were approved the same day of the CRG Meeting (or before).**¹² This inconsistency is demonstrated by the following conclusions from the CRG minutes of PCRs that were approved that same day:

⁸ PCR Guidelines, 2004, pg 13

⁹ PCR Guidelines, pg 13

¹⁰ RE-247, pg.18

¹¹ PCR Guidelines, 2004, pg 15, 17.

¹² Calculated by OVE

Table 5.1: Conclusions in the CRG minutes that cannot be instantly fulfilled

Project ID	Conclusions of the CRG
PN0032	El Sr. X (COF/CPN) se comprometió a enviar el informe corregido en un plazo de dos semanas a partir del recibo de este Acta. Para efectuar esta revisión, COF/CPN contará con el apoyo del Sr. X (COF/BRC), quien estuvo a cargo de la operación anteriormente. El Informe final deberá venir acompañado de la Carta de No-Objeción del Ejecutor.
ES0088	El CRG recomendó que COF/CES y RE2/FI2 revisen el PCR, incluyendo las recomendaciones antes indicadas, y que lo presenten a la Gerencia para su aprobación final . (CRG required the calculation of the IRR, not included in final version).
ME0118	La versión final del PCR deberá ser enviada a SO2 a mas tardar el 22 de octubre de 2004 (un mes después del CRG), señalando las secciones del documento que contienen recomendaciones del CRG
CA0008	The CRG recommended that COF/CHO and RE2/FI2 incorporate the above recommendations to the PCR, and present it to Management for publication . (CRG requested some clarification on sub-projects that were not included).

- 5.8 **In fact, it is not even clear if CRGs are required.** PCR Guidelines state: “In the event the PCR is not reviewed by a CRG, the comments of the Bank unit with technical responsibility will be incorporated.”¹³ The ambiguity arises because on one hand, the Guidelines require a CRG for each PCR, and on the other hand, they state that if there is no CRG, a Bank Unit can provide comments. Yet, the PCR Guidelines do not state in which cases this exemption can be applied. In the universe of this evaluation, this exemption was applied in three PCRs.¹⁴
- 5.9 **The CRGs have low compliance with the requirements of the Guidelines. Out of the 19 PCRs in the universe, only 12 PCR have CRG Minutes attached the PCR document.**¹⁵ Some PCRs included instead minutes from the Exit Workshop or comments from the Bank Technical Unit (see above). Four PCR documents in the universe failed to comply with the Guidelines as they do not have CRG Minutes or comments from the Bank Unit attached.¹⁶
- 5.10 **Of those PCRs in the universe that included their CRG Minutes, the format of the Minutes is not standardized** which makes them difficult to analyze and compare. The PCR Guidelines list all the elements that are “expected to be included in the CRG Minutes, if applicable to the operation.”¹⁷ This evaluation has systematically reviewed all CRG Minutes against these elements and made a frequency analysis. The results are presented in the **Table 5.2** below.

¹³ PCR Guidelines, pg 41

¹⁴ AR0296, BR0203, UR0137

¹⁵ VE0090, CH0157, UR0130, DR0140, DR0101, ES0088, ES0105, CA0008, PN0032, SU0016, AR0280, ME0118

¹⁶ ES0090, NI0014, ES0109, EC0002

¹⁷ PCR Guidelines, pg 40-41

Table 5.2: Desk Analysis of CRG minutes

Based on the available 12 CRG Minutes and 3 IDB Technical Unit Comments

Total number of comments and recommendations		83	%
1	Identification of possible inconsistencies and/or deficiencies in the Bank Memorandum that need to be corrected	50	60%
2	Ratification of the PCR ratings provided in the Bank Memorandum, regarding development effectiveness, project execution and sustainability	0	0%
	Modification of the PCR ratings provided in the Bank Memorandum, regarding development effectiveness, project execution and sustainability	3	4%
3	Decisions oriented towards promoting sustainable project outcomes through Regional Operations Department monitoring and/or the formulation or new orientation of other loan and/or technical cooperation operations, as pertinent.	3	4%
4	Identification of any institutional provisions required for the ex post evaluation and pertinent decision-making	2	2%
5	Specific recommendations to improve the design of new operations , applicable to each project type, sector and specific modality.	10	12%
6	Specific recommendations to continue strengthening the Executing Agency capacity through the formulation of future loan and/or technical cooperation operations	3	4%
7	Specific recommendations to improve the Operational Departments capacity to design and implement future operations in the borrowing country, according to project type, sector and modality	2	2%
8	Format	6	7%
9	Others	4	5%

- 5.11 **The bulk of the recommendations (60%) deal with identification of inconsistencies and/or deficiencies in the Bank Memo that need to be corrected.** Most of the recommendations are related to missing lessons learned (ES0105, DR0101, UR0137, UR0130, CH0157); clarification, justification or simply editing of the output or outcome sections (AR0280, AR0296, CH0157, UR0130, DR0101 ME0118); missing sections (i.e. audited financial statements ME0118, EA Memorandum DR0140, Policy Matrix SU0016); unspecified dates (CA0008, UR0130) or unexplained delays (UR0137, BR0203).
- 5.12 **The second most frequent set of recommendations (12%) are related to improving the design of new operations** such as verifying the status of trained personnel in exit workshops (BR0203), and being aware of the problems related to the IDB dollar window (CA0008). (also see the PCRs' CRG minutes for AR0296, DR0140 and ES0088) The third most frequent set of recommendations (7%) dealt with the PCR format. This is to be expected, since these CRG minutes reflect the transition period between the "old format" and the "new format". Most of the comments are related to: lack of a background section (DR0101, ES0105); lack of clarity of the PCR guidelines (ES0088); lack of consistency between the new PCR and the Logical Framework and the Monitoring systems (ES0105).
- 5.13 **Only 3 CRG Minutes suggest that the PCRs provide more information or justification for current ratings.** For instance, the CRG Minutes of PN0032 considered the ratings of 3 (satisfactory) in all sections as inadequately justified, and requested further information to sustain these ratings. Another example is the CRG for ES0105, which asked how a project that took 8 years instead of 4 to complete could justify a 'very satisfactory' rating. Finally, the CRG of UR0130

recommended that the IP and IOS ratings be modified to make them consistent with the PPMR ratings. But because the PCR revision process is undocumented (see below), it is unclear if the PCR acted upon this recommendation or not.

- 5.14 **The CRG Minutes do not explicitly ratify the PCR's self-ratings and they rarely challenge the self-ratings.** If PCR self-ratings are rarely questioned, and never modified, they are implicitly ratified by the CRG. However, this evaluation found that the DO and S self-ratings were rarely supported by evidence. This may imply that the CRGs are not focused on the demonstration of results. Thus, as mentioned before, from an evidence-based point of view, the CRGs' quality control on the PCR process is often ineffective.
- 5.15 **In addition, incentives do not seem to be aligned, as participation in CRG Meetings is limited relative to the number of people invited.** According to the Guidelines, the CRGs are chaired by the Regional Operations Department Deputy Manager or Division Chief responsible for the project design. It is also formed by members of the project team and representatives of other departments at Headquarters, as well as Country Office staff where the project was executed (by video conference).¹⁸ In practice, on average, around 23 people are invited to participate in CRG meetings.¹⁹ Yet, on average, only 9 people actually participated. A participation rate of around 40% seems low given the importance of meeting.

Table 5.3 : CRG Meetings Participation

Participants ²⁰	Average	Min.	Max.
Headquarters	5	2	8
Headquarters Others (RES, LEG, SDS)	2.1	1	4
COF	1.8	0	4
Total	9.5	7	14
Written Comments	3.2	2	4
Invited People	23	20	27

- 5.16 **Finally, it is unclear if the CRGs' recommendations are incorporated in the final versions of the PCRs.** The PCRs did not clearly document the revision process or inclusion of CRG recommendations. This makes it difficult to assess the effectiveness of the CRGs. A content analysis shows that some of the CRGs' recommendations do not seem to be addressed. For example in CA0008, the CRG requested clarification of the results of the sub-project loans being serviced by the commercial bank, which does not seem to be addressed in the final PCR since there is no data on sub-loans.²¹ In AR0296, CRG recommends including an Annex with the outputs related to the project conditionalities, no such Annex was

¹⁸ PCR Guidelines, 2004, pg 15, 17.

¹⁹ Only 4 CRG Minutes include Invitees (DR0101, ES0150, ME0118, and PN0032).

²⁰ Excluding BR0203, which reports 12 participants but does not identify from which departments.

²¹ Also, CRG mentioned two important problems: budget and human resources allocation for implementation of regional programs, and the requirement that the dollar-window resources be disbursed on only four dates during the year. No evidence of follow up is found.

found. The CRG of ES0088 requested a recalculation of IRR, but this was not present in the final PCR.

- 5.17 As stated above, the CRGs minutes are not standardized, with only some providing clear recommendations. Only one PCR included an attachment that clearly stated what edits were made.²² Even though most CRGs recommended changes (some that could be time consuming), almost half of the PCRs were approved the same day of the CRG, or before the CRG. This, along with the examples listed above and the fact that the Bank's system only stores the final versions of the PCRs, questions whether many edits were made. Furthermore, the Guidelines do not require Management to confirm that it is satisfied that CRG recommendations had been successfully incorporated into the final PCR. The PCR revision process is not clearly documented. These findings question the effectiveness of the CRG in the overall process of reviewing and quality control of the PCRs.

C. Time and Resources Allocated to the PCRs

- 5.18 **One possible reason why RAA scores were low, and thus why OVE was unable to validate many PCR scores, might be that the Bank devotes few resources to the preparation of the PCR, relative to project preparation and execution.** Instead, the vast majority of hours billed to a project are spent on project preparation and execution. The number of hours allocated to the 19 PCRs was quite varied. Within the universe of this evaluation, between 0.5% and 8.6% of a project's total hours were allocated to the preparation of the PCRs (see **Annex 1C**).²³ Based on allocation of staff hours, it seems the Bank puts a much higher priority on project preparation and execution than on reporting on the results of projects.
- 5.19 **To understand how many resources each Department uses in PCR production, this evaluation analyzed the budgets for 2003.** The Bank's executed budget shows that the Operational Departments allocated between 0.36% and 0.47% of their budgets towards the preparation of all Project Completion Reports in 2003 (see **Table 5.4**).

²² BR0203 is the only PCR that has a clearly documented process of revision and inclusion of CRG recommendations (See its PCR's attached memo "Ajustes recomendados pelo CRG").

²³ When commenting on an earlier version of this evaluation, Management noted some caution should be used in interpreting these estimates as the Bank's Time Reporting System is "characterized by a lack of uniform reporting, and indeed, mis- or under-reporting"

Table 5.4: Dollars Spent on PCRs by Department 2003

Dept	Department	2003		
		Spent on PCRs 2003	Total Department Budget	% of Department Budget Allocated to PCRs
PRI	PRIVATE SECTOR DEPARTMENT	9,176	9,908,529	0.09%
RE1	REGIONAL OPERATIONS DEPARTMENT 1	160,603	44,329,174	0.36%
RE2	REGIONAL OPERATIONS DEPARTMENT 2	201,679	52,395,257	0.38%
RE3	REGIONAL OPERATIONS DEPARTMENT 3	214,646	46,020,869	0.47%
SDS	SOCIAL PROGRAMS AND SUSTAINABLE DVLPMNT	21,200	44,329,174	0.05%
LEG	LEGAL DEPARTMENT	10,560	114,394,397	0.01%
DEV	DEVELOPMENT EFFECTIVENESS	4,921	11,409,799	0.04%
UNL	UNALLOCATED	14,497	16,168,652	0.09%
IDB	BANK DISCRESSIONARY BUDGET	637,282	357,474,995	0.18%

Source: Hyperion budget database. Numbers are fiscal year ending in December, Non-Capital, Administrative Gross, Actual and Final. Includes initiatives because initiatives often create and utilize knowledge outputs, and each year faces similar numbers of initiatives. Includes dollars allocated to the budget category of Project Completion Reports (PCR). These numbers are likely underestimates, as Departments allocated resources towards producing PCRs but that were not tracked via budget categories included in this table (such as PES).

- 5.20 Overall, this evaluation finds that the Bank allocates few hours and resources to the production of PCRs, relative to other activities in the budget. This could explain in part the findings of this evaluation. But in theory, the PCR's RAA does not need be a direct function of how many hours and how much money gets allocated to the production of the PCR. Preparing a PCR could take relatively few hours if sufficient resources are allocated during project design and execution to ensure each project is fully evaluable. But the lack of outcome evidence in the PCRs suggests this is not happening. If efforts to make a project evaluable are ineffective earlier in the life cycle of the project, it is difficult for the authors of PCRs to find evidence upon completion and allowing them to self-evaluate the project, and spending more resources won't necessarily improve evaluability at that stage. Evaluability is influenced by the Bank's decisions throughout project design and execution, not only after project completion (see below).

VI. CONSEQUENCES OF THE LACK OF COMPLIANCE WITH THE GUIDELINES

A. The PCRs Do Not comply With the MDB-ECG Core Standards.

- 6.1 **In 2001, OVE’s evaluation concluded that the PCRs then did not comply with the principal core standards.¹ The Bank wrote new PCR Guidelines in 2004, and asserted that they complied with the Principal Core Standards.² This evaluation arrives to the same conclusion of the 2001 evaluation: the PCRs still do not comply with the MDB-ECG principal core standards.³**
- 6.2 **“Borrower participation, including the borrower’s own evaluation” is often absent from the PCR.** The PCR Guidelines include this core standard as an intension, but in practice, 47% of the PCRs in the universe of this evaluation included Executing Agency (EA) memos that were incomplete or not attached.⁴
- 6.3 **The standards require a “future operation plan, with clear description of the system for monitoring and evaluation, performance indicators, and proposed Bank follow-up actions.” The PCRs did not comply with this standard.** The PCR Guidelines include questions regarding a ‘Sustainability Action Plan’ and any future ex-post evaluation. But only 60% of the PCRs reviewed included Action Plans and none of them complied with this core standard of including a clear description of the system for monitoring and evaluation and performance indicators. Moreover, only a few PCRs clearly identified Bank follow up actions.
- 6.4 **The standards require “Re-estimated economic performance, involving re-estimation of economic and financial rates of return when these parameters were estimated at appraisal, and cost effectiveness analysis for projects not subject to cost-benefit analysis at appraisal.” The PCRs did not comply with this standard either.** Four projects included a rate of return or cost effectiveness estimate in the Loan Document, and were thus required to include re-estimations in the PCR. Yet, none of these PCRs complied with this core standard by including such re-estimations.
- 6.5 **The standards require “Assigning a rating to the assessment of an operation’s outcome or achievement of its major objectives, taking into account the efficacy and efficiency of their achievement...”** As stated above, to comply with this core standard, a PCR must be able to assess the efficacy of the achievement of outcomes. A suitable assessment is expected to be supported by evidence. **This evaluation uses the RAA to systematically record the outcome evidence presented in the PCRs, and finds that only one PCR provided a Results Framework adequately populated by outcome evidence.** Thus only one PCR provides evidence regarding the efficacy and efficiency of outcomes in

¹ RE-247-2, pg 22.

² PCR Guidelines, 2004, pg 5.

³ See Annex A

⁴ When commenting on an earlier draft of this evaluation, Management noted that “the Bank can only request that input from the EAs, but it is difficult to receive quality and timely input.”

order to support its performance ratings and to suitably comply with this fifth core standard.

- 6.6 **Regarding full coverage,** all PCRs with due dates after February 2004 were required to use the New Guidelines⁵. There were 31 such PCRs.⁶ This evaluation asked Management to provide the universe of the 2004 PCRs written under the New Guidelines. But Management provided only 20 (and one of these was actually written under the old guidelines). That means only 19 of the 71 PCRs approved in 2004 were produced under the new PCR Guidelines that were designed to comply with the MDB-ECG's Principal Core Standards. It is not known whether the other 52 PCRs approved in 2004 complied with the MDB-ECG standards, but this is not likely, given that these PCRs were written under the old Guidelines.

⁵ New PCR Guidelines, pg 15

⁶ Another 40 PCRs were also approved in 2004, but they had due dates in earlier years (and a few had due dates in early 2004). Thus, this totals to 71 PCRs approved in 2004.

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

- 7.1 **Many Bank policies and official Bank documents attest to the significant efforts the Bank has placed on ‘managing for results’.**¹ These efforts include redesigning the PCR with a focus on results, retrofitting projects’ Logical Frameworks (LF), and conducting training efforts to help employees identify and measure initial and intermediate outcomes.² The 2004 ARPPE asserts, “progress is being made in improving the way that the Bank defines, monitors, and reports on project results in terms of outcomes. In particular, improved LFs that clearly specify outcomes and outcome indicators lead to improved PPMRs that monitor performance in terms of those parameters, and to better PCRs that report not only on project deliverables (components) but focus on sustainable benefits received by targeted beneficiary groups.”³
- 7.2 **But this evaluation finds that these efforts have been of limited effectiveness.** In 2001, OVE’s evaluation stated that “the absence of a systematic approach to project information gathering ... can undermine the importance the Bank has assigned to project monitoring and evaluation.”⁴ Unfortunately, after 5 years, this 2006 evaluation comes to a similar conclusion. **The key finding of this evaluation is that generally in the PCRs too much information on outcomes is missing to assess development effectiveness. The absence of systematically recorded outcome data and analysis prevents an evidence-based assessment of what results the project achieved and did not achieve.**
- 7.3 **The Bank’s self-assessments endorse PCR ratings without requiring documented evidence.** The 2004 ARPPE rates 58% of 2004 PCRs as reporting satisfactorily or excellently on outcomes.⁵ The ARPPE also states that 82% of the PCRs gave “appropriate” ratings of project performance and effectiveness⁶ (see **Annex 1**). Furthermore, CRGs rarely questioned PCR self-ratings. Conversely, this evaluation found that only 3 of 19 PCRs have provided outcome evidence to earn RAA Scores above 0.35. Thus, while the 2004 ARPPE validated the ratings of 82% of the PCRs it reviewed, this evaluation was only able to validate the DO ratings of 2 of the 19 PCRs (BR0203, VE0090). S and IP self-ratings could not be fully validated as well.
- 7.4 **Overall, this evaluation finds that the IDB’s system for monitoring and evaluating projects is not based on a systematic documentation of evidence.** In general, PCRs lack a systematically constructed and updated result framework

¹ The 2004 ARPPE states that recently the Bank has “intensified efforts ... to improve identification and reporting on outcomes, rather than outputs...” 2004 ARPPE, pg. v.

² 2004 ARPPE, pg 19.

³ 2004 ARPPE, pg 25.

⁴ RE-247-2, pg 19

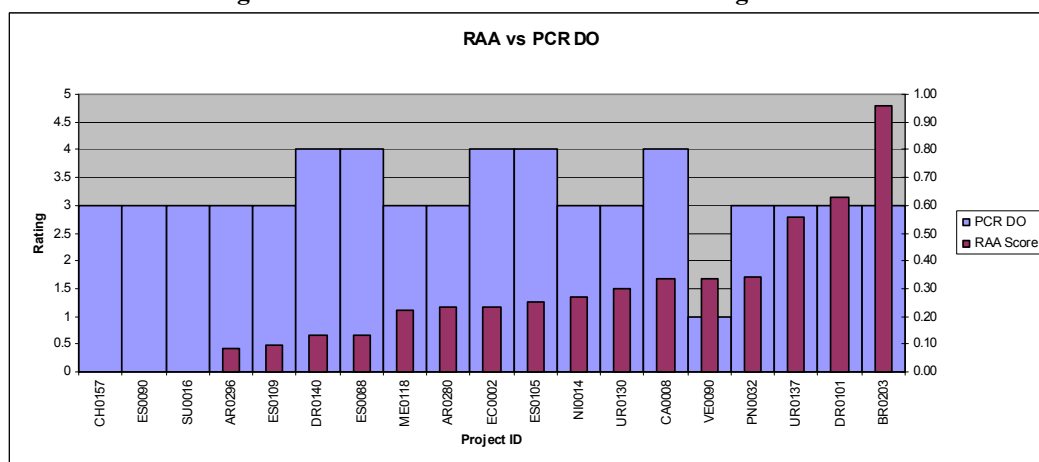
⁵ 2004 ARPPE, Background Document II, pg 7. Despite this statement, the 2004 ARPPE Background Document II does acknowledge several problems with the appropriateness of indicators on pg 6.

⁶ 2004 ARPPE, Background Document II, pg 7-9.

to document outcome evidence. Yet, this lack of outcome evidence does not prevent the Bank from using its PCRs to assert that its projects were effective. In fact, 94% of the PCRs in the universe self-rated DO as ‘effective’ (68%) or ‘very effective’ (26%). But the findings of this evaluation suggest that these self-ratings are rarely based on evidence.

- 7.5 **The upward bias in DO self-ratings seems to be highest for those PCRs that provide only some (but very limited) evidence.** Being constrained by the lack of information contained in the PCRs in the universe, this evaluation found that the average DO self-rating was 1.45 points too high (out of 4 points). Figure 6.1 displays each PCR’s RAA Score and the DO self-rating. This Figure suggests the PCRs that presented no outcome evidence (on the left) and the PCRs that presented the most outcome evidence (on the right), all self-assess DO as “Effective”. In contrast, several PCRs that presented some—but only a little outcome information (in the middle of the Figure) claim that their DO self-ratings as ‘Very Effective’.

Figure 7.1. RAA score versus PCRs’ DO rating



- 7.6 **This lack of outcome evidence constrains the capacity of the Bank to manage for results.** Furthermore, incentives do not seem to be aligned with a results-based monitoring system. Little information is available regarding the resources and time allocated to the production of the PCRs. The PCRs are produced in different formats and often delivered late. The ARPRES and most CRGs do not perform adequate quality control since they do not demand evidence of outcomes from the PCRs and rarely question self-ratings.
- 7.7 As recognized in a recent training session at the Bank, if an institution does not measure results, it cannot tell success from failure. If it cannot see success, it cannot reward it. If success is not rewarded, it is possible the institution is rewarding failure. If an institution cannot see success, it cannot learn from it. And, if it cannot recognize failure, it cannot correct it. **Yet, if the Bank is able to restructure internal policies and incentives allowing it to measure results, it can also demonstrate success and win more public support.**⁷

⁷ Kusek and Rist “Ten Steps to A Result-Based Monitoring and Evaluation System”. 2004, pg 11.

- 7.8 **The PCR is the main Bank supervision tool that records each project's outcomes upon completion.** The fact that only a relatively small fraction of Bank projects receive an ex-post evaluation means that, for the vast majority of projects, the PCRs are the Bank's only Management-approved report on the achievement of objectives. Furthermore, the PCRs are publicly available and have the potential to play a key role in transparency, accountability, and institutional learning processes. **Yet, the PCRs exhibit a significant deficit of information on project's outcomes. This missing outcome evidence is significantly constraining results-based management.**

B. Recommendations

- 7.9 **In general, OVE recommends that future revisions of the PCR Guidelines should address the weaknesses identified in this report.** These revisions should take place in the context of the design and functioning of the full Bank monitoring and evaluation system (including, among others, Logical Frameworks, PPMRs and PCRs).
- 7.10 Given the main findings of this evaluation, OVE provides the following specific recommendations:
1. **The Bank Should Ensure Full Compliance With the MDB-ECG Principal Core Standards.**
- 7.11 As documented by this evaluation, the PCRs approved under the New Guidelines do not fully comply with MDB-ECG Standards. Compliance is important because the principles underlying these standards remain valid and help promote accountability. For these reasons, a future revision of the PCR is recommended to ensure compliance with agreed MDB-ECG Standards regarding full coverage of operations, ensuring borrowers participation, defining completed future operation plans, re-estimating project economic performance and assigning performance ratings.
2. **The Bank Should Prepare and Regularly Update a Results Framework For Each Project to Systematically Record Outcome Evidence Related to Development Objectives**
- 7.12 To achieve the New Lending Framework's results-based corporate system⁸ and to perform its supervisory functions for each project it finances, the Bank should make sure that Result Frameworks systematically record outcome evidence related to its objectives.⁹ And in this context, the Bank should take the necessary steps to ensure:
- i. The Bank and the Executing Agency agree upon development objectives that are realistic and well defined at project approval.

⁸ CA-450-1. "New Lending Framework: Evaluation Report and Recommendations," April 2005. pg. 47

⁹ Although this was not the focus of this evaluation, a Results Framework could also be used to monitor and evaluate projects' outputs.

- ii. Results Frameworks are well designed in the loan document, identifying measurable outcome indicators for each original objective and specifying baselines, milestones and targets for each indicator
 - iii. Outcome indicators proposed in the loan document can be measured by project completion (i.e. intermediate outcomes).
 - iv. The Results Framework is accurately transferred to the PPMR system,
 - v. Evidence is systematically updated in the PPMRs, and
 - vi. Results for each objective are documented at the end of the project
- 7.13 Finally, to enhance accountability, the Bank should ensure that project development objectives as approved by the Board are not rewritten during the project cycle, unless formally restructured.

3. The Bank Should Also Improve Output Reporting

- 7.14 While PCRs are better at documenting outputs delivered, OVE also recommends that better care should be placed on output reporting and the analysis of planned versus achieved outputs, cancellations and delays. Furthermore, the quality and cost of outputs should be presented and analyzed.

4. The Bank Should Provide Basic Mechanisms and Incentives to Ensure Compliance With its Own Guidelines and its Supervision Functions

- 7.15 Adequate allocation of time and resources should guarantee that minimum standards of PCR preparation (i.e. re-estimation of economic performance and rates of return when appropriate) can be met to comply with Guidelines and Standards. However, measuring the effectiveness of the use of these resources requires that the Bank systematically records time and resources spent in these activities.
- 7.16 CRG should ensure quality control and compliance with PCR Guidelines and Standards. In this context, CRG Minutes should be more executive and should include key elements such as a statement of ratification or modification of ratings, a summary of the issues discussed, recommendations proposed and agreements reached. It is also recommended that the final decisions vis-à-vis the changes proposed by CRGs be documented.
- 7.17 Finally, considering that the provision of outcome data is a joint responsibility between the Bank and the Governments, the Banks should ensure that new project have agreed monitoring and evaluation system to generate the necessary information to report development effectiveness. Progress on this activity should be reflected in the PCR self-ratings.

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ANNEX 1

A. Principal Core Standards for Multilateral Development Banks (MDBs) Project Completion Reporting

1. *Full coverage of completed operations* by completion reports that represent “self-evaluation” efforts by operational staff, resulting in reports that are sent directly to Senior Management and Boards without review *in draft* by evaluation units.
2. *Borrower participation*, including the *borrower’s own evaluation*, with preparation help from the Bank but incorporated unedited into the Bank’s completion report, plus *comments* by the borrower on the Bank’s report.
3. *Future operation plan*, with a clear description of the required elements for the plan, including the system for monitoring and evaluation, performance indicators and proposed Bank follow-up actions.
4. *Re-estimated economic performance*, involving re-estimation of economic and financial rates of return when these parameters were estimated at appraisal, and cost-effectiveness analysis for projects not subject to cost-benefit analysis at appraisal.
5. *Assigning a rating to the assessment of an operation’s outcome*, or achievement of its major objectives, taking into account the efficacy and efficiency of their achievement as well as their relevance. “Good practice” would expand this standard to several other important performance dimensions, which although related in varying degree to “outcome,” merit rating in their own right. These dimensions are: *sustainability, institutional development, Bank performance and borrower performance*.
6. Independent validation of completion reporting through two-stage performance review, utilizing “desk reviews” of all completion reports and “full reviews” of selected operations.
7. Mandated ratios and balanced qualitative selection criteria for “full performance reviews” that are clear, transparent and agreed to by Management and Executive Directors.
8. *Independent performance review function*, including the ability of evaluation unit heads to report directly to Boards and not having evaluation staff participating in the review of draft completion or appraisal reports.
9. For *improved utilization*, active review of completion reports by *Senior Management and Executive Directors*, with feedback into operations.

Source: "Comparative Analysis of MDB Completion Reporting and Performance Review", The World Bank Committee on Development Effectiveness CODE96-77 November 12, 1996.

B. The Universe of PCRs

Project	Description	Approval year	Original Appr. Amount (\$)	Totally Disbursed	Sector	Type
AR0280	Fiscal Support Sectoral Program	2001	500,000,000	25-May-04	Reform - Mod. of the State	Emergency
AR0296	Social Protection and Reduction of the Impact	2003	400,000,000	27-Dec-04	Social Investment	PBL
BR0203	Basic Sanitation Bahia Todos Os Santos	1995	264,000,000	28-Oct-03	Sanitation	Investment
CA0008	CABEI Multi-Sector Credit Loan	1997	100,000,000	20-Feb-04	Multisector Credit and Preinvestment	Investment
CH0157	Multi-Sector Credit Program	1999	240,000,000	31-Dec-03	Multi-sector Credit and Preinvestment	Investment
DR0101	Basic Education Improvement Program II	1995	52,000,000	18-Nov-03	Education	Investment
DR0140	Social Sector Institutional Reform Program	2001	200,000,000	28-Jan-04	Social Investment	PBL
EC0002	Concesión de Agua y Alcantarillado	1997	40,000,000	01-Apr-04	Sanitation	Investment
ES0088	Energy Sector Expansion Program	1994	215,000,000	12-Dec-03	Energy	Investment
ES0090	Judicial Reform Program	1996	22,200,000	12-Dec-03	Reform - Mod. of the State	Investment
ES0105	TC Loan Fiscal Modernization U.T.C.	1996	19,710,000	09-Mar-04	Reform - Mod. of the State	Investment
ES0109	Local Development Program	1997	34,065,000	25-May-04	Social Investment	Investment
HO0112	Energy Hybrid Program-Additional Tranche	1994	34,820,000	31-Dec-03	Energy	Other
ME0118	Labor Markets Phase II	2000	200,000,000	18-Nov-04	Social Investment	Investment
NI0014	Agricultural Production Reactivation	1997	40,000,000	01-Apr-04	Agriculture & Rural Development	Investment
PN0032	Agricultural Services Modernization Program	1996	33,600,000	28-Jan-04	Agriculture & Rural Development	Investment
SU0016	Trade and Agriculture Program	1998	30,000,000	01-Nov-04	Agriculture & Rural Development	PBL
UR0130	Public Management Modernization	2001	150,000,000	31-Dec-03	Reform - Mod. of the State	PBLy
UR0137	Cattle Development Program	2000	7,700,000	25-May-04	Agriculture and Rural Development	Investment
VE0090	Modernization & Strengthening of Basic Education	1993	125,000,000	09-Mar-04	Education	Investment

C. Employee hours spent preparing PCRs¹

Project ID	PCR Hours	Execution Hours	Preparation Hours	Total Hours allocated to Project	Fraction of project's total hours spent on PCR
AR0280	163	1302.5	1717.5	3020	5.40%
AR0296	8	119	1405.5	1524.5	0.52%
BR0203	195	2538	18.5	2556.5	7.63%
CA0008	21.5	2215	368	2583	0.83%
CH0157	108	422.5	839.5	1262	8.56%
DR0101	17	3759	8	3767	0.45%
DR0140	70.5	1651	3314	4965	1.42%
EC0002	52	5044	2345.5	7389.5	0.70%
ES0088	115	4484.5	35	4519.5	2.54%
ES0090	274	6628.5	476	7104.5	3.86%
ES0105	319	4082.5	20	4102.5	7.78%
ES0109	206	4245	2655	6900	2.99%
HO0112	63.5	1618	24	1642	3.87%
ME0118	274	2824.5	1041	3865.5	7.09%
NI0014	38	3488	1840.5	5328.5	0.71%
PN0032	61	10459.5	6	10465.5	0.58%
SU0016	78.5	2268.5	3047.5	5316	1.48%
UR0130	125	1739	2449	4188	2.98%
UR0137	111	1375	1573	2948	3.77%
VE0090	109	4513	175	4688	2.33%

Source: TRS hours.

Note: TRS data does not have disaggregated execution and preparation employees' hours. OVE has calculated these variables using the following assumptions:

* Design data was calculated using the following budget categories: "Analysis Missions - Investment"; "Analysis Mission - PBL"; "Project Concept Document - Investment"; "Project Concept Document - PBL"; "Projects - Investment"; "Projects - PBL "; "Project Outline - Investment"; "Project Outline - PBL"; "Loan Startup Missions"; and "Loan Administration Missions"

* Execution data was calculated using the following budget categories: "Project Mid-Term Reviews"; "Projects Under Execution - Investment"; "Projects Under Execution - PBL"; and "Project Performance Monitoring Reports"

* PCR data was calculated using the follow budget category: "Project Completion Reports (PCR)"

¹ It is possible these numbers are underestimated, as not all Bank Departments enter consultants' hours in the TRS.

D. 2004 ARPPE's Review of PCRs

The 2004 ARPPE focused on the PCRs and on project outcomes. The 2004 ARPPE has revised 71 PCRs approved in 2004. The 2004 ARPPE states, “this year’s review focused on the extent to which PCRs reported on project development effectiveness in terms of project outcomes.”¹ PMP reviewed almost all of the 2004 PCRs and concluded ‘that two thirds of them were excellent or satisfactory, and that most of them provided useful information on results management and sustainability.’ To cross-check these findings, peer reviewers from the Operational Departments reviewed a sub-sample of these PCRs and obtained similar ratings.² Although OVE’s evaluation has only revised the PCR written under the New PCR Guidelines (a total of 19 PCRs), it has both similarities and differences with the review conducted by DEV/PMP.

First, the 2004 ARPPE does not seem to acknowledge the severity of the poor outcome reporting in the PCRs. To focus on the extent that the PCRs reported on project outcomes, the ARPPE used panels of raters to give subjective ratings to the PCRs for questions such as:

- a) “How effective is the report in presenting the main results achieved by the project vis-à-vis the objectives set forth at the: Development Objective/s level (outcomes)”
- b) “Does the PCR use appropriate indicators in reporting on the project's: Outcomes (achieved or to be achieved)?”³

The differences in methods also led to differences in the findings between the ARPPE and OVE’s review (OVE’s method was explained in the main paper). The ARPPE found, “The majority of PCRs (60%) were also found to contribute to reporting on project outcomes, thus enhancing managing for results”⁴ In contrast, OVE found that 16 of 19 PCRs presented Results Frameworks that were mostly empty regarding outcomes (as reflected by earning RAA scores under 0.35). And three of the ‘good practice’ examples cited by the ARPPE⁵ in fact earned unsatisfactory RAA scores of 0.25 or less. The ARPPE’s method for assessing the PCRs’ focus on results does not seem systematic.

Second, the 2004 ARPPE implies PCRs of newer projects are more likely to report on results, but OVE’s findings shows the opposite. The ARPPE suggests that newer projects are better at reporting on results, but this contradicts OVE’s findings. The ARPPE states, “Bank efforts to improve reporting on results (via training, helpdesks, tailored assistance, etc.) are having a positive effect for new projects, but improvements for older operations seem to be constrained by lack of resources (particularly the costs and difficulties of collecting baseline data for projects already underway).”⁶ Furthermore,

¹ 2004 ARPPE, Pg 21.

² 2004 ARPE, pg v.

³ 2004 ARPPE, Background Document II, Annex 1, pg 1-2.

⁴ 2004 ARPPE, pg 22.

⁵ 2004 ARPPE, chapter 4

⁶ 2004 ARPPE, pg iv.

“this is a gradual process that is only now beginning to show up in reporting instruments such as PPMRs, PCRs, and CPRs. It will take several years before all projects routinely report on outcomes.”⁷

But OVE analysis shows that the year the project was approved is negatively correlated with the PCR’s RAA Score (the coefficient is –0.30). Despite all of the Bank’s recent efforts, the PCRs with the highest RAA scores were generally among the oldest in the universe. This implies i) that older projects can in fact successfully document outcomes in their PCRs, and ii) that the Bank is asserting that its efforts have made newer projects more evaluable, but this assertion was not true for the PCRs reviewed by OVE.

The ARPPE and OVE came to different validation findings. In its review, DEV/PMP asked its panelists to validate the scores in the PCR using the question: “How justified do you find the performance ratings given to the project by the PCR?”⁸ The 2004 ARPPE states that 82% of the 2004 PCRs gave ‘appropriate’ ratings of project performance and effectiveness.⁹ It seems that the review was able to validate ratings for PCRs that did not report on outcomes ‘because some PCRs offer a good discussion of project outcomes and related aspects ... without the use of or explicit reference to appropriate indicators and sometimes even in the absence of a Log Frame.’¹⁰

But conversely, by using the RAA to systematically document the presence of outcome indicators in the PCR, OVE’s evaluation was only able to validate the DO ratings of 2/19 projects, and that the S and IP self-ratings could not be fully validated either.

Despite the differences in findings and validation, OVE and the 2004 ARPPE did have several similar findings. Regarding outcome reporting, ARPPE acknowledges that “There are several issues associated with outcomes indicators in the PCRs reviewed” such as: i) little or no systematic reference to baseline data; ii) results are not adequately quantified to measure the magnitude of change; iii) results are not sufficiently detailed or disaggregated; iv) isolating attribution to project vis-à-vis other factors.¹¹ The ARPPE acknowledges that the use of outcome indicators is the “weaker pillar in the PCR system and it represents an important challenge because it directly affects the quality of reporting on results and development effectiveness.”¹²

Following its review of the PCRs, The ARPPE acknowledges that the development, use of and follow-up on appropriate outcome indicators requires improvements in project design, and perhaps more in-depth analytical work at the sector and country level¹³ The ARPPE concluded: that the Bank should take a holistic approach to support the NLF by obtaining “a results-focused corporate system including baseline, implementation and

⁷ 2004 ARPPE, pg v

⁸ 2004 ARPPE, Background Document II, Annex 1, pg 1-2.

⁹ 2004 ARPPE, Background Document II, pg 7-9.

¹⁰ 2004 ARPPE, Background Document II, pg 6.

¹¹ 2004 ARPPE, Background Document II, pg 6.

¹² 2004 ARPPE, Background Document II, pg 7-9.

¹³ 2004 ARPPE, Background Document II, pg 6.

outcome indicators to monitor projects and country programs.”¹⁴ Its recommendations include ensuring a ‘shift in culture’, a ‘common language’, providing training, encouraging flexible corporate budgeting systems, strengthening in-house knowledge management and skills to better manage for results and risks, and an appropriate incentive system that rewards the achievement of better management for results and development effectiveness.¹⁵

¹⁴ 2004 ARPPE, pg 32.

¹⁵ 2004 ARPPE, pg 33.

E. Compliance, Performance, and Internal Consistency Scorecards

PCR Compliance Review

Project Number:
Review Date:
Reviewer:

Form 1

Section Title - and details	Complete	Incomplete / ND / NA	1 2 3 4				Reviewer Comments	
			Unsatisfactory	Marginally Satisfactory	Satisfactory	Excellent		
1. General Information								
1.1 Development Objectives *			LOW	1	2	3	4	HIGH
1.2 Basic Data	<input type="checkbox"/>	<input type="checkbox"/>						
1.3 Summary of ratings	<input type="checkbox"/>	<input type="checkbox"/>						
1.4 Project timeline	<input type="checkbox"/>	<input type="checkbox"/>						
1.5 Reference documents	<input type="checkbox"/>	<input type="checkbox"/>						
2. Bank Memorandum								
2.1 Results analysis (outputs, outcomes and impacts)								
2.1.1 Outputs attained - by component, explain planned versus achieved output indicators, then analyze the reasons for			LOW	1	2	3	4	HIGH
2.1.2 Project outcomes and impacts - compare expected objectives in logical framework to project outcomes. Assumption	<input type="checkbox"/>		LOW	1	2	3	4	HIGH
2.2 Implementation Analysis								
2.2.1 Project's performance measurement		<input type="checkbox"/>	LOW	1	2	3	4	HIGH
2.2.2 Factors affecting project implementation (2 graphs automatically from PPMR)	<input type="checkbox"/>	<input type="checkbox"/>						
2.2.3 Analysis of factors affecting output delivery and outcome achievement - identify and explain positive and negative factors contributing to delivery of outputs (quality, quantity and timeliness) and of outcomes		<input type="checkbox"/>	LOW	1	2	3	4	HIGH
2.2.4 Analysis of project management and lessons learned - identify, explain and analyze effectiveness of measures related to factors in 2.2.3 and describe lessons learned for future projects		<input type="checkbox"/>	LOW	1	2	3	4	HIGH
2.3 Sustainability Analysis								
2.3.1 Institutional / Organizational Strengthening (IOS) - most significant contributions to IOS in country. Compare before and after. Repeat for IOS in Executing Agency.	<input type="checkbox"/>	<input type="checkbox"/>	LOW	1	2	3	4	HIGH
2.3.2 Project sustainability - define what results will be sustainable, and for how long. Identify basis for sustainability, root-cause analysis of positive and negative factors, lessons learned, and describe sustainability action plan.	<input type="checkbox"/>	<input type="checkbox"/>	LOW	1	2	3	4	HIGH
2.4 Executing Agency Performance								
2.4 Executing Agency Performance - performance in key areas and lessons learned	<input type="checkbox"/>	<input type="checkbox"/>	LOW	1	2	3	4	HIGH
2.5 Foundations for the Ex-post Evaluation								
2.5 Foundations for the Ex-post Evaluation (cross out this row if not applicable)	<input type="checkbox"/>	<input type="checkbox"/>	LOW	1	2	3	4	HIGH
2.6 Other lessons learned and recommendations								
2.6 Other lessons learned and recommendations - for design and implementation of future projects	<input type="checkbox"/>	<input type="checkbox"/>	LOW	1	2	3	4	HIGH
3. Executing Agency Memorandum								
3. Executing Agency Memorandum		<input type="checkbox"/>	LOW	1	2	3	4	HIGH
4. CRG Minutes								
CRG Minutes	<input type="checkbox"/>	<input type="checkbox"/>						
5. Annexes								
Annex 1A - Source of Financing	<input type="checkbox"/>	<input type="checkbox"/>	Data					
Annex 1B - Schedule of Investments	<input type="checkbox"/>	<input type="checkbox"/>						
Annex 1C - Financial Inf. and Audited Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>						
Annex 4 - Exit Workshop Aide Memoire	<input type="checkbox"/>	<input type="checkbox"/>						
Annex 5 - Documental Annex (Optional)	<input type="checkbox"/>	<input type="checkbox"/>						

* Compliance on Objectives requires congruence between those objectives listed in the PCR and those from the original loan document (or of the objectives of the restructured loan, if applicable)

PCR Performance Scorecard

Project Number:

Form 2

Review Date:

Reviewer:

Objectives and Elements of the PCR (from the PCR Guidelines):	ND / NA	OVE Performance Score (given the data provided in the PCR)	Reviewer Notes Evidence and Reasoning for score
A. Project outcomes and impacts			
Based on available project indicators, assess what project results were achieved in terms of outcomes (vis-à-vis stated development objectives and performance indicators). [possibly found in sections including: 2.1.2]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Based on proposed project indicators, assess the original outcomes not achieved. [possibly found in sections including: 2.1.2]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Based on proposed project indicators, considering the original outcomes not achieved, assess the likelihood of achieving those results in terms of outcomes in the future. [possibly found in sections including: 2.1.2]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Gauge to what extent such project results are articulated with sectoral goals. [possibly found in sections including: 2.1.2, and 2.1.2.7 (pilot)]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Gauge to what extent such project results are articulated with the country strategy. [possibly found in sections including: 2.1.2, and 2.1.2.7 (pilot)]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Outcomes Score		0	
B. Outputs attained			
Based on available indicators, assess what was implemented and achieved in terms of products (outputs) in the project context. [possibly found in sections including: 2.1.1]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Based on original project indicators, assess the original outputs not achieved. [possibly found in sections including: 2.1.1]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Provide lessons learned from experience that can be used to improve the design of future operations (implementation and context evaluation). [possibly found in sections including: 2.1.1, 2.2.1.3, 2.2.1.4, 2.2.3, 2.2.4 and 2.6]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Provide lessons learned from experience that can be used to improve the execution of future operations (implementation and context evaluation). [possibly found in sections including: 2.1.1, 2.2.1.7, 2.2.1.8, 2.2.3, 2.2.4 and 2.6]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Outputs Score		0	
C. Outcome sustainability and institutional development			
Rate the projects' sustainability [possibly found in sections including: 2.3.2]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Rate the identification of actions to be taken to improve sustainability [possibly found in sections including: 2.3.2.7]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
Sustainability Score		0	
TOTAL SCORE		0	
D. Framework for the future ex-post evaluation (not always required)			
Assess the proposed framework for the future ex-post evaluation. [possibly found in sections including: 2.5]	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	
E. CRG Minutes			
Identify inconsistencies/deficiencies in PCR that need to be corrected; Ratify or modify PCR's ratings of DO, IP and S; Decisions regarding sustaining project outcomes / monitoring; Identify provisions required for ex-post evaluation and relevant decisions; Specific recommendations to strengthen future operations / capacity.	<input type="checkbox"/>	LOW <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 HIGH	

PCR Internal Consistency Scorecard

Based on OVE's Performance Scorecard rate the project in the following categories

Form 3

Project Number:

Review Date:

Reviewer:

	Name	ND	PCR Score		OVE Score				Reviewer Notes Evidence and Reasoning for grade		
			Letter Score	Number Score							
2.1.2.11. Rating of project effectiveness in terms of the development objective. Bearing in mind the analysis in sections 2.1.1. and 2.1.2., rate the project effectiveness in terms of attainment of the development objective.	DO				LOW	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	HIGH	
2.2.4.3. Rating project implementation. Rate the project implementation considering the above management analysis and the obtained project outputs in the expected quantity and quality, reasonable timeframe, and reasonable costs	IP				LOW	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	HIGH	
2.3.1.4. Rating the project's contributions to Institutional / Organizational Strengthening	IOS				LOW	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	HIGH	
2.3.2.8. Rating project sustainability. Considering the previous analysis and the probability of implementing the Sustainability Action Plan, rate the probability for the sustainability of this project during the next three (3) years:	S				LOW	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	HIGH	
2.4.4. Bank's Rating of the Executing Agency performance. Based on the above performance assessment made in this section, on the achieved project results, as well as on the Executing Agency's efficiency during project implementation, rate the Executing Agency performance:	EA				LOW	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	HIGH	
3.4.4. Executing Agency's Rating of the Bank Performance. Based on 3.4.1., rate the Bank's performance in monitoring the project, taking into account the experience of the Borrower and the Executing Agency's experience during project design and implementation.	Bank				LOW	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	HIGH	
Total Scores:											
Potential candidate for Phase 2 - Detailed Evaluation:											
Significant contradictions between Bank and Executing Agency memos			<input type="checkbox"/>								
It seems unlikely that cited data is valid			<input type="checkbox"/>								

F. Table of Validation Ratings

2004 PCRs written under the new guidelines

Project Number	Description	EA memo	PCR uses in-house system	# days until PCR approval (should be under 181)	# Pages Bank memo	# pages PCR Total	Fraction of objectives tracked by fully populated indicator	Congruency of objectives (1 = Yes)	TRS Hours	RAA Score	Self IP	OVE IP	self DO	OVE DO	Self S	OVE S
CH0157	Mult-Sector Credit Program	1	in-house	182	26	60	0.00	0	108	0.00	3	2	3	1	3	1.5
ES0090	Judicial Reform Program	1	in-house	-43	28	57	0.00	0	274	0.00	3	2	3	1	3	1
SU0016	Trade and Agriculture Program	barely complete	MS Word Template	281	18	33	0.00	1	78.5	0.00	3	2.2	3	1	4	1.2
AR0296	Social Protection and Reduction of the Impact	0	in-house	314	27	47	0.00	0	8	0.08	3	2	3	1	3	1
ES0109	Local Development Program	available via clicking around	in-house	147	31	34	0.00	0	206	0.10	4	2	3	1.25	3	1
DR0140	Social Sector Institutional Reform Program	1	MS Word Template	146	44	93	0.00	0	70.5	0.13	4	3	4	2	4	2
ES0088	Energy Sector Expansion Program	0	in-house	232	27	33	0.00	0	115	0.13	3	2	4	1.6	4	1.2
ME0118	Labor Markets Phase II	1	MS Word Template	173	38	75	0.00	1	274	0.22	3	2.5	3	1.25	4	1.75
AR0280	Fiscal Support Sectoral Program	1	in-house	256	31	80	0.00	0	163	0.23	3	2.8	3	1.4	3	1.8
EC0002	Concesión de Agua y Alcantarillado	1	in-house	327	28	52	0.25	0	52	0.24	4	2.75	4	2.25	4	2
ES0105	TC Loan Fiscal Modernization U.T.C.	1	in-house	191	29	56	0.25	0	319	0.25	4	2.4	4	1.8	4	1.6
NI0014	Agricultural Production Reactivation	1	in-house	191	44	152	0.00	0	38	0.27	3	2.2	3	1.4	3	1.4
UR0130	Public Management Modernization	only a few sections	in-house	273	32	39	0.14	0	125	0.30	3	2.8	3	2.2	3	2.6
CA0008	CABEI Multi-Sector Credit Loan	0	MS Word Template	381	21	28	0.00	0	21.5	0.33	4	3	4	2	4	2
VE0090	Modernization & Strengthening of Basic Educ.	0	in-house	167	32	50	0.33	0	109	0.33	1	1	1	1	1	1
PN0032	Agricultural Services Modernization Program	0	tif, in-house	146	30	37	0.60	0	61	0.34	3	1.8	3	2.2	2	1.6
UR0137	Cattle Development Program	0	tif, MS Word Template	38	55	63	0.50	1	111	0.56	3	3	3	2.6	3	2.2
DR0101	Basic Education Improvement Program II	1	in-house	261	30	98	0.67	0	17	0.63	3	1.75	3	2.5	3	2.25
BR0203	Basic Sanitation Bahia Todos Os Santos	1	tif, MS Word Template	189	36	118	1	1	195	0.96	3	3	3	3	3	2.5