



**Office of Evaluation and Oversight, OVE
Inter-American Development Bank**

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***Oversight Review of the
IDB's Project Monitoring
Review, the Mid-Term
Evaluation, and the Project
Completion Report***



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Acronyms

BES	Bank Evaluation Systems
BEP	Borrower ex -Post Evaluation
CO	Country Office
CP	Country Paper
CRG	Comité de Revisión Gerencial
EA	Executive Agency
EVO	Evaluation Office
FIN	Finance
HQ	Headquarter
IDB	Inter-American Development Bank
LF	Logical Framework
MIF	Multilateral Investment Fund
MDBs	Multilateral Development Banks
MTEs	Mid-Term Evaluations
OVE	Office of Evaluation and Oversight
PCRs	Project Completions Reports
PPMRS	Project Performance Monitoring Report Systems
ROS	Regional Operations Support Office
TAPOMA	Task Force Report on Portfolio Management
TCs	Technical Cooperations
WP	Working Papers

I. INTRODUCTION

A. Background

1.1 IDB operational activity expanded rapidly in the 1980s to meet the needs of borrower member countries. By December 19, 2000, the Bank's active portfolio consisted of 538¹ projects, representing a commitment value of US\$47.2 billion. In terms of portfolio composition, the 538 projects in execution include 474 (including seven hybrid loans) investment projects, 39 fast disbursing operations, and 25 private sector projects. These projects **are** in different sectors, and in all of the IDB's 26 borrowing member countries, which amounts to a large and diverse portfolio that needs to be monitored for efficiency, effectiveness, and accountability. In addition, as of April 1999, the Bank had 1,363 TC operations in execution with a commitment value of US\$663 million.

B. Evolving Monitoring Goals

1.2 Such a large and complicated portfolio is a challenge to good monitoring*. The Bank and its Borrowers have made many efforts to improve the system over the years. Such efforts have tried to: (1) Achieve the optimal division of responsibility between the Headquarters and Country Offices³; (2) Move the IDB from a culture of monitoring for control to one of monitoring for results with a simultaneous refinement of monitoring tools⁴; and (3) Recognize and support Borrowers in their role as "project owners⁵."

1.3 These changes have been gradual, **and** have usually been the result of Management Task Forces or Working Groups. **An** important contribution to refining the project supervision system was made in May 1997, by a Working Group Report on Project Monitoring and Classification (CP-1283). This report contained a Proposed Project Performance Monitoring Report System (PPMR) for Bank loans, along with Guidelines and Procedures for Project Completion Reports (PCRs) and Procedures for Loan Administration Missions. The new guidelines for both PPMRs and PCRs were intended for the Bank's project loan portfolio but did not include either non-reimbursable Technical Cooperations (TCs) or Multilateral Investment Fund (MIF) operations. Management **set** forth the guiding principles for its Project Performance Monitoring System. Among these **were**:⁶

¹ **As** of December 31, 1999, the PPMR System covered **486** projects, **or** 93% of the Bank's Portfolio, and performance **data** were provided for **477** of these projects.

² In this report, monitoring means "the process and activities to follow-up and oversee project execution".

³ Generally, the pendulum has swung from a system that **left** very little discretion in the matter of project supervision to the Country Offices, to one where these Offices have almost complete authority over project execution. **On** the other hand, Headquarters staff still maintains primary responsibility for project analysis and development, as well **as** giving technical advice to **projects** under execution when difficulties **arise**.

⁴ The 1993 Task Force Report on Portfolio Management (TAPOMA) is widely cited by IDB staff and in IDB documents **as** **key** to changing the direction of the IDB's monitoring efforts. TAPOMA emphasized the IDB's need to move towards monitoring for results and **away** from an almost exclusive focus on hacking disbursements and compliance with **rules** and contractual conditions.

⁵ The IDB has begun to encourage Executing Agencies to participate in the **creation** of project monitoring **systems** and the collection of information that they **can use** to manage programs. Tripartite meetings, which bring together Country Office staff and staff from the Ministries of Finance or Planning and Executing Agencies, **are** also becoming **more** common. And, an Annual Portfolio Review mission **between** Regional Managers and high borrowing country officials encourages a top-down **review** of how a country's portfolio is performing.

⁶ A third criterion listed by Management **was** "Cost Efficient," which it defined **as** "the system must include only project-level information that is **useful**, readily available (throughout the project cycle), and simple, and **can be** incorporated into the Bank's database for **easy** updating and **report** production." However, since there **was** no data on costs, it is not **possible**, at present, to **assess** the cost efficiency **of** the system.

- (1) **Borrower Linked:** Borrowers must embrace the monitoring system and perceive its usefulness in managing their **own** projects and in solving project execution problems, as well as being an integral part of the project review and decision-making dialogue **between** national authorities and the Bank.
- (2) **Bank Useful:** Bank Management must find the monitoring system useful and as the basis for reaching conclusions about project status, and for discussions with country counterparts during portfolio review missions.

C. The IDB's Current Project Monitoring System

1.4 The system proposed by the Working Group for PPMRs and PCRs was gradually implemented. **As** presently designed, the Bank's project supervision system depends upon a combination of written status reports from the Country Offices to Headquarters, and face to face meetings between Headquarters, Country Office, executing agency staff, and various levels of borrowing country officials.

1.5 Since **1997**, when it was formally adopted by Management, the primary reporting tool used by the Country Office staff to **inform** Headquarters about how projects **are** progressing is the Project Performance Monitoring Report (PPMR), an electronic monitoring tool designed to provide stakeholders with (at least) a semi-annual snapshot⁷ on project status, expected achievement of development objectives and implementation progress. The PPMR format requires the Sector Specialists in the Country Offices to assess and rate a project's potential attainment of its development objectives assigning it one of the following ratings: highly probable (HP), probable, (P) low probability (P), or improbable (I). In addition, the Specialists **are** expected to rate a project's implementation progress **as** highly satisfactory, satisfactory, unsatisfactory, or very unsatisfactory **based on** the actual versus the expected implementation **of** the various project components. **There** is also a rating of **high** or **low** probability that the original assumptions⁸ for project success as stipulated in its design (i.e. "the government will support the project", or "the sector reform process will continue **as** planned") will continue throughout its implementation.

1.6 The PPMR is based on the Logical Framework (LF), a methodology used by the IDB and other MDBs for project preparation, which defines the relationship between project inputs and expected outputs, as well as the conditions under which **this** relationship can be expected to hold true. These ideas are expressed in a structure that defines the hierarchy of a project's goals, purposes, outputs, and activities. It also identifies performance indicators and verification **sources** specifying key risks/assumptions, a very important feature since the achievement of project objectives often depends **on** the continuing validity of underlying assumptions about external events (i.e. political factors) that may effect the project in one way or another.

1.7 Since **1995**, the **LF** has been used by the project team during project preparation to ensure internal consistency and is usually **an** annex to the project document (although its inclusion in project documents is not mandatory). Upon approval of the operation, the Logical Framework is adapted (usually by the Project Team in conjunction with the Country Office) **so as** to make it a project-monitoring instrument. For projects approved prior to **1997**, logical frameworks have had to be "retrofitted" by the Country Office staff, since the original project documentation did not contain a LF. Often, but not always, the Project Team **from** Headquarters holds a start-up mission with Country Office staff and the executing agency to "hand **off**" both responsibility for, and understanding of, the project. Once supervision of the project is assumed by the Country Office, the Sector Specialists **are** responsible

⁷ The PPMR is supposed to be changed whenever a significant event occurs during **project** implementation.

⁸ Enabling conditions that permit the completion of components to be translated into achievement of objectives.

for updating the PPMR at least semi-annually and recording **any** changes in the parameters set in the LF at the onset of the project if need **be**. The PPMR reporting format includes the following key elements:

<p>I. Bask Data</p> <ul style="list-style-type: none"> 9 Country and Borrower Information: executing agency and sector; 9 Project information: title, project number and loan number; 9 Approval history and expected misiones date of approval by the Board, date of contract, date of eligibility and date of final disbursement; 9 Project management accountability: name of Sector Specialists, date of latest report update, name of Headquarters staff assigned, date of the latest report reviewed by the Representative; 9 Execution History: years in execution, commutative extension of final disbursement, cancellations dates and amounts; 9 Loan disbursement history: original loan amount, current amount, disbursements; % disbursed. original cost and current cost; 9 Loan modality: investment, time slice, sector, TC, hybrid, and other; 9 Sector loan amounts: first tranche, second tranche, and third tranche; 9 Disbursement dates: expected and actual; 9 Cofinancing: source(s), and counterpart; ➤ Amount: original and actual.
<p>II. Project Purpose(s) Development Objective(s).</p> <ul style="list-style-type: none"> ➤ Project development objectives; ➤ Key performance indicators; ➤ Questions about project development objectives: changes since board approval, if objectives and indicators have been agreed by Borrower/ Executing Agency; any changes in objectives and indicators since the latest report and information on performance indicators.
<p>III. Project Implementation Progress.</p> <p><i>Implementation of project components relates directly to the achievements of development objectives project purpose(s). When classifying implementation progress, the Specialists are asked to take into consideration the physical progress and the quality of the components, as well as the performance indicators delivery.</i></p> <ul style="list-style-type: none"> ➤ Components/Outputs; ➤ Key delivery performance indicators; ➤ Classification: highly satisfactory (HS), satisfactory (S), unsatisfactory (U), or very unsatisfactory (VU). ➤ Implementation summary classification (IP): HS, S, U, or VU. ➤ Identify (from a checklist) of reasons for VU or U classifications ➤ Identification or explanation of causes, reasons or additional comments.
<p>IV. Key Assumptions.</p> <ul style="list-style-type: none"> ➤ Assumptions related to development objectives and assessment of probability of occurrence: High or low; ➤ Assumptions related to the implementation of components: High or low; ➤ List of major factors on which the summary classification is based; ➤ Aggregate assumption classification: High probability or Low probability.
<p>V. Achievement of Development Objectives.</p> <ul style="list-style-type: none"> ➤ Explanation list of major factors on which the achievement of development objective(s) classification is based; ➤ Assessment of expected achievements of development objective classification: Highly probable (HP), low probability (LP), probable (P) or improbable (9).
<p>VI. Summary of Project Status, Issues and Actions.</p> <ul style="list-style-type: none"> ➤ Project status ➤ Identification of major issues affecting project implementation and/or achievements of development objectives and the actions required to address by the responsible unit, and by what date the actions should be taken.

1.8 The components included in the PPMR document provide a framework for monitoring project implementation. Thus, the usefulness of the PPMR as a monitoring tool depends **on** the quality of the parameters established in the Logical Framework at the outset and the professional judgments, and project management expertise of the Specialists responsible for adapting the original design to the PPMR as the project progresses through implementation.

1.9 There are other types **of** monitoring activities, among which **are** start-up missions, loan-administration missions, country and sector-portfolio reviews, and on-going dialogues and reviews with Executing Agencies. These **are** less bound to a specific formula, and involve more direct contact between the Bank and the Borrower. OVE intends to review these activities in the **future**. In addition, the Bank performs accountability reviews, such **as** periodic financial audits, inspection visits, and control of contractual clauses.

1.10 The PPMR and the PCR Systems do not cover the Bank's Private Sector (PRI) portfolio.⁹ Monitoring of PRI projects is done internally through a Semi-Annual Portfolio Review (SAR) Report which, the results of which **are shared** at a meeting chaired by the PRI Manager or Deputy Manager and attended by PRI staff and representatives from the Legal Department and ROS. For a description of the mechanisms of the SAR, please **see** Annex V. The results of the SAR **are** not broadly disseminated nor **are** they available through the Intranet.

1.11 Mid-Term Evaluations (MTEs)¹⁰ include a combination of formal and informal project implementation reviews, which often result in recommendations for corrective action. MTEs were conceived as a way to improve the probability of achieving project objectives through proactive project monitoring and can be a contractual requirement in some loans. Because MTEs **are** not a **set** requirement in every loan, their use, content, scope and format vary from one **loan** to another.

1.12 Some loans **specify** terms of reference for MTEs, which may require: (i) monitoring of loan benchmarks, (ii) describing selected program advances, (iii) linking project advances to the respective Logical Framework analysis, and (iv) reporting **on** progress of objectives and key assumptions expected to be met by the time the MTE **is** prepared. Alternatively, other loans do not specify any terms of reference for the required MTE, thus allowing the project team and the Borrower to determine the **areas** and issues to be evaluated. Increasingly, MTEs have become an accepted form of project supervision. For instance, in **1993**, the MTE clause was introduced in fourteen out of fifty-six approved projects, and by **1998**, of the eighty-two approved projects, thirty-five required an MTE.

1.13 The Bank's project monitoring process concludes with a final PPMR and the Project Completion Report (PCR). The PCR draws conclusions about the project, particularly lessons learned that might be useful in the design of **future** operations. The PCR Guidelines, which **are** not available electronically¹¹, are divided into four **parts**.

1.14 Part I in the PCR is required to include much **of** the information contained in the last PPMR, along with some analysis by Sector Specialists and should include:

⁹ Among some of the reasons provided by PRI is the sensitive nature of the financial information.

¹⁰ Although generally the MTE is expected **to** be performed at the mid-point of project implementation, a review of the contractual clauses in loan documents requiring MTEs revealed different timing specifications. **However**, the most common are clauses requiring MTEs when a pre-determined share of loan funds has been disbursed (anywhere from 30-40%) **or** after a given period of time has elapsed (usually two years). Many sector specialists interviewed found the guidelines **on** the timing of MTEs to be unclear.

¹¹ Management says that it is presently working on changing the format of the PCR to increase in conformity with the PPMR. After the format is completed, new guidelines, which will be on line, will be written.

1. Project objectives and components.
2. Current expectations regarding project results and development objectives.
3. Changes in original objectives, components, and assumptions.
4. Lessons learned from the project (including analysis of project design, project execution, Borrower/Executor performance, project performance monitoring by the Borrower/Executor and the Bank).
5. Main lessons and recommendations for future projects.
6. Additional Comments.

1.15 Part II is prepared by the Borrower and essentially includes an assessment of project objectives, design, and execution, of the Bank's supervisory performance, and of the lessons learned.

1.16 Part III contains some basic data on the project completed by the Bank which can include information from mid-term reviews and evaluations of loans, and TCs.

1.17 Part IV contains official observations on the ~~draft~~ PCR resulting from the review process at Headquarters.

D. Purpose of this Report

1.18 The Bank's system for project monitoring, classification, and evaluation of the implementation experience ~~has~~ now been in effect for several years. The purpose of this report is to inform the Board of Executive Directors on the status of 3 principal instruments of the Bank's project monitoring and evaluation activities (i.e. Project Performance Monitoring Review, Mid-Term Evaluation and Project Completion Report). ~~This is part~~ of OVE's oversight responsibilities. It presents findings and conclusions reached by OVE evaluations of three of the main components of the Bank's project supervision system: the Project Performance Monitoring Review (PPMR), the Mid-Term Evaluation (MTE), and the Project Completion Report (PCR). After a separate review of each of these tools, the findings and data are further analyzed to ascertain how the various components relate to one another and combine into a coherent and useful system.

1.19 In addition, Section D of Chapter II in this report provides information on the current supervision of non-reimbursable Technical Cooperation projects and proposes new monitoring practices for these types of operations.

1.20 The methodology for evaluating each tool is contained in the annexes.

II. IS THE IDB's PROJECT MONITORING AND EVALUATION SYSTEM MEETING OBJECTIVES?

2.1 This evaluation assesses part of the IDB's project supervision system by determining whether or not the criteria established for the system are being met. The IDB's PPMR and PCR Systems were developed on the following premises: Bank useful and Borrower linked. In addition, the MTE was designed to help projects achieve their development objectives. These criteria were used to review these Bank tools.

A. Project Performance Monitoring Report System (PPMRs)

2.2 There are many positive elements of the PPMR System. It is on-line and easily accessible¹² which has contributed to increased compliance by Sector Specialists who welcome the expediency of the system. The PPMR system also contains more analytical information on project status in terms of meeting development objectives than the previous monitoring system, the Loan Progress Report System (PRUS). Unlike the PPMR, the PRUS contained detailed information about the physical and financial implementation of projects. However, it was not designed to consider whether the project was meeting its development objectives. The PPMR System was designed to reflect the new priorities of the Bank in terms of using monitoring to know outcomes rather than inputs.

2.3 Additionally, the PPMR is generally a useful document for informing Headquarters staff on the status of a project before administrative, supervision, and portfolio review missions. It is particularly useful when it serves as the basis of discussion with borrowing country officials.

2.4 There are, however, some design issues in the PPMR that may compromise its intended usefulness for the Bank and the desired linkage to the Borrower. The issues discussed below deal with certain problems in the system which make it less useful than it might be: (1) the difficulty of adapting components of the Logical Framework from the project document into monitoring parameters, (2) the limitation of scope of the PPMR, (3) the quality of analysis, and, (4) timeliness of the information provided by the system. Two other issues, (5) preparation and review of the PPMR, and (6) participation and ownership of the PPMR, make it less linked to the Borrowers, another principle of the monitoring system.

1. Adapting the Logical Framework into Monitoring Parameters

2.5 The core of the PPMR System is the belief that the project team (which prepared the project) can translate the Logical Framework or other statement of initial intent into a set of issues and activities that can be monitored in the PPMR. However, this does not always happen because: (1) Logical Frameworks contained in project reports are sometimes unclear and do not always reflect the Borrower/Executing Agency inputs¹³ and (2) the team, including the Sector Specialist who later is responsible for updating the PPMR as the project develops, does not always treat the PPMR as a key tool for project monitoring, leading to partial, incomplete, outdated, or superficial treatment of issues in this document.

2.6 A review of sixty-four IDB projects funded by the Bank and approved in 1997 found that only a third had adequately designed Logical Frameworks. The review concluded that if Logical Frameworks

¹² Old PPMRs back to the year 1997 can also be accessed on line.

¹³ This problem is often avoided by having a type of project "kick-off" conference with members of Headquarters, the Country Office and executing agency staff present to ensure that all parties understand the project's objectives and how they are to be monitored. However, this does not happen with all projects.

were not improved, they could jeopardize future monitoring and evaluation activities as **well at the attainment of objectives.**¹⁴

2.7 Management’s *1999 Report on Projects in Execution (GN-2108)* had similar findings. It concluded that “...further efforts are still needed in clearly defining development objectives and reliable benchmarks in the Logical Framework, as well as a more realistic risk analysis and greater consistency between assumptions and observed implementation progress.”

2.8 The quality and clarity of project logical frameworks could be at the root of the many problems OVE has found in the application of the PPMR. The confusion and lack of agreement on the monitoring parameters of PPMRs are indicative of initial quality problems with the LF and the lack of engagement by relevant stakeholders during the design phase as required by the methodology. As a result, there is widespread confusion and disagreement about parameters, thus distorting the intended use of the tool, a problem also reported in a 1998 Bank study (IDB-RE1/RSS, 1998). Mirroring some of the findings from this report, OVE found in its original sample of 22 projects (Annex I) that in some cases objective indicators reflected component activities not impacts, and vice versa. The Bank’s study (IDB-RE1/RSS, 1998) of forty-two PPMRs found that 60% of them contained an adequate statement of project purposes, but many others mixed project purpose with longer-term general development goals and, even (in a significant number of cases) with elements that actually corresponded to project components (see Box 1).

Box 1: Problems generated by Inadequate Logical Frameworks

For instance, in a Poverty Reduction and Community Development Project, the project’s objective is to “maximize the impact of investment on the poor”. To do this, the program will invest funds in essential social services, or in basic social infrastructure projects. However, as a key performance indicator, the PPMR cites resources spent on the poor, rather than service provision or children attending school, or people with clean water, etc. In fact, the amount of money that is spent per person is more an accounting device than an impact measurement.

Project Development Objectives	Key Performance Indicators:
1. Maximize the impact of investments on the poor.	50% of the program resources distributed annually among the extremely poor population. (519.00 per capita per year)

2.9 OVE’s original sample included 22 projects that were approved between 1986 and 1995. Almost all of the projects in this sample were prepared without a formal LF analysis, and the log frame had to be retrofitted into the PPMR after the start of project implementation. In order to determine any improvements made in the current PPMR System and update its database, OVE reviewed the PPMRs of 9 projects included in recent OVE program and thematic evaluations. These 9 projects date from June 1996 through September 1998 and are all presently in execution (see Annex I).

¹⁴ “IDB 1997 Project Approvals, Quality of Logical Frameworks. A Review.” February 1998. One half of the Logical Frameworks developed for traditional investment projects was considered adequate (9 of 18 projects), 40% of those related to innovative projects (10 of 25 projects) were considered adequate and a scant 3 of the 21 Logical Frameworks constructed for Social Projects were considered adequate. This report is an internal Bank document.

2.10 A summary of the findings from the PPMR review (Annex I) shows that:

1. While some PPMRs correctly reflected purpose and indicators, others still **are** weak in translating the logical framework into objectives, outputs and indicators.¹⁵
2. The PPMRs still make rather weak connections between implementation of the project and the current circumstances in the country or other outside events affecting the project. For instance, the ratings in two projects were considered satisfactory, although the project was cut in half because of lack of counterpart **funds**.¹⁶
3. Generally, the PPMRs do not mention more than one Executing Agency, whether TC operations are connected to the project, and whether the project is sustainable.
4. In general, assumptions contained in the PPMRs remain the same, even though circumstances change.

2. Scope of the PPMR

2.11 The PPMR is prepared at a minimum every six months, and is supposed to be updated whenever an important event occurs in execution. The focus on current status means that the PPMR form neither encourages nor requires those filling it out to analyze events in light of past experiences in the project's execution. For example, if a negative experience during **an** early stage of project implementation affects the success of later implementation, the PPMR is not designed to relate present events to past experiences. **In** addition, the PPMR does not necessarily discuss major events outside the project that may be affecting implementation, such as the macroeconomic environment or changes in government. Although the specialist is supposed to **report on** these events by modifying the "assumptions section" of the PPMR, the original assumptions **are** often broad and generic (**i.e.** the government will continue to support the project), that they do not alert the specialist to many problems that may arise during the (long) period of project execution. In such a case, the specialist may be **left** without **an** original assumption to modify.

2.12 The PPMR also does not monitor a project's relationship to other closely-related activities going on in the country where it is being implemented. The PPMR was designed to monitor a single project **as** it is implemented, rather than how events during implementation **are** affecting and are affected by overall sector strategies and policies. **This** runs counter to the **Bank's shift** towards a focus on strategic concerns and its emphasis on approaching projects from a country program perspective. The PPMR does not allow for links to be made to other projects or technical cooperation, or the identification of projects as **part** of a gamut of activities addressing a specific development issue. This reduces the PPMR's usefulness as a tool for monitoring results. It also reduces its usefulness to **HQ**, since sector-wide, program-level concerns are the issues of greatest interest to **HQ**.

2.13 The limitations for the **Bank** of focusing monitoring at the project level through the PPMR, **are** magnified by the fact that some issues **are** not tracked by the PPMR because they are not contained in the Logical Framework even though these issues can be central to successful project completion. Such issues include the impact of administrative and procurement practices on project implementation results, the need for legislative approval **of** project loans, and delays in contractual compliance. Even if these components are not central to the project's objectives, they often influence the success of implementation

¹⁵ The quality seemed to vary among countries. See Annex 1.

¹⁶ In its comments, Management said that this is precisely an example of how management actions can lead to better execution performance.

and should therefore be monitored. Some examples of what can be overlooked in PPMRs are outlined in Box 2.

Box 2: Two Projects illustrating what the PPMR can Overlook

PROJECT 1	PROJECT 2
<p>A Social Action Program in Sanitation offers an example of a monitoring problem relating to a lack of attention to information on a key objective.</p> <p>The Project Report states that one of the two ways in which the program intended to improve the quality of life of the beneficiary population was through "job creation on an emergency basis, in order to employ currently idle labor."</p> <p>Other project documents set targets for job creation at 45,000 direct jobs, 15,000 indirect jobs, and 7,800 permanent jobs.</p> <p>The PPMR, draft PCR and Final Evaluation Report by the Management consulting firm hired to help supervise project execution all mention these goals, but at no point do they discuss the extent to which they were achieved.</p> <p>Since there is no synthesis of information on the numbers of jobs created, it is not surprising that there is also no analysis of the type of jobs, their duration, effects on earnings, or long-term impacts on beneficiaries. The indicators of project physical execution all related to quantitative assessment of outputs (i.e. kilometers of sewer system implanted, household links to the system, and beneficiaries). Clearly, one of the key objectives was never seriously monitored or evaluated.</p> <p>When asked about this the Executing Agency responded that jobs had surely been created and that some of the local implementation units had sent information on this indicator, yet it was in a database that was difficult to access and utilize. Nobody had a very good idea about the quantity and quality of jobs produced by the program.</p> <p>The PPMR section on achievement of development objectives makes no mention of job creation.</p>	<p>If the PPMR does not accompany shifts in project structure during execution, with shifts in indicators or outputs, its relevance and reliability declines. For instance, the following case shows that PPMRs should be periodically updated with new indicators (and the removal of old) to reflect the realities of implementation as was envisioned in the Guidelines for Project Monitoring and Classification.</p> <p>OVE visited a Housing Sector Support Program, which had been designed. Wore the Logical Framework became a standard tool in the Bank. Although there was not a "stakeholder analysis" at the time of the project design, the original project report indicated that:</p> <ul style="list-style-type: none"> ➤ An NGO would work with each new community to ensure both that community organization is consolidated so the community can address its own needs; ➤ The NGOs are also consolidated in their role of assisting the most deprived communities; and ➤ Training would be given to the Municipal Districts on Social issues relating to the operation of the Integrated Housing Access System. <p>The Monitoring Program outlined in the Project Report mandates fairly intensive reporting on financial and institutional subsidies, discounting of credit and environmental impact. However, no mention was made of monitoring the performance of either the NGOs or the community organization or the relations with the municipalities. The PPMR (which was written without a Logical Framework) also does not mention the performance of NGOs or Municipalities as indicators to watch.</p> <p>When the OVE evaluation team arrived at one of the housing project sites, all of the housing units had been constructed, and the target group of beneficiaries had moved in. However, there was almost no communication between the municipality and the housing project, meaning that there was no bus transportation into town to enable the residents of the housing project to get to whatever jobs were available. There were also no trees in the project, which would have facilitated both environmental sustainability and communal life. In fact, the representatives of the NGO who were responsible for the housing site said that the residents felt very isolated, there was very high unemployment in the housing site, and that the teenagers had nothing to do since there was no way to get to town, and the project itself had few activities.</p> <p>There is no hint of the above in the PPMR, which rates the Program's Progress as "satisfactory". This is an illustration of how factors to monitor should change as the project develops and should be closely watched by both the executing agency and the CO Specialist to keep information collection relevant.</p>

2.14 In addition, normally just one executing agency is listed on the PPMR, and there is no reference to the involvement of, for example, sub-national entities. However, since many Bank projects are promoting decentralized service delivery mechanisms, it is important to track both their effects on project implementation and the effectiveness of such a strategy. Likewise, despite the Bank's encouragement of civil society participation, the development objectives observed in PPMRs studied by OVE for this report did not systematically flag this issue for attention.

2.15 The PPMR as presently designed also does not include any of the back-up documentation associated with other supervisory activities. This documentation resides, in fact, in various files in both Headquarters and the Country Offices. Although this may not seem a problem during project

implementation, it causes difficulties later on when the Bank tries to recapitulate the history of a project for the preparation of the Project Completion Report. Management states that it has revised the format of the PPMR to include a field of information for lessons learned which will be collected throughout the course of a project's implementation. When this is online (sometime in **2001**) this should help prepare the PCR.

2.16 Whereas it would be impossible to include everything in the PPMR format, sufficient space should be allocated **so** that information needed to support "lessons learned" is available. There **are**, of course, other vehicles for discussing and learning lessons, i.e., missions, portfolio reviews, etc. However, it would be very convenient if these were at least linked to the PPMR **so** they would all be in one place.

2.17 Questions remain **as** to the utility of the PPMRs in providing adequate input to Management in its review of the achievements of the Bank's portfolio **as** a whole. The PPMR treats all projects as if they were of equal value and substance. The system does not look at the weight of a project's contribution towards the resolution of development problems, the impact of both large and small projects, the sustainability of projects, or institutional development issues. While these issues may be addressed through other instruments (e.g portfolio review missions), the PPMR is the principal, ongoing, written record of project implementation and as such should provide Management, the Board and the Borrowers a regular assessment of the relevance, quality, or significance of the portfolio in comparison with the development challenges the Bank is attempting to address through its portfolio.

3. *Quality and Consistency of Analysis*

2.18 The Bank uses the PPMR because of its rapid summation of a project's status, and because it facilitates discussion with the borrowing country. However, given the format of the document, there is a limitation on analysis of problems affecting implementation. For instance, **6** of the **20** projects reviewed by **OVE** had problems not reflected in any PPMR. Although the Representative signs off on the PPMR, the project ratings that appear in it are made by a single person, the Sector Specialist, who in comments to **OVE** staff, said the format is often rigid and may not capture the issues. In addition, the specialist may not have sufficient guidelines as to the standards to use when grading components of the project. In fact, one of the problems that Management shared with **OVE** during review of this **report** was that there should be a more even application of grading criteria within and between the Regions.

2.19 The **1999 Annual Report on Projects in Execution (GN-2108)** reports **on the** problem¹⁷ of optimistic ratings in **this** way:

"A comparison of performance classifications for active and completed projects shows that the predicted and actual success rates of the two groups do not always coincide. Put simply, this means that the monitoring system for projects in execution typically reports expected success rates for **90%** or **so**,¹⁸ while an analysis of completed projects generally shows that the ex-post estimates of project success **are** considerably lower."

2.20 The same report goes on to say that: "With respect to the disconnect, more work is needed to make project progress reporting more realistic and accurate. While there has been significant progress, there is room for greater and more effective use of project and financial monitoring systems as a

¹⁷ The issue of quality control is not uncommon among development banks. Indeed, the disparity **between** progress reported during the execution stage and subsequent ex-post evaluation findings that a substantial proportion of projects had not, in fact, achieved their objectives, has been given a formal name: i.e. the "disconnect problem".

¹⁸ Management says that this may be the result of general "optimism" during early project implementation that becomes more realistic by the time of the writing of the PCR.

management and decision-making tool to effect timely resolution of problems.”

2.21 Management has taken steps to complement the information contained in the PPMR, in order to add a type of quality control and early warning system. **ROS**¹⁹ developed a system to identify “at Risk Projects”. The system, called the Project Alert Information System (PAIS), is based on certain implementation criteria. In addition to the projects judged as “problems” in the present PPMRs, the PAIS system assigns an “at risk” rating to projects that, under the usual PPMR system would not send up a **red** flag (i.e. are classified as probably meeting development objectives) but which meet other criteria that call attention to them. They **are** divided into three groups:

1. Projects that have poor implementation progress reports
2. Projects where key assumptions **are** rated as having a low probability of holding true.
3. Projects that have satisfactory performance classifications in other respects, but which have certain execution characteristics that **are** more typical of Problem Projects. ²⁰

2.22 During **1999**, additional work was done on the initial set of complementary indicators to develop them into a system for use by Headquarters, Country Offices and Executing Agencies to identify projects that may be “at-risk” as early as possible and set in motion remedial action. Indicators were refined and possible new indicators **are** being developed that reflect other areas of project execution (for example, procurement and contractual compliance), and developing an electronic system for staff for real-time use in tracking projects. The Country Offices in the Dominican Republic and Trinidad and Tobago were selected as test cases to put the PAIS system in place, and virtual testing has been completed. On April **2, 2001**, the PAIS system was placed on-line for bank wide use.

2.23 OVE compared the status of the portfolio of **5** countries according to their PPMR reports with other country **reports** produced by the Bank that included project information. The information was sometimes inconsistent. For instance, for **1999**, based on the PPMR system, Bolivia had **2** (out of **30** projects) problem projects. However, the Country Paper (**CN-2036-2, May 24, 1999**) for Bolivia lists four projects as “doubtful” for attaining objectives. Although the timing of PPMRs and Country Papers **are** not necessarily synchronized, the lack of consistency between the documents makes it difficult for users to rely on them.

4. Timeliness of the Information

2.24 Sector Specialists **are** supposed to change the parameters of the PPMR if project objectives change and/or whenever an event significantly affects a project. However, OVE found that parameter changes in PPMRs **are** infrequent. Sometimes, changes are unnecessarily delayed when the Executing Agency is not in agreement with the proposed changes or when there is hope that the problem can be resolved before the next reporting **period**. Whatever the reason, the information contained in the PPMR may be static, rather than reflecting the current situation.

2.25 **In** addition, although the PPMR is supposed to be updated (at least) twice a year by the Sector Specialist, reviewed by the Country Office Representative, and placed on-line for Headquarters, many

¹⁹ ROS prepares the Annual **Report on Projects in Execution**, which contains information on Portfolio status and performance, partially based upon the PPMRs and reviews the project supervision system, itself, and recommends action in order to improve it

²⁰ Complementary indicators: 1. **More** than 3 years in execution and less than 25% disbursed. 2. More than 5 years in execution and less than 75% disbursed. 3. Less than 10% of available balances disbursed in previous year. 4. More than 12 months from contract validity to eligibility. 5. Projects that have remained invalid for 11 or more months from date of approval, in countries not requiring legislative ratification. 6. Projects that have remained invalid for more than 17 months from date of approval, in countries requiring legislative ratification, and, 7. Final disbursement has been extended by more than 24 months.

events occur during implementation that do not easily fit into specific time **periods**. Since the electronic system does not make a record each time a change is made, it is difficult to know whether the system has been recently updated.

5. Preparation and Review of the PPMR

2.26 Preparation and review of the PPMR does not include the participation of all of the project's stakeholders. In preparing the PPMR, the Sector Specialist will ask the executing agency for information which it has collected and will often discuss the technical aspects of the reports. However, the Specialist will not usually discuss how the project components are being rated while the project is in draft form and often does not show the final report to the executing agency. In fact, in its evaluation mission, OVE found Executing Agencies that had never **seen** a PPMR. The PPMR is primarily a Bank document for Bank staff to use, and it is not mandatory that Executing Agencies know how the specialist in the Country Office is rating their project. However, there should be a relationship of trust between the Bank and the Executing Agency, and this is not encouraged if the latter does not know what is being reported about its performance.

2.27 The Specialist completes the PPMR and submits it to the Country Representative. Within the Country Office there **are** various styles of reviewing the PPMR. The Representative or Deputy may discuss it with the Specialist singularly, or he/she may call a general meeting several times during the year to discuss the entire country portfolio. After discussion, the PPMR is transmitted to the Regional Department at Headquarters.

2.28 There is not a standard procedure for reviewing and discussing PPMRs at Headquarters. This differs from other project and country documents, such **as** Project Reports and Country Papers. These two types of reports receive considerable comment, discussion and revision by the **Borrower**, Country Office, and Headquarters before they **are** finalized. The process has the benefit of generating a substantial amount of agreement **on** the contents.

2.29 For the PPMRs, however, this agreement is not generated. These reports **are** used as needed by Headquarters staff, who, having had little (or no) input into them, regards them as necessary, if not complete, reports **on** project status. In fact, they may often try to supplement information contained in them by calling staff at the Country Office or at the Executing Agency, which has also not reviewed and commented on the document. In short, the incomplete review procedure diminishes the authority of the PPMR.

2.30 Box **2** illustrates how specialists using the PPMR overlooked important components **of** 2 different projects because they either (1) did not collect information **on** an important component of a project, or (2) did not accompany shifts in project structure during execution with **shifts** in indicators or outputs. It is interesting to note that in neither case was the fault called to the specialist's attention. **This** example supports the need **for** a more substantial review process of the PPMR.

6. Borrower Participation and Ownership

2.31 The importance of agreement between the Bank's Project **Team** and the Executing Agency staff **on** project objectives and indicators becomes clearer as project implementation progresses. In one project visited by OVE for this evaluation report (Costa Rica's Modernization of Justice Administration Project), the Bank's understanding of the project's objectives and indicators, as depicted in the PPMR, was consistent with that of the executing agency. Both parties attributed this consistency to their having worked closely together on the Logical Framework during the project's planning and start-up stages and to the training and coaching provided by the IDB.

2.32 However, when agreement on the indicators is lacking, there is also no agreement on whether the objectives had been met. This was particularly true of projects where no Logical Framework was developed during the planning stages (largely projects approved prior to **1997**) or where the Logical Framework was not well reflected in the PPMR. Moreover, many EAs have considerable experience with the intricacies of their projects, and thus are in a better position to identify project indicators.

2.33 For example, the National Project Coordinating Unit involved in a borrowing country's Basic Education Modernization Project raised concerns over the project's PPMR indicators, because it found them limiting in terms of the impact and lessons produced by the project. This project was rated **unsatisfactory** in terms of implementation progress, but according to the Deputy Representative in the CO and the Executing Agency, the project was doing much better than this rating would suggest. The objective indicators in this case contain elements related to the achievement of the project's components, not to the project's anticipated educational outcomes.

2.34 Finally, indicators **are** developed to measure the expected results of a project. However, many unexpected costs and benefits may be generated during implementation. The example of the Basic Education Modernization Program above illustrates this point. During implementation, many relationships **between** teachers, parents and students developed as well **as** new ways **of** reaching agreement on educational issues. Without proper indicators, such externalities **are** not captured, and the feeling of ownership by the Borrower and the Country Office towards the project is **diminished**.

B. Mid-Term Evaluations (MTEs)

2.35 The Mid-Term evaluation has become a monitoring instrument that: (1) gives the Borrower a strong feeling of ownership, (2) allows for thoughtful discussion of project implementation and how it can **be** improved, and (3) gives the Country Office and Headquarters a chance to coordinate Bank monitoring efforts. Although its use and content have varied by sector, the general function of **MTEs** has been to monitor some aspects **of** project implementation to determine whether or not the project is on schedule and whether or not any mid-term corrections should be made to facilitate the achievement of project objectives.

2.36 The process followed in performing **MTEs** varies depending on whether or not the components to be reviewed **are** specified in the loan document. For instance, in those cases where the loan document specifies the components to be reviewed at mid-term, the executing agency (EA) collects the appropriate data during the first half of the project's execution. When it **is** time to perform the **MTE**, the Specialist asks the EA to assemble the information into a report format. A consultant may be hired for several weeks to review particular **areas** of concern. Then the project team meets with the appropriate Ministers to discuss the findings. At the end **of** the MTE, a report **and/or** **an** aide-memoir is prepared which includes the MTE's findings, recommendations, **and** an action plan for implementing recommendations and executing the remainder of the project.

2.37 In cases where the loan document does not specify the areas for review, **CO** and **EA** staffs meet to determine which areas of the project would benefit most from a review. They develop a plan and request **HQ** input and approval. In such cases, the **EA** may assemble a team to collect information. In addition, a consultant may be hired to assist with various aspects of the assessment. The process would then continue as in the previous case.²¹

2.38 In general, Headquarters Staff, Specialists and **EA** Staff found the **MTE** to be a highly useful project-monitoring tool (See Box 3). A number of reasons were given for this favorable assessment **are** described below:

1. **MTEs** provide an important opportunity to review and discuss project strengths and weaknesses, including supervision, consultants, etc. and to find out what is happening in the Field. This is particularly important in many **Bank-funded** projects that operate in a highly decentralized manner where it is not always possible to know either what is going on in every locality, or the causes of events in different places.
2. **MTE's** can help promote better donor/stakeholder coordination. For instance, a project in Paraguay that was cofinanced by the Japanese Government (**Loans 861/OC-PR** and **862/OC-PR**) provides another example of how **MTE** recommendations can resolve certain project weaknesses. In this project, time-consuming delays were occurring because many decisions had to be made in **Tokyo**. The review provided an important opportunity for a detailed institutional review of the **EA**, acquainted the new government and staff about the project, and led to more agility in project bidding. Finally, the Japanese authorities authorized the hiring of additional staff in order to process requests faster.
3. **MTEs** also provide important opportunities to jump-start projects that **are drifting** because of both technical and political problems, such as the situation that often occurs when a project is started by one administration and given low priority in the new administration. In such cases, the procedure for the **MTE** is problem-driven: since the **MTE** does not have strict operational rules, the project team and the **EA** use the umbrella **of** the **MTE** to review and help resolve serious project problems in a flexible manner.
4. **MTEs** can serve as a review of pilot projects to identify problems, clarify concepts, and point out early lessons learned that can be applied in subsequent implementation or in the second stage of a project. This is particularly important because projects in the Bank tend to have second stages and the **MTE** provides an important lesson learning opportunity.
5. **MTEs** can make recommendations that **are** quite broad and far reaching, and are **often** implemented during the remainder **of** the project. For instance, out **of** seven recommendations made **in** the **MTE** for a project in Nicaragua, (973/SF-NI) four were fully implemented and three were partially implemented. The four that were fully implemented dealt with the **(1)** establishment of **a better** monitoring unit, **(2)** development of a methodology for monitoring and providing incentives to participating entities, **(3)** resolution of duplication efforts with a World Bank project, and **(4)** development of a system of controls to avoid losing institutional memory due to excessive changes in personnel. The ~~three~~ that were partially implemented dealt with **(1)** changing responsibilities of certain organizations connected to the project, **(2)**

²¹ Minor variations on the above may occur, for example, when HQ is planning an administrative mission and requests that the MTE be performed to coincide with that mission. A more significant variation occurs when the Bank co-finances a loan requiring an MTE with another Intermediary Financing Institution (IFI) or bilateral cooperating agency. In two such cases reviewed by OVE, the partner organization had drawn up the Terms of Reference for the Mid-Term Review and had taken the lead in sending review teams and writing the final report

training executing agency on the implications of implementing a pilot project, and (3) improving the targeting methods used to reach the project's poorest areas.

Box 3: Successful MTE Results

1. An MTE in Bolivia illustrates how the supervision team of Country Office, Headquarters and the EA, were able to resolve important political and technical problems by calling attention to the project and seeking resolution with the Vice Minister in charge of the sanitation sector. This project for a regional sanitation program (Loan 777/OC-BO and 914/SF-BO) was stalled. The project had been reformulated before the mid-term. Neither the Country Office nor the Executing Agency had monitored the project with sufficient rigor: there were some accounting questions about the mixture of disbursements between reimbursable and non-reimbursable expenses. The Vice-Minister had not been paying much attention to the project and the project manager had not been aggressive enough in pushing the project's agenda. Before the MTE took place, outside consultants were called in to review the problems listed above and to make recommendations. During the MTE, the consultant reports served as the basis for discussion. After the mid-term, the project implementation ran more smoothly. A new project manager was hired, along with a new Country Office Specialist to monitor the project. The Vice-Minister began to keep better controls over the project and many other recommendations made by the two consultants were implemented.

2. Another example is the MTE in Honduras, for which several consultants were hired to report on the implementation of an environmental project (Loans 918/SF-HO, 787/OC-HO). The evaluation and its recommendations were discussed between consultants, Bank Specialists and the Executing Agency. The program has been incorporating recommendations made in each aspect of the program including: forestry, management of protected areas, investigation and studies, environmental education and forestry development and the execution strategies have been adjusted accordingly.

3. A Micro-enterprise Global Credit Loan in Paraguay (1016A/OC-PR, 1016B/OC-PR, and 1016C/OC-PR), coordinators felt that the mid-term was a worthwhile initiative because it validated some of their own concerns and enabled them to find objective solutions. The Consultant sampled 600 of the 10,000 micro-enterprise loans and focused on 30 micro-enterprise loans for detailed case studies. The MTE report provided valuable information about the performance of both the consultant firm hired to give technical assistance to the Intermediary Financing Institutions (IFIs), and the performance of the IFIs in terms of lending operations, beneficiaries and impact of the program, and general program analysis within the context of the country's macro-economy. One of the results of the evaluation was that the Central Bank would proceed without one of the consulting firms because the evaluation revealed certain weaknesses with the company.

1. Borrower Opinion

2.39 According to Executing Agency staff, the MTE offers a more positive evaluation and monitoring experience than that of the PPMRs. It allows them to actively participate in the planning and implementation of the review, offering them the opportunity to express their views about project implementation in an informal setting. They said that the MTE offers the EA more control over the process since it is conducted in an "open manner" in which all participants agree upon conclusions and recommendations. They view the MTE as a richer project supervision activity, since it focuses more on finding solutions than on recording implementation transactions. They think the MTE has the added benefit of bringing the project team members into closer contact with each other and increasing their feeling of ownership.

2.40 Determining which of the stakeholders should pay for the MTE is the only unresolved issue cited by some Borrowers and project team members. Although the Bank sometimes finances the MTE through

its administrative budget, or through funds for the C and D Action Plan, the Borrower often pays from counterpart funds, or by authorizing extra funds for the process.²²

2.41 Most Borrowers think that the MTE should be part of the Bank's regular monitoring activities, and therefore, the Bank should cover for the costs required for conducting it. Comments were made to the effect that in as much as the MTE is one of several mechanisms by which the Bank determines whether its projects are meeting their goals; there should not be a differentiation between the MTE, the PPMR, or other supervision activities. And, since the reports prepared by consultants during the MTEs are used to inform the stakeholders how the project is progressing, this too might be considered part of the Bank's monitoring function, and should be financed through the Bank's budget.

C. Project Completion Reports (PCRs)

2.42 In 1997, Management issued new guidelines for the preparation of Project Completion Reports (PCRs). These guidelines consider the PCR as the final output of the PPMR System. The new guidelines were designed to simplify procedures by eliminating overlapping requirements and adding evaluative assessments of project performance, both on execution issues and on the probable ability of a project to achieve its developmental objectives. In addition to simplifying procedures, the guidelines were modified to obtain lessons and best practices that could be disseminated and **used for** improving future project design and implementation. OVE **assessed** the effectiveness **of** the current PCR system in 1999. This assessment consisted of a review **of** a sample of the PCRs developed under the new system, which were available at Headquarters between January 1998 and October 1999²³. Although the new Guidelines became official on June 1997 the first set of PCRs available at Headquarters for this review included twenty overdue PCRs whose last disbursement was within the 1994-96 period and **40** represented the PCRs due between October 1997 and December 1999 and received on **time**²⁴. All three regions have made efforts to clear the backlog of pending and incomplete PCRs. ROS has also made substantial advance in posting completed PCRs in the Intranet for dissemination.

2.43 As of December **2000**, all three Regions had reported progress in clearing the backlog of delayed and unreviewed PCRs for 1997, 1998 and 1999. In order to update the PCR database of **this** Report, OVE requested each Region to complete tables for each year indicating dates of receipt and review, and whether Part IV or documentation of Headquarters reviews was included in the PCR. In addition to the information provided by the Regions OVE included two additional columns indicating whether these PCRs contain the Borrower input **as** required in Part II of the Guidelines and how many of these PCRs have been posted in the Intranet by ROS (Annex III). The information provided for this update reports significant progress by Management to comply with PCR requirements.

2.44 However, while compliance is an important first step towards improving the Bank's lesson-learning process, the main reason the Bank has made many efforts to modify its processes for developing PCRs is to improve the quality and usefulness of the information derived from the system. Therefore, the analysis of the OVE review also focused on the quality of the information contained in the PCRs produced under the latest guidelines, the clarity and thoroughness of their analysis, and the relevance and applicability of the lessons **learned**. The evaluation also reviewed the usefulness of the information provided by the PCRs by determining the level of priority assigned **to** them by the Regions and the scope of their dissemination and application by project teams. Since the PCR is intended to be a participatory

²² Since data is not kept systematically on the financing of MTEs, OVE was only able to collect anecdotal information, rather than statistics on the subject.

²³ The sample was requested from ROS and each of the Regions.

²⁴ The universe of the PCRs due between October 1997 and December 1999 was determined based on FIN record for last disbursements.

activity, the assessment also took into account the level of interaction in its preparation and the use of the information provided by the Borrower/Executing Agency.

2.45 Information for this assessment was gathered from the PCRs themselves, from project files and **from** interviews of 47 individual staff members from the Bank and Executing Agencies. Among those interviewed were authors of PCRs, Sector Specialists, Deputy Representatives, Executing Agency officers, Country and Sector Division Chiefs, Project Team members and Regional Operational Support officers. The interviews focused on the identification of factors that contribute to the uneven quality of the PCRs, on their utilization, and **on** the relevance of the information provided in the PCRs. The main findings of the analysis **are** summarized below.

1. PCR Compliance and Processing Issues

2.46 The current PCRs Guidelines established changes in the procedures under which the PCRs had been prepared and reviewed with the hope that these changes will “improve the definition of responsibilities in the system and assure more effective dissemination of lessons **learned**”²⁵. The review of the sixty PCRs available at Headquarters during the period of **this** review showed an uneven review **record**.

According to the Budget Execution Report for 1999 (Document GA-177-21) only 38 PCRs were prepared during the year out of the **51** originally programmed, a ratio of 69%. For the same calendar year, Management reported executing only 8% of the amount budgeted for PCRs activities. According to the final Budget Execution Report for 2000 (GA-185-18) 47 of the 59 PCRs programmed for the year 2000 had been produced (80% of the planned number), while utilizing 3.3% of budgeted resources. ²⁷ From OVE’s review, it appears that staff time devoted to PCR production is not being reported to the PCR budget program, owing in part to an awkward interface in the Bank’s Time Recording System which makes it hard to **report** accurately on different activities during project execution. Management is working to improve **this** system, which should improve the accuracy of budget reporting in the **future**.

2.48 While the budget performance statistics indicate a significant improvement in PCR production, some confusion regarding data and definitions makes it impossible to determine with any precision the size of the backlog of overdue PCRs. The guidelines require that **PCRs** be prepared within three months of **an** operation’s final disbursement. The term “final disbursement,” however, has no single specific meaning in the Bank’s data system. There is no specific financial transaction labeled “final disbursement” and some of the disbursements toward the end of a project’s life involve advances of funds which must be justified before the transaction can be considered final. Financial accounting issues thus frequently complicate the calculation of when a project should be **seen** as “completed.” While these financial and accounting issues may have little to do with when an operation has substantively finished, the linkage of PCR production to final disbursement often delays the initiation of PCRs until the financial issues have been resolved. With no standard method for determining when the clock should start on PCR production, there is no way to definitively establish the size of the backlog of overdue reports. Management has indicated a willingness to establish **a** standardized method for dating project closure,

²⁵ Report of the Working Group on PCR Guidelines, IDB June 1997.

²⁷ **Management** indicated that budget execution figures are likely to substantially under-report staff time allocated to PCR preparation, largely **because** the PCR is considered part of the overall execution process and time devoted to PCR preparation could easily be charged to **project** execution.

which would allow unambiguous monitoring of the PCR backlog.

2.49 A second issue also deals with the lack of clear definition or standard as to what constitutes an approved PCR. In some cases, PCRs are reported as completed when they first arrive at HQs, in other cases when they are reviewed by the CRG or other review mechanism, yet in other cases when the Country Office replies to comments from HQs or updates the PCR to reflect the suggested comments. Furthermore, although the guidelines clearly state what constitutes the review of a PCR, each region has different review procedures. OVE found that PCR reviews at Headquarters range from formal CRGs with recorded minutes to less formal procedures that do not document proceedings as part of the PCR (Annex 111-I). These differences in the treatment of PCRs by the Regions might be attributed to the differences in the review procedures established in the PCR Guidelines and Procedures of June 1997 (see Section III - Annex I of the PCR Guidelines) and CO Manual sections CO-205 and CO-309 updated in January 1998. While the Guidelines stipulate that "...at least 40% of PCRs for loan operations in each Region should be reviewed by the respective CRG," the CO Manuals stipulate that "...each Regional Operations manager is responsible for tracking compliance with due dates in that Regions' area of responsibility and decides whether the PCR is to be review by the CR G, without making reference to the 40% minimum required in the Guidelines

2.50 By December 2000 most of the sixty PCRs mentioned above had documented reviews by Headquarters (whether formal CRGs or other review procedures within the Regional Departments). However, not all of them had documented these reviews in Part IV of the **PCRs**, as required by the Guidelines (see page 15 of Annex I of the PCR Guidelines). A review of the corresponding project files showed that other feedback mechanisms such as memos were used to transmit to Country Offices the review process results. However, there is no evidence of a systematic effort to incorporate these results formally into the PCR's and, thus, make them available to possible users of the PCR database being implemented by Management.

2.51 The Project Completion Report is a vital document for Bank's accountability and organizational learning process; it is the only document that the Bank now has to record a project's history since 1993, when the Borrower ex-post Evaluation (BEP) was discontinued as requested by the Borrowers. The BEP was to be filled out by the Executing Agency several years (usually three) after project execution and was to show some impact of the project. Although it was supposed to be optional, it became a regular part of Bank contractual agreements during the late 1980's and early 1990's. However, since the BEPs met only limited compliance and were of generally poor quality, the Bank discontinued them. Therefore, the PCR is a unique document for both accountability and lessons learned.

2 Quality of Analysis

2.52 While there has been improvement in the presentation and degree of completion of PCRs developed under the current Guidelines, the quality of analysis is uneven.²⁸ Some of the answers to questions in the Guidelines are imprecise or scant. However it is important to recognize that in some Country Offices, the quality of PCRs is constantly high. PCRs continue to be documents that do not thoughtfully: (1) review project history, (2) analyze events, (3) evaluate why things happened as they did, or (4) summarize in a clear and easily understood document an in-depth analysis of the lessons learned and best practices demonstrated by the project.

2.53 For instance, across sectors and countries, PCRs indicate that the most common problems are related to design issues, lack of Borrower commitment, lack of institutional capacity, difficulties in inter-

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See Annex 111 (Section A) for explanation of the methodology used to determine quality of PCRs and use of information and lessons derived from them.

agency coordination, and delays in the availability of counterpart funds. However, only ten of the sixty **PCRs** reviewed identified the causes of these problems and *drew* lessons that could be applied to other operations. Despite the Bank's strong push for more qualitative and analytical **PCRs**, most lessons reflect the symptoms rather than causes and solutions.

2.54 Part of the problem can be linked to the lack of readily available project history in the PPMR. Although the PPMR System electronically archives historical PPMRs, which **are** available to Bank staff, those also lack documentation of the project's implementation experience. **This** serious disconnect between the information required by the new PCR Guidelines, and the information that is collected and stored in the PPMR System during implementation, makes it difficult to recount project events, and has weakened the quality and comprehensiveness of analysis. This gap could be reduced if the PPMR would record major project milestones starting with the most salient lessons from the design and negotiation phase of a project to the documentation that supports the many changes made by an Specialist in the PPMR.

2.55 In fact, the lack of readily available historical project implementation data in the **Bank's** PPMR databank puts the PCR and any subsequent ex-post evaluation at disadvantage from the start. The absence of a systemic approach to project information gathering also interferes with the organizational culture of learning from lessons and can undermine the importance the **Bank** has assigned to project monitoring and evaluation.

2.56 Current PCR requirements ask for several critical evaluative judgements, the most important of which relate to the likelihood that a project will achieve its development objectives, and the likelihood that the assumptions upon which the project was based will remain valid. These **are** the same evaluative judgements asked in the PPMR System, and the current practice is to transfer the evaluative judgements made in the last PPMR to the PCR. **This** simple transfer can allow the PCR to miss the opportunity for a **final**, substantive, thoughtful assessment by Management of the project. In contrast, other multilateral financial institutions have developed guidelines for project completion reporting which call for a more comprehensive and thorough review at the end of a project.²⁹

3 Utilization of PCRs

2.57 Management has made considerable efforts to improve the systematic dissemination of lessons learned from PCRs through the Intranet. However, several Division Chiefs and project team leaders interviewed for this evaluation in March 2000 admitted that they do not regularly review PCRs, and those who do, often find that the information provided is unreliable. **A** recent update of the research data of this report shows a noticeable improvement in the review process (**see** Annex III, pages 5-13), which indicates a commitment by Management to improve the review process itself and to promote a wider **use** of the information provided by PCRs.

2.58 While PCRs that have been reviewed and accepted by the Regions **are** posted in the Intranet by ROS and lessons **are** reviewed by **OVE** in the course of its evaluation work, dissemination of lessons learned could be done more systematically. It is not clear whether the Office of Learning reviews PCRs as a matter of routine in the development of the training courses. Region 2 **has** taken steps toward making **use** of lessons from PCRs by posting them in their Web Page. While this site is now available to all Bank staff, dissemination **of** lessons learned from **PCRs** should be done by ROS in addition to posting of the PCR documents.

²⁹ For an analysis of how other institutions deal with project reporting, and a discussion of good practice standards, see: "Comparative Analysis of MDB Completion Reporting and Performance Review", The World Bank, Committee on Development Effectiveness CODE 96-77 November 12, 1996.

D. Monitoring of non-reimbursable Technical Cooperations (TCs)

1. Performance Monitoring Reporting for non-Reimbursable TCs

2.59 Non-reimbursable TCs is a key instrument widely used by the Bank in assisting its borrowing member countries in the process of project preparation and implementation and in strengthening the capacity of their institutions. While comparatively small in monetary terms - comprising about **1.2%** of loan operations in **1998**, TCs **are** quite significant in terms of numbers. On average, the Bank has approved over **250** TCs per year since **1990**, and as of April of **1999**, when research for this report was conducted there were **1,363** TC operations in execution with an original approval value of **663** million.³⁰ Currently there is between **650 - 750** Technical Cooperation Projects in execution.

2.60 With the exception of the incipient **MIF** Monitoring System, non-reimbursable TCs **are** not currently included in the Bank's Monitoring System, nor **are** they usually the subject of specific administration missions, except for a limited **number** of monitoring missions conducted by those holding responsibilities of Donor Trust Funds. The previous system's (PRUS) biannual reports used for loans and TC operations, has been discontinued and no reporting requirements have yet been established for non-reimbursable TCs. Likewise the requirement for doing Project Completion Reports is no longer required for non-reimbursable TCs and they **are** only prepared for TCs in cases where the CRG requires it as a contractual commitment.

2.61 Nonetheless, TCs **are** intended to support the following priority Bank objectives:

1. Ensure that necessary analytical and design work associated with developing the loan pipeline is carried out on a timely basis;
2. Strengthen institutions which are responsible for executing projects financed with Bank loans;
3. Support national reform efforts and related institutions important to Eighth Replenishment mandate sectors; and
4. Strengthen regional programs which address Eighth Replenishment objectives and regional integration and trade.

2.62 The complexities and different objectives of the TCs make them difficult to report in a single format. Nonetheless, the fact that TCs **are** not included in Bank's project monitoring system does not mean that they **are** not being monitored. According to results of OVE's Working Paper "Performance Monitoring Reporting for non-Reimbursable Technical Cooperation: Current Practices and Future Directions" (**WP-4/99**), a fair amount of Country Office time is spent on the monitoring of TCs (monitoring in this sense means visiting projects, talking with consultants, meeting with EA staff, rather than reporting). Sector Specialists administer, on average, between five or six TCs as well as three or four loans. Representatives in one-half of the Country Offices estimate that between **10%-30%** of a Specialist's time **per** year can be absorbed by this work, while six Representatives stated that Sectoral Specialists spend **30%** or more of their time monitoring TCs³¹. However, there is not a consistent Bank-wide approach to TC monitoring, such as a **formal** paper trail and/or electronic database, which demonstrates the results of the Country Office activities.

2.63 Under the present system, **HQ** personnel not have timely or easy access to information on TCs in

³⁰ EVO Document **WP-4/99** "Performance Monitoring Reporting for non-Reimbursable Technical Cooperation: Current Practices and Future Directions" (Page I).

³¹ Specialists reported spending an average of **36%** of their time monitoring TCs.

execution, particularly with respect to performance or progress towards the achievement of results. They either **(1)** resort to informal means of accessing information when required, or **(2)** don't look for information on TCs, because they don't have time to conduct ad hoc searches for potentially relevant information. In addition to the problems created by uneven reporting practices, HQ personnel also identified the variable quality of data on TCs that exists in the Bank's databases **as a barrier** to accessing information on TCs.

2.64 During the **EVO** study, six Representatives noted that: **(1)** the **Bank** has only a limited **idea of** TC impacts, performance or problems in execution; **(2)** Bank staff cannot adequately benefit **from** lessons being learned; and **(3)** the monitoring of TC projects is uneven and often prone to a "crisis management" approach.

2.65 ROS is planning to extend the improved PPMR system to TC operations (at least the larger ones), **so** that the format for TC, Loan, and MIF operations will be almost identical. The proposed TC system is to be initiated with a pilot project. Evidence that the Country Offices feel that **more** systematic monitoring is necessary is provided by the willingness of eighteen Representatives to participate in the pilot project on TC reporting (two Country Offices declined due to heavy workloads). It is hoped that the pilot project will produce a system that is simple, short, "user friendly" and "client oriented".

III. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

3.1 The Bank has made substantial efforts to produce a system that not only tracks projects for control, but also monitors projects for substantive issues. It now has a Project Monitoring System that is on-line and consistent for most Bank operations. In addition, it has a Unit to both, **report** on the overall findings **of** the monitoring system, and make improvements to it, when necessary. All of these **are** positive steps.

3.2 Nonetheless, the Bank's three principal project monitoring and evaluation activities still need improvement. The system produces information that is seriously constrained because of limitations on (1) the type of information that is collected and **(2)** lack of linkages between the project and other events going on in the country. The lack of strategic and supplementary information is partially a result of (1) strict adherence to the Logical Framework, which may discourage staff from reporting on important issues which were not originally anticipated; (2) failure to capture the **synergy** between various Bank strategic objectives, (3) processes which **are** too narrowly focused **on** bureaucratic events, and **(4)** decisions as to the design of the information network.

3.3 Strict adherence to the Logical Framework tends to exclude important categories of information, such as historical data about important events that occur during project implementation. In addition, other information about issues of Bank concern such **as** effects of decentralization of execution to sub-national entities, activities of civil society, etc., is not routinely collected. **Furthermore**, important externalities **of** project activities, such as unexpected benefits **are** not recorded. As a result of **this** limited information collection, the ability to analyze and collect lessons learned **is** also diminished, and the PCR, which is supposed to be a final summary of all lessons learned and project history, is often incomplete.

3.4 PPMR preparation processes **are** also incomplete. Rather than involving all of the stakeholders to both furnish information and decide upon the status of a project and necessary changes, the PPMR System is mainly a product of the Sector Specialists in the Country Offices, with little involvement and feedback from either the project team members or the Executing Agencies. The result of this **is** that the PPMR **is** not often viewed as a document that is able to encourage discussion about problems and possible corrections.

3.5 The electronic archives for the Bank's project monitoring system does not provide space for enough fields **of** information, such as project history and lessons learned. **This** has **a** negative effect on the ability of the PCR to provide a comprehensive picture of a project's development over a number of years.

3.6 Since PCRs are based on PPMRs, many of the problems of lack of information and participation carry over from one to the other. Most PCR authors have not followed the operation from the start and only joined it during its final stages. In more than one Country Office, external consultants **are** hired to perform PCRs, which in many cases requires extensive **searches** for documentation and interviews of executing agency personnel, who themselves may have changed over time. The result is a disconnect of the PCR from its intended purpose of collecting and presenting lessons learned over the project's history. All of these factors significantly compromise the value of the PCR as a **self-evaluation** exercise for the **Bank**. Current IDB practice also falls short **of** the project completion reporting guidelines developed by the Evaluation Cooperation Group of the multilateral development **banks** (see Annex IV).

3.7 All Borrowers preferred the less formal, more substantive evaluation procedures of the MTEs because its inclusive nature gives them a feeling of ownership in the project as it evolves. MTEs promote joint consultation, discussion of real-time issues, for the purpose of identifying solutions to problems in a less formalistic setting. The inclusion of all parties involved in project implementation in serious discussions of project issues makes for a more complete review of important issues affecting implementation. Although the comprehensiveness of the Mid-Term Review cannot be duplicated semi-annually, its processes of team analysis and review can serve as a model for both the PPMR and the PCR.

3.8 There seems to be little justification for not including non-reimbursable TCs in either the PPMR or the PCR System. Since monitoring should cover as much of the portfolio as is feasible. TCs are an important part of Bank operations in that they provide support to priority objectives, such as ensuring that necessary analytical and design work associated with developing and implementing aspects of loan implementation. The fact that the non-reimbursable TCs have no standard report monitoring system should be remedied. As it is now, the Bank does not know if the goals of TCs are being met. In addition, the lack of linkage in the PPMR between the TCs and the projects they are supporting compounds the difficulty of knowing the effect of the TC on project success. Although it is not cost-efficient to monitor all TCs with the same level of effort as regular Bank projects, TCs that are above a certain monetary threshold, or are of importance because of their unique nature, need careful monitoring.

3.9 Even though the Bank's PRI Department has developed an internal mechanism for monitoring its portfolio, it is of limited participation and controlled accessibility. Although there are unique characteristics of PRI operations that require privacy, the Bank's monitoring and evaluation system should be as inclusive as possible. Also no PCRs have been prepared.

3.10 It should be noted that ROS has taken important steps to correct some of the problems found in this evaluation. The following recommendations are meant to complement ROS' activities and to provide the basis for the improvement of the monitoring system.

B. Recommendations

3.1.1 Based on these findings and conclusion, OVE presents the following recommendations:

1. To improve the coherence between the Project Report and the PPMR System, Management should make sure that logical frameworks and interim indicators are detailed enough in the project report to permit its later translation into this PPMR, as part of an effective hand-off the project to the Country Office.
2. In order to increase the contextual quality and the analysis of the PPMR system, Management should ensure that the PPMR is updated in the light of changing conditions and includes a discussion of factors that may affect project outcome, including institutional aspects and sustainability. In addition the PPMR should include a special section on text-search facility for lessons learned during the execution process. Management should work on a prototype of a system with electronic links to existing on-line data bases to preserve transaction detail on all modifications made to a PPMR. Moreover the proposed system should connect the PPMR to key elements of the supervision process, such as inspection reports, loan administration missions, mid-term reports, portfolio review mission reports, etc., thus permitting easy cross-referencing and access to pertinent documents.

3. In order to improve the reliability of the information contained in the PPMRs and to provide incentives for improving the quality of the analysis, interactive discussion and review with the Executing Agency(s) and other stakeholders (beneficiaries) should be held biannually. There should also be a formal process of review in the appropriate Regional Department, a time when the contents of the PPMR can be discussed and recommendations made as to how to improve the project. Lessons derived from these reviews should be registered in the PPMR.
4. Management should develop guidelines regarding the application of standards to use when grading components of a project **so** that there is an even application of standards within and between Regions. ROS should coordinate and supervise this effort.
5. To improve the quality and accountability for PCRs, these should entail a reflective and thoughtful process that involves not only Sector Specialists, but also members of the Project Team and the Executing Agency. This process should not simply transfer the evaluative judgements of the last PPMR to the PCR, but should also represent a final self-assessment of project achievements. The dissemination of lessons from PCRs should be posted in the Intranet in order to ensure Bank wide accessibility.
6. Management should also review the principal core standards for MDB Project Completion Reporting developed by the Evaluation Cooperation Group of the multilateral development Banks (Annex IV) with a view to determining whether any modifications to the Bank's PCR guidelines are warranted in light of these standards. Management's comments on these standards could usefully be included in the next annual portfolio review report.
7. The review of PCRs at Headquarters should continue to involve the front Offices of the Regions and Division Chiefs, Project Team, Office of Learning, as well as other staff actively involved in project design and evaluation. The review process should be recorded **so** that it becomes a self-sustained document. PCRs should present lessons distilled **from** the PPMR System, and have broad applicability. In order to improve PCR quality, Management should establish appropriate incentives one of which could include highlighting best practices in PCR development to recognize superior efforts to achieve quality PCRs and timely submissions. A special effort should be made to (a) clearly define in the Guidelines a standard definition of when **an** operation is considered to have its last disbursement, (b) when should a PCR be counted and reported as completed and (c) clear the current backlog of delinquent and or **unapproved** PCRs. In this **regard**, Management should develop systems to provide effective support to address these issues.
8. Management should attempt to expand the MTE to all operations that could benefit from it.
9. Management should also:
 1. address the question **of** funding for these MTEs;
 2. create a field in the central project database with MTE dates and;
 3. link MTE *aide-mémoire* to PPMR database.
10. To ensure that the project supervision system is complete, Management should conduct a study regarding the incorporation of Private **Sector** (PRI) projects into the PPMR and PCR system used by the rest of the Bank, with such adaptations as may be required by the nature of these projects.

11. To ensure that the project supervision system is complete, Management should develop criteria for including certain non-reimbursable TCs in the PPMR system. Among key criteria to consider, at a minimum, Bank priorities and level of funding should be included. For the other TCs, a random sample for accountability can be included in the regular monitoring system.
12. Building on its ongoing training efforts, Management should provide staff at Headquarters and County Offices with the skills required to further improve the design of new operations (particularly evaluability and implementability) and the monitoring of ongoing operations. In doing so, Management would ascertain the resource implications of carrying out additional training efforts.

3.12 Management has requested OVE to make an assessment of resource implications of the recommendations listed above. Consequently, OVE has grouped the eleven Recommendations according to the level of estimated resources needed for their implementation (high, medium and low). The chart below lists the estimated level of resources assigned to each of the recommendations made below.

RECOMMENDATION	RESOURCE IMPLICATION
1	LOW
2	HIGH
3	MEDIUM
4	LOW
5	MEDIUM
6	LOW
7	LOW
8	MEDIUM
9	MEDIUM
10	HIGH
11	HIGH
12	TO BE DETERMINED BY MANAGEMENT IN TERMS OF LEVEL OF EFFORT TO PERFORM

3.13 Those recommendations assigned low resource requirement can be carried out in the **short** term without additional resources. Those recommendations assigned medium resource implication are estimated to require some moderate amount of resources and planning adjustments and their implementation should be carried in the **medium** term (say within a **year's** time). The two recommendations estimated to have a high resource implication would probably require advanced planning of additional resources required for its implementation, thus its implementation is expected in longer term (next year).

Methodology for PPMR Study

Since the PPMR is supposed to help Management, the Country Offices (COs), and the Borrowers keep better information on projects in implementation, OVE interviewed staff at Headquarters (HQs), the COs, the Executing Agencies (EAs) and project beneficiaries (where possible) on whether the PPMR System was delivering the hoped-for results. In addition to these interviews, the findings of this report are based on three field missions. The first was to Brazil, Paraguay and Uruguay. The second was to Costa Rica, Dominican Republic, Perú, and Venezuela. The third was to Barbados. Administratively, these countries fall across three Bank Regions and four Country Groups (See Table 1). Thus, they are characterized by—and chosen specifically to reflect—diversity in terms of different levels of economic and social development and by different institutional and absorptive capacities.

During the missions, the Evaluation Team conducted open-ended interviews, but directed the discussions towards how projects were being implemented and monitored, as well as to how IDB staff thought that the (new) project status reporting system was helping them to carry out their responsibilities. Respondents also told us how they thought procedures could be improved. At HQs, interviews were held primarily with those involved with setting up and implementing the IDB's new project status reporting system (ROS/PMP), with Project Team Leaders, Sector Specialists and Country Coordinators from the Regions, as well as with the Office of Learning.

As project execution has become more of a “shared effort” various stakeholders have different monitoring needs. To maximize the usefulness of project reporting the reporting system should meet the individual information needs and scope of authority of all parties involved with IDB projects. For example:

- 9 **Executing Agencies** are concerned with project component implementation as well as with collecting information for their governments.
- **Country Office Staff** need to maintain data regarding administrative parameters (i.e., contractual compliance, disbursement requests) as well as project input, risk factors and output and;
- **Headquarters** needs information on development impact and outcome to ensure that individual projects are progressing well. In addition, project information gives indications as to whether the IDB's portfolio, at the sector and country levels is meeting its objectives.

Given this perspective, the evaluation team asked respondents at the project team, country coordination and sector specialist levels what their monitoring needs were, how they met these needs and to what degree they felt their monitoring needs were being met by recent IDB initiatives.

Table 1: Countries by “Country Group” and Regional Responsibility

Region	Country Division	Country Group A	Country Group B	Country Group C	Country Group D
RE1	OD1	Brazil		Uruguay	Paraguay
RE2	OD3	—	—	Costa Rica	—
	OD4	—	—	Dom. Rep.	—
RE3	OD5	Venezuela	Peru	Barbados	—

We also selected twenty-two projects to visit (Annex 2, Table 2), on these missions in order to compare the information contained in the PPMRs with the actual projects in the field. Such knowledge was helpful in judging whether the information contained in the PPMR was accurate and sufficiently detailed to inform HQs of actual project status and whether action should be taken. In addition, although it is not the purpose of the PPMR, this project status document is one of the few Bank instruments that can reveal valuable lessons from every project.

Therefore, **we** were interested in reviewing whether lessons **are** being recorded, or whether the Bank needs another instrument for retaining valuable experience.

The twenty-two projects were chosen for their diversity. The differences between projects included:

1. **Budgets:** Total current project budgets vary (They run from 16 to 500 million);
2. **Ages and Stage of Execution:** Eight projects were approved between 1994-1995, thirteen between 1990-1993, although eight of these were not eligible for disbursement until at least 1994. The earliest project was approved in 1986;
3. **IDB Priorities:** The sample reflects a mix of older and newer IDB priorities (five projects deal with Agricultural production or Rural Development; five are in Water Supply and Sanitation; nine are in the Social Sectors - Health, Education and Community Development; and three involve Modernization of the State and Land Titling;
4. **Project Complexity:** Many projects involve several components. In addition, because of their support for decentralization, projects may involve more than one executor, operating at different levels of government; and,
5. **Project Ratings:** According to the PPMRs the projects are rated quite differently in terms of implementation progress, assumptions and potential to realize their objectives.

In-depth analysis of individual projects **was** not undertaken, but rather, the projects were used **as** a "window" to observe and elicit more general comments **on** the **nature** of the IDB's monitoring practices. As such, while the sample projects were essentially investment loans, interviewees also raised issues related to the monitoring **of** other operations, including sector loans **and** private sector operations.

Because the original sample included projects that were either developed before the logical framework methodology became obligatory in the Bank, or when the methodology **was being** newly implemented, OVE added to its original sample a group of nine PPMRs from projects that OVE has recently reviewed while conducting country program and sector evaluations. These nine projects date from June 1996/September 1998 and **are** all presently in execution.

Table 2: First Project Sample for the PPMR Study

COUNTRY	PROJECT	LOAN	PROJECT MODALITY	APPROVAL	CURRENT COST (MILLION)*
Costa Rica	Arenal Tempisque Irrigation Project - Stage II Urban Potable Water Supply and Rehabilitation Modernization of the Administration of Justice	CR-0039	Investment	1986	40.8
		CR-0117	Investment	1991	69.9
		CR-0073	Investment	1995	16.0
Brazil	Social Action Program in Sanitation Strengthening the Ministry of Foreign Affairs Rio de Janeiro Urban Upgrading Program	BR-0067	Investment	1991	500.0
		BR-0166	Tech. Coop.	1994	20.0
		BR-0182	Investment	1995	300.0
Dominican Republic	Basic Education Improvement Program Agricultural Development, Rio San Juan Area Promotion for Community Initiatives	DR-0122	Investment	1991	50.0
		DR-0019	Investment	1993	60.0
		DR-0079	Investment	1994	33.3
Peru	Program to Strengthen Health Services Support for the Basic Sanitation Sector Land Titling and Registration Project	PE-0030	Investment	1993	98.0
		PE-0032	Investment	1994	200.0
		PE-0037	Investment	1995	36.5
Paraguay	Rural Colony Consolidation Social Investment Program	PR-0083	Investment	1992	62.3
		PR-0075	Investment	1995	23.0
Uruguay	Housing Sector Support Program National Potable-Water and Sewerage Program I Social Areas Strengthening	UR-0036	Investment	1992	73.0
		UR-0092	Investment	1993	67.2
		UR-0087	Investment	1994	42.5
Venezuela	Agricultural Technology Development, Stage II Agriculture Sector Investment Program Basic Educ. Modernization/Strengthening Prog.	VE-0066	Investment	1992	85.0
		VE-0076	Investment	1992	351.2
		VE-0090	Investment	1993	250.0
Barbados	Primary Education Project South Coast Sewerage System	BA-0017	Investment	1992	11.6
		BA-0036	Investment	1992	51.2

Source: *Project Performance Monitoring Reports* as of August 24, 1998.

* Total Costs (less any cancellations).

The evaluation is also based **on** a review of IDB documents pertaining to **the** sample projects and countries visited, **as well as those** related to changes in IDB evaluation and monitoring policies and procedures **over** the past ten years. Primary sources of published information include: **project** documents; PPMRs, IDB Manuals and Reports.

Table 3: The Second Project Sample for the PPMR Study

COUNTRY	PROJECT	LOAN	PROJECT MODALITY	APPROVAL	CURRENT COST IN US\$
Argentina	Care for Children and Adolescents at Risk	AR-O198	Investment	July 1998	20,000,000
Argentina	Care for Vulnerable Groups: Support for Indigenous Population component	AR-0161	Investment and Technical Coop.	July 1997	33,000,000
Haiti	Potable Water and Sanitation Sector Reform and Investment Program	HA-0014	Investment	Aug. 1998	54,000,000
Haiti	Basic Education Project	HA-0038	Investment	Sept. 1998	19,400,000
Peru	Care and Development of Children Below Three	PE-0167	Investment	Nov. 1998	28,800,000
Peru	Modernization of Judicial Administration	PE-0126	Investment	Nov. 1997	11,492,774
Trinidad and Tobago	National Highway Program	TT-0043	Investment	June 1996	120,000,000
Trinidad and Tobago	Health Sector Reform Program	IT-0024	Investment	July 1996	34,000,000
Trinidad and Tobago	Community Development Fund	TT-0011	Investment	July 1996	28,000,000

Argentina: Summary of Findings of the Review of the More Recent PPMRs

ARTICLE	QUESTION NO. 1	QUESTION NO. 1	QUESTION NO. 3	QUESTION NO. 4
	Does the PPMR reflect the objectives, indicators, means of verification and assumptions contained in the logical framework included in the project report? Explain.	Does the PPMR give an adequate analysis of project events in terms of: 1. Project history 2. Current circumstances in the country or other outside events affecting project 3. Explain	1. Does the Project mention more than one Executing Agency if there is one. 2. Does it mention TC operations connected to the project? 3. Does it mention sustainability, decentralization, procurement, or other issues that might effect project implementation?	As far as you can tell, 1. Have the parameters of the PPMR been changed to reflect changing circumstances of implementation? 2. Have the indicators been changed? 3. Have the assumptions been changed? 4. Can you track these changes through past PPMRs which are not available on-line?
AR-O198 Loan 1008/SF-AR, 1111/OC-AR Care for Children and Adolescents at Risk Approval Date: July 1998	The purpose of the project is included in the PPMR. However, under "Outputs" (Activities in the LF) a lot of objectives are missing, so it is hard to determine which indicators are associated with which outputs.	1. There is no Project History in the PPMR except that the program design recognizes the lessons learned in an earlier TC operation.	1. The PPMR makes no mention of sustainability, which in fact, is now endangered in earlier sub-projects because the TC which funded them is no longer funding the ONGs which supported the sub-projects.	1. The PPMR does mention the fact that sub-national governments have indicated that they will be willing to pick up expenses (one of the assumptions). This has, in fact, not happened.
AR-O161 Loan 1021/OC-AR, 996/SF-AR Care for Vulnerable Groups: Support for Indigenous Population component Approval Date: July 1997	This component is included in the log-frame, but not included in the PPMR (perhaps because it is funded by a TC)	There is no history of this sub-component in the PPMR.	PPMR reports that there are no funds for Mid-term evaluation. In addition, reports that funds have not been budgeted for 2001.	Parameters of PPMR have not been changed

Haiti: Summary of Findings of the Review of the More Recent PPMRs

PPMR	QUESTION NO. 1	QUESTION NO. 2	QUESTION NO. 3	QUESTION NO. 4
HA-0014 Approval Date: August 1998	Does the PPMR reflect the objectives, indicators, means of verification and assumptions contained in the logical framework included in the project report? Explain.	Does the PPMR give an adequate analysis of project events in terms of: 1. Project History. 2. Current circumstances in the country or other outside events affecting project. 3. Explain	1. Does the Project mention more than one Executing Agency if there is one. 2. Does it mention TC operations connected to the project? 3. Does it mention sustainability, decentralization, procurement, or other issues that might effect project implementation?	As far as you can tell: 1. Have the parameters of the PPMR been changed to reflect changing circumstances of implementation? 2. Have the indicators been changed? 3. Have the assumptions been changed? 4. Can you track these changes through past PPMRs which are not available on-line?
POTABLE WATER and Sanitation Sector Reform and Investment Program	The Project Report does not have a complete Logical Framework but does have a table of very detailed and complete Benchmarks. The assessment of Risks of the Project, which is very good, can also be used to distill the assumptions implicit in its success. The PPMR reflects some of the Benchmarks and some of the assumptions (as presented in the risks). But its presentation of component/ output indicators seems muddled.	1. The PPMR gives an adequate analysis in terms of project history. 2. Current circumstances in the country. 3. The PPMR gives a somewhat satisfactory analysis of the current events affecting the project; as a consequence it gives the project an "IP summary" unsatisfactory classification, as it had not been ratified by the Haitian Parliament till last month. This has happened with all the projects the Bank approved for Haiti since around 1997. The project was finally approved by the Parliament last month, just before Aristide's Second Presidential Inauguration.	1. No. 2. Yes. An operation to help develop the legal/institutional framework for the sector, to give training and to strengthen environmental management capacities of GOH. 3. Sustainability is at the core of the project risk assessment and decentralization is involved in the strategy to solve this, but the project does not use these words explicitly (as far as I could see). The project also mentions procurement issues. It is too early to say anything about how these issues are treated in the PPMR, as the project has not been executed yet (But see general comment below).	1. Not applicable: project has not even started to execute. 2. Idem 3. Do not know. 4. Do not know.

General Comment: The project gives the aggregate assumptions classification a "High probability". It also gives the achievement of development objectives a "Probable" classification. These ratings puzzle me, as the project has been bogged down by institutional incapacity at the highest level (Presidency, Prime Ministry and Parliament). And things are not better at lower levels (except perhaps at the lowest of base organizations when they are empowered, as the project wants to do and as has been shown by a French NGO working on water projects, in the Port-au-Prince slums, by means of empowering and involving the community of slum dwellers.

Haiti: Summary of Findings of the Review of the More Recent PPMRs

PPMR	QUESTION NO. 1	QUESTION NO. 2	QUESTION NO. 3	QUESTION NO. 4
HA-0038	Does the PPMR reflect the objectives, indicators, means of verification and assumptions contained in the logical framework included in the project report? Explain.	Does the PPMR give an adequate analysis of project events in terms of: 1. Project History 2. Current circumstances in the country or other outside events affecting project 3. Explain	1. Does the Project mention more than one Executing Agency if there is one. 2. Does it mention TC operations connected to the project? 3. Does it mention sustainability, decentralization, procurement, or other issues that might effect project implementation?	As far as you can tell: 1. Have the parameters of the PPMR been changed to reflect changing circumstances of implementation? 2. Have the indicators been changed? 3. Have the assumptions been changed?
<p>PROJETS D'EDUCATION</p> <p>PROJET</p> <p>APPROVAL DATE: SEPTEMBER 1998</p>	<p>1. The Framework (LF) is too detailed and uses obscure and abstruse language which does not always reflect what the text of the project document presents (a straightforward project of some facilities rehabilitation, teacher training, school materials and decentralization of education system management). The PPMR attempts to reflect the LM in simplified form with limited success. The PPMR mentions many means of verification from the LF but not all, since there are too many.</p> <p>2. The PPMR reflects only a few of the assumptions in the Loan Proposal, although it seems to have quite a lot of its own.</p>	<p>1. The PPMR gives an adequate analysis in terms of point 2 above "current circumstances in the country".</p> <p>2. The PPMR gives a somewhat satisfactory analysis of the current events affecting the project. The project had not been ratified by the Haitian Parliament until February 2001 and this is narrated in the PPMR. This has happened with all the projects that IDB has approved for Haiti since around 1997. The project was finally approved by the Parliament in February 2001, just before Aristide's Second Presidential Inauguration.</p>	<p>1. Here seems to be two, but only one is mentioned as the official executing agency NO.</p> <p>2. The word Sustainability is used, but the issue of sustainability is not really tackled by the Proposal Document. The project document includes the standard procurement paragraph. It is too early to say anything about how all these issues are treated in the PPMR, as the project has not been executed yet.</p>	<p>1. Can you track these changes through past PPMRs which are not available on-line?</p> <p>2. Not applicable: project has not even started to execute.</p> <p>3. Idem.</p>

General Comment: The project gives achievement of development objectives a "Probable" classification. Don't know what the choice is but if it is probable/improbable, then the classification is understandable albeit not very satisfactory as an element of information on the progress (or lack thereof) to the project. Perhaps this binary classifications should be changed by some sort of subjective probability assessment (i.e., a system of 5 possible states of success: Probabilities of success of 0, .2, .4, .6, .8 of 1, or something like that...)

PERU: Summary of Findings of the Review of the More Recent PPMRs

PPMR	QUESTION NO. 1	QUESTION	QUESTION NO. 3	QUESTION NO. 4
	Does the PPMR reflect the objectives, indicators, means of verification and assumptions contained in the logical framework included in the project report? Explain.	Does the PPMR give an adequate analysis of project events in terms of: 1. Project History. 2. Current circumstances in the country or other outside events affecting project. 3. Explain.	1. Does the Project mention more than one Executing Agency if there is one. 2. Does it mention TC operations connected to the project? 3. Does it mention sustainability, decentralization, procurement, or other issues that might effect project implementation?	As far as you can tell, 1. Have the parameters of the PPMR been changed to reflect changing circumstances of implementation? 2. Have the indicators been changed? 3. Have the assumptions been changed? 4. Can you track these changes through past PPMRs which are not available on-line?
PE-0167 1144/OC-PE. Care and Development of Children Below Three. Date of Approval: Nov. 1998	The objective is translated from the log-frame in the Project Report to the PPMR. However, the other parts of the PPMR do not translate the logical framework into similar parameters. Rather, the component/outputs are different and the performance indicators are different.	Although the PPMR lists project components as mostly satisfactory (1 out of 6 components is classified as unsatisfactory), the project has in fact been almost cut in half because of lack of counterpart funds. Although this is noted in the text, it does not seem to have affected the ratings.	The PPMR does not talk about sustainability (which is a major problem).	The PPMR says that the GOP has prioritized the implementation of policy to alleviate poverty and community participation. Since the project's funding has been drastically cut, this is a questionable statement. In addition, it does not say that the goal of the project, which was originally to reach 55,000 children during 2000, has been changed to 25,000 because of budget cuts.
PE-0126 Modernization of Judicial Administration Date of Approval: Nov. 1997	Development results are quite explicit, with good indicators, however no reporting on progress on substantive goals (e.g. Judicial productivity, access to justice), instead focus is only on number of centers built.	Good narrative section on how external events has had a major negative impact on the project.	Conflicts between different organization in the judicial sector is mentioned as principal cause of project's problems. No TCs were associated with project.	PPMR continues to show "probable" in likelihood of achieving goals, even though the program has "unsatisfactory" implementation progress, the Congress has abolished the entity responsible for judicial system reform, and both the value of the loan and the number of centers to be financed has been cut in half. Good narrative on project's problems not reflected in summary judgement.

Trinidad and Tobago: Summary of Findings of the Review of the More Recent PPMRs

QUESTION NO. 1	QUESTION NO. 2	QUESTION NO. 3	QUESTION NO. 4
<p>Does the PPMR reflect the objectives, indicators, means of verification and assumptions contained in the logical framework included in the project report? Explain.</p>	<p>Does the PPMR give an adequate analysis of project events in terms of:</p> <ol style="list-style-type: none"> 1. Project History. 2. Current circumstances in the country or other outside events affecting project. 3. Explain 	<ol style="list-style-type: none"> 1. Does the Project mention more than one Executing Agency if there is one. 2. Does it mention TC operations connected to the project? 3. Does it mention sustainability, decentralization, procurement, or other issues that might effect project implementation? 	<p>As far as you can tell:</p> <ol style="list-style-type: none"> 1. Have the parameters of the PPMR been changed to reflect changing circumstances of implementation? 2. Have the indicators been changed? 3. Have the assumptions been changed? 4. Can you track these changes through past PPMRs which are not available on-line?
<p>Goal: Support the economy's diversification reducing transportation costs;</p> <p>Purpose: Improve Road Services by reducing overall transportation costs, and</p> <p>Indicators (total of 5) were correctly reflected on the PPMRs. The means of verification and assumptions from the logical framework were not reflected entirely on the PPMRs</p>	<ol style="list-style-type: none"> 1. This Project has a very slow pace of disbursements. The six PPMRs give a partial analysis of the project history mainly due to the complexity and vast number of problems affecting the project's execution. Implementation progress went from "SATISFACTORY" to "UNSATISFACTORY" over the six PPMRs, but Development Objectives remained "PROBABLE" through all the six PPMRs. 2. The most relevant external factor is political opposition from the Labor Unions and the opposition of the Tobago House of Assembly to the contracting out system. The latter was not clearly indicated in PPMR 	<ol style="list-style-type: none"> 1. Only one Executing Agency Ministry of Works and Transportation. 2. There is only one reference to TC ATN/SF-4797 in connection to the project. 3. The PPMR does go into some detail on the problems of the project under the different outputs. 	<p>We looked at six PPMRs.</p> <p>First one was when project was signed and little was said in it. PPMR gradually began to say more of the problems. It did reflect circumstances of implementation.</p> <p>Assumptions remained the same throughout the six PPMRs.</p>

General Comment: Overall the rate of the six PPMRs are partially good in telling a story on this project. It does itemize the problems that were occurring (although it fails to clarify some issues) and it does provide updates where progress was being made.

Trinidad and Tobago: Summary of Findings of the Review of the More Recent PPMRs

PPPMR	QUESTION NO. 1	QUESTION NO. 2	QUESTION NO. 3	QUESTION NO. 4
TT0024 937/OC PR-2131 AT-824/90 Approval Date: Oct. 1996 US \$134M	Does the PPMR reflect the objectives, indicators, means of verification and assumptions contained in the logical framework included in the project report? Explain.	Does the PPMR give an adequate analysis of project events in terms of: 1. Project History. 2. Current circumstances in the country or other outside events affecting project. 3. Explain	1. Does the Project mention more than one Executing Agency if there is one. 2. Does it mention TC operations connected to the project? 3. Does it mention sustainability, decentralization, procurement, or other issues that might effect project implementation?	As far as you can tell: 1. Have the parameters of the PPMR been changed to reflect changing circumstances of implementation? 2. Have the indicators been changed? 3. Have the assumptions been changed? 4. Can you track these changes through past PPMRs which are not available on-line?
Health Sector Reform Program Approval Date: July 1996	<p>➤ Goal: Improve Health status of population.</p> <p>➤ Purpose: Achieve greater efficiency, equity, sustainability and quality of public and private health services through six operational components.</p> <p>➤ Logframe elaborated on this by listing five specific objectives with indicators, outputs and activities.</p> <p>➤ PPMR altered and expanded somewhat these five into 6 adding slightly different and one new components.</p>	<p>1. This project moved very slowly going from 1.6% disbursed in Dec. 1997 to 15.4% in June 2000.</p> <p>2. The six PPMRs do give an adequate analysis of project history but given the complexity of this project, it is still somewhat confusing. Implement progress went from "Unsatisfactory" to "Very Unsatisfactory" over the six PPMRs and DO from "Probable" to "Low Probable".</p> <p>3. The most relevant external factor is political support but it is not clearly indicated in PPMR.</p>	<p>1. Only one Executing Agency – Ministry of Housing does mention thin technical and managerial capability.</p> <p>2. There was a TC activity in 1990 as part of project preparation. It was completed and PPMR did not mention it. The PPMR does go into some detail on the problems of the project under the different outputs.</p> <p>3. This is a very complex project – difficult even in a PPMR to get a clear picture of what it is trying to do.</p>	<p>We looked at six PPMRs.</p> <p>1. First one was when project was declared eligible and little was said in it. PPMR gradually began to say more of the problems. It did reflect circumstances of implementation.</p> <p>2. Assumptions remained the same throughout the six PPMRs.</p>

General Comments: Overall the rate of the six PPMRs are fairly good in telling a story on this project. It does itemize the problems that were occurring and it does provide updates where progress was being made.

Trinidad and Tobago: Summary of Findings of the Review of the More Recent PPMRs

PPPMR	QUESTION NO. 1	QUESTION NO. 2	QUESTION NO. 3	QUESTION NO. 4
TT-0011 872/OC	Does the PPMR reflect the objectives, indicators, means of verification and assumptions contained in the logical framework included in the project report? Explain.	Does the PPMR give an adequate analysis of project events in terms of: 1. Project History 2. Current circumstances in the country or other outside events affecting project 3. Explain.	1. Does the Project mention more than one Executing Agency if there is one 2. Does it mention TC operations connected to the project? 3. Does it mention sustainability, decentralization, procurement, or other issues that might effect project implementation?	As far as you can tell, 1. Have the parameters of the PPMR been changed to reflect changing circumstances of implementation? 2. Have the indicators been changed? 3. Have the assumptions been changed? 4. Can you track these changes through past PPMRs which are not available on-line?
COMMUNITY DEVELOPMENT FUND APPROVAL DATE: JULY 1996	<p>➤ Objectives: Assist the Government of Trinidad and Tobago in efforts to deliver Social Services efficiently to the poor and vulnerable population during time of economic adjustment and reform. Specifically :</p> <p>a. Establish efficient complementary mechanism for delivering basic social services and infra-structure to the poor using NGOs and community based organizations (CBOs);</p> <p>b. Strengthen institutional capacity of NGOs and CBOs; and</p> <p>c. Increase beneficiary participation in poverty reduction activities. A logframe was not prepared for the project. Instead a Table of Indicators of the impact of the CDF Program was prepared including</p> <p>d. impact on beneficiaries; B) institutional impact;</p> <p>e. efficiency and role of executing agencies.</p> <p>First two PPMRs listed one overall objective and 3 components as indicators, but next ones (Dec. 98 and after) expanded on the objective to include the 3 components.</p>	<p>1. First PPMR briefly described why project was falling behind. Later elaborated on NGO/CBO progress. Different NGOs/CBOs performed differently some satisfactory and one VU.</p> <p>2. Events and circumstances affecting project were updated in new PPMRs.</p>	<p>1. The Executing Agency was the Ministry of Planning and Finance through CDF secretariat, a semi-autonomous unit to be established. Project identified four subprograms by NGO/CBOs for execution. A condition of the loan was that agreements were signed by these four.</p> <p>2. They were to take the bulk of the funds. A TC for \$150,000 was approved in August 1994 before the project was approved. Unable to find any mention of it in Project Document.</p> <p>3. The project listed as risks - delay in institutional consolidation, limited demand for resources from CDF, and different demand levels from final users two of three of these risks were realized.</p>	<p>1. Yes the PPMRs have been gradually expanded to discuss the problems of implementation of the different components and NGOs.</p> <p>2. Indicators were changed in the December 1998 PPMR and kept thereafter.</p> <p>3. Assumptions have remained the same. Yes you can track the changes and progress of the CDF over the seven PPMRs.</p>

Methodology for Mid-Term Evaluation Report

To **begin the** evaluation **of** the MTEs, OVE made a list **of** all projects approved **between** 1993 and 1998 that contained MTE clauses. OVE then reviewed whether the MTE had **been** conducted. Finally, OVE visited 13 **borrowing** member countries to discuss the process **and** implementation **of** the MTEs with both country office staff and Executing Agency staff. We also discussed the mid-term evaluation with Headquarters staff who had been involved in the process.

Table 1: List **of** approved Projects
with MTE Clauses **(1993-1998)**

Country	Projects
Bolivia	BO-0034 BO-0107 BO-0125 BO-0133 BO-0028
Brazil	BR-0164 BR-0182 BR-0204
El Salvador	PR-2059 PR-2113
Guatemala	GU-0017 GU-0099
Honduras	HO-0113 HO-0035 HO-0028
Nicaragua	NI-0065 NI-0087 NI-0092 NI-0065
Mexico	ME-0041 ME-0170 ME-0051 ME-0187 ME-0186
Guyana	GY-0047 GY-0006
Panama	PR-2191 PR-1968
Peru	PE-0030 PE-0037 PE-0112
Paraguay	PR-2199 PR-0064
Trinidad/Tobago	TT-0011 TT-0021 TC-94-05-35-0
Uruguay	UR-0111 UR-0092 UR-0018

Methodology and Data for the PCR Review

OBJECTIVE:

This evaluation focused on the relevance and the usefulness of the information generated by PCRs produced under the new Guidelines for improving future project design and management, and on the sustainability of Bank-financed operations after final disbursement.

RATIONALE:

The Project Completion Report is a pivotal component of the Bank's Evaluation System; it is the only instrument that allows for a joint--Bank/Borrower--assessment of the execution phase of a Bank-financed operation. It should provide useful lessons for improving future project designs, project management and sustainability of outputs. **This** assessment was not intended as a mere compliance review, but it focused on the usefulness of the instrument as intended by the guidelines and the quality of the information generated.

METHODOLOGY:

This evaluation was based on the review of sixty PCRs produced under the new Guidelines and submitted to Headquarters by October 1, 1999. The **First** Phase of the study consisted of a review of each of these PCRs to determine the quality of the information produced and the application of the new Guidelines and its requirements.

A. Research at Headquarters

The review at Headquarters focused on the following two issues:

1. Quality of the PCRs

The review of the sixty PCRs focused on the quality of the information contained in these **PCRs**, specifically, their comprehensiveness, the clarity **and** thoroughness of their analysis, and the relevance and applicability of the lessons learned. The review also focused on the usefulness of the information provided by the PCRs by determining the level of priority assigned to them by the Regions and the scope of their dissemination and application by project teams. Since the PCR is intended to be a participatory activity, the assessment also took into account the level of participation in its preparation and the use of the information provided by the Borrower/Executing Agency.

Each PCR was rated based on **this** criteria, because not all the selected indicators **are** equally important, relative **weights** were assigned to each indicators to reflect the assigned level of importance and priority assigned to it. A scale of 1 - 3, where 1 represented a very **good** PCR, a 2 a **good** PCR and 3 a **poor** PCR, was developed to reflect the different the different level of performance.

2. Use of Information from PCRs

The analysis focused on the relevance of the information from PCRs generated by these guidelines and on whether or not the information is reviewed, disseminated and applied to **improve** the design and implementation of **future** projects, **borrower** project management performance, and sustainability of **results** of Bank-financed operations after final disbursement.

In order to determine the use of information and lessons from these PCRs in the design of **future** projects and their corresponding implementation plans, 47 interviews were conducted. Among those interviewed were some of the authors of PCRs, sector specialists, deputy representatives, executing agency staff, county and sector division chiefs, and regional operational **support** officers. These interviews focused on the identification of factors that contribute to the uneven quality of the PCRs **and** to the apparent lack of interest by project design teams and Bank management to make use of the information provided in the PCRs.

B. FIELD RESEARCH

The Second Phase of the study consisted of Field research and interviews with Bank and Executing Unit staff responsible for the preparation of the PCRs selected for the evaluation. Countries were selected based on the number of PCRs submitted during the period under review with careful consideration for regional representation and Borrower.

C. ANALYSIS AND DRAFTING REPORT

The Third Phase of the study consisted of research analysis and drafting of the report. The analysis analyzed the information gathered from Headquarters through interviews with project teams, CRG members, ROS, and Division Chiefs. These interviews focused on the PCR review and feedback process with special emphasis on the application of lessons learned from the PCRs by project programmers.

D. EVALUATION SAMPLE

The selection of the PCRs to be included in this evaluation was made based on the identification of all projects that had to present PCRs three months after the final disbursement on record as of January 1, 1998. Under these criteria there should have been ninety-one submitted to Headquarters between January 1, 1998 and October 30, 1999. However, OVE was only able to find the following sixty PCRs by the cut-off date.

COUNTRY	LOAN	PROJECT	DESCRIPTION
ARGENTINA	AR-0045 AR-0053 AR-0055 AR-0059 AR-0213 AR-0062 AR-0201 AR-0069 AR-0214 AR-0187 AR-0189	516/OC-AR 682/OC-AR 798/OC-AR 733/OC-AR 643/OC/867/SF 816/OC/925/SF 961/OC-AR 740/OC AR 618/OC AR 865/OC-AR 871/OC-AR	Rehabilitation of the Health Infrastructure Reform Electricity Sector Public Enterprises Multisectorial Credit Investment Sector Loan Program Global Credit for Micro and Small Enterprises Prog. Apoyo a la Reconversión Productiva Provincial Pension Adjustment Reform Program Reinvestment Reinvestment Program Modernization the Agriculture Sector Privatization of Provincial Banks Prog. Sect. Apoyo Ajuste Fiscal y Reformas Sociales
BOLIVIA	BO-0052	880/SF-BO	Consolidación Sistema Nacional de Inversiones
BRAZIL	BR-0071 BR-0197 BR-0197 BR-0058 BR-0057 BR-0196 BR-0078 BR-0186 BR-0236	526/OC/814/SF 722/OC 722/OC 866/SF/642/OC 865/SF/641/OC 772/OC 883SF 695/OC-BR/892/SF-BR BR-0236	Sist. Agua Potable y Alcantarillado de Brasilia Corredores de Transporte Estado de Paraná Corredores de Transporte Estado de Paraná Programa Vial Estado de Pernambuco Programa Vial Estado de Espírito Santo Corredores Viales Estado de Bahia Prog. Apoio ao Fundo Nac. Médio Ambiente I Saneamiento de Fortaleza Programa de Irrigación del Nordeste
Chile	CH-0032	771/OC-CH	Prog. Vivienda Progresiva y Mejor. Barrios
Colombia	CO-0037 CO-0084 CO-0186	791/OC-CO 662/OC-CO 608/OC-CO	Programa Global de Cddito a la Microempresa Public Sector Reform Prog. Inversiones para el Desarrollo Rural

Costa Rica	CR-0110 CR-0016	196/IC-CR 701/OC-CR	Desarrollo Agroindustrial de Coto Sur Programa Global de Crédito para la Microempresa y la Pequeña Empresa
Dominican Republic	DR-0067 DR-0115	172/IC-DR 221/IC-DR	Rompeolas Puerto Haina Programa Global de Desarrollo Turístico
Ecuador	EC-0142 EC-0128 EC-0110 EC-0149 EC-0122 EC-0152	850/OC-EC 792/SF-EC 851/SF/824/SF- 566/OC-EC 808/SF-EC 723/OC-EC	Debt Service Reduction Program Programa Mejoramiento de Educación Técnica Programa de Crédito a La Microempresa Manejo y Conserv. Cuenca del Río Paute Programa de Reforestación de la Sierra Central Programa Vial Nacional
Guyana	GY-0028	822/SF-GY	Health Care II
Haiti	HA-0022 HA-023/ HA-0077	784/SF-HA ATN/SF-2663 631/SF-HA 794/SF-HA	Etapas II Prog. Puestos Comunales de Higiene y de Agua Potable Rural Integrated Regional Development of Asile
Honduras	HO-0027 HO-0039 HO-0040 HO-0041 HO-0051 HO-044/ HO-0112 HO-0098	737/OC-HO 849/OC-HO 668/OC-HO/875-SF-HO 799/SF-HO 889/SF-HO 645/OC-HO/868/SF- HO/937/SF-HO 791-SF-HO	Agriculture Sector Loan II Proy. de Saneam. y Vías Urb San Pedro Sula Programa Rehabilitación Mejoramiento y Conservación de la Red Vial Rehabilitación, Mejoras y Ampliación del Sistema de Agua Potable de Tegucigalpa Prog. Fondo Hondureño de Inversión Social Programa Híbrido del Sector Energía: Componente de Ajuste Sectorial Prog. Term. y Puesta en Marcha Hospitales
Jamaica	JA-0030	81USF-JA 59/OC-JA	Land Titling Program
Mexico	ME-0033 ME-0042 ME-0116 ME-0138 ME-0152	652/OC-ME 752/OC-ME 591/OC-ME 603/OC-ME 693/OC-ME	Programa de Inversiones en Riego y Drenaje Programa de Mejoramiento y Modernización de Alimentadoras y Caminos Rurales Inversiones Sector Eléctrico Agua Potable y Alcantarillado de Monterrey IV Programa Global de Crédito para La Mediana y Pequeña Empresa
Panama	PN-0018 PN-0021 PN-0090	688/OC-PN 690/OC-PN 689/OC-PN 90/IC-PN 673/SF-PN 203/IC-PN	Programa de Reforma de las Empresas Públicas Acueductos Rurales y Alcantarillados de Centros Urbanos Menores, IV Etapa Programa de Desarrollo de la Universidad de Panamá
Peru	PE-0035 PE-0113 PE-0112	958/SF-PE 852/OC-PE 806/OC-PE	Programa Global de Crédito para la Microempresa Programa Global de Crédito Multisectorial Fondo Nacional de Compensación y Desarrollo Social
Uruguay	UR-0063 UR-0070	705/OC-UR 509/OC-UR	Crédito Global Multisectorial Programa Desarrollo Municipal II Etapa
Venezuela	VE-0041 VE-0063	569/OC-VE	IC Reforma y Modernización Tributaria

Loans with Last Disbursement in 1997 - Region 1

Loan Number	Last Disbursement Date	Expected PCR Submission Date	Actual PCR Submission Date	CRG Date	Part II Yes or No	Part IV or Acta Yes or no	Posted in ROS/Intranet Yes or No
643/OC-AR	04/07/98	N/A	11/07/98	12/04/98	Y	N	Y
684/OC-AR	03/30/98		02/10/98	06/26/98			N
762/OC-AR			FPP*				
798/OC-AR	03/21/98		11/07/98	12/04/98	Y	N	Y
865/OC-AR	06/05/97		06/26/99	07/02/99	Y	Y	Y
871/OC-AR	06/28/97		03/23/98	07/17/98	Y	N	Y
954/OC-AR							
527/OC-BO	09/20/97		11/12/98	10/24/00	Y	N	Y
895/SF-BO			Waived	02/02/00	Y	N	N
526/OC-BR	06/30/97		01/26/98	07/01/98	Y	Y	N
573/OC-BR	01/10/98		11/23/98	10/05/00	N	N	Y
642/OC-BR	12/20/97		11/12/98	12/17/00	Y	Y	N
722/OC-BR	12/18/97		11/05/98	11/10/98			N
916/OC-BR							
814/SF-BR	06/30/97		01/26/98	07/01/98	Y	Y	N
865/SF-BR	12/28/97		11/05/98	11/11/98	Y	Y	N
866/SF-BR	12/20/97		11/12/98	12/17/98	Y	Y	N
878/SF-BR	12/18/97		06/05/00	11/09/98	Y	N	N
625/OC-CH	09/03/97		11/06/98	12/10/98	Y	N	N
634/OC-CH	01/29/98		11/06/98	11/09/98	Y	N	N
707/OC-PR	05/18/97		09/03/97	09/10/98	Y	N	N
813/OC-PR			FPP*				
518/OC-UR	01/15/97		03/15/97	07/01/98	Y	Y	Y
656/OC-UR	08/28/97		05/22/98	36/09/98	Y	N	N
657/OC-UR	08/28/97		05/22/98	06/09/98	Y	N	N
815/OC-UR			c**				
990/OC-UR			FPP*				

- **Facilidad Preparación de Proyectos**
- ** **No existen antecedentes en la Base de Datos del Banco**
- *** **CTR Modernización Dirección de Aduana**

Loans with Last Disbursement in 1998 - Region 1

Loan Number	Last Disbursement Date	Expected PCR Submission Date	Actual PCR Submission Date	CRG Date	Part II Yes or no	Part IV or Acta Yes or no	Posted in ROS/Intranet Yes or No
618/OC-AR	03/22/99	N/A	10/22/98	12/04/98	Y	N	Y
621/OC-AR	12/30/98		03/10/99	04/01/99	Y	Y	Y
816/OC-AR	06/06/00		11/09/98	12/09/98	N	N	Y
895/OC-AR			FPP*				
915/OC-AR			FPP*				
601/OC-BO	11/07/98		05/12/00	05/23/00	Y	N	Y
846/SF-BO	11/07/98		05/12/00	05/23/00	Y	N	Y
880/SF-BO	04/20/98		11/12/98	12/11/98	Y	N	Y
940/SF-BO			FPP*				
953/SF-BO	11/15/98		06/01/99	06/22/99	Y	N	Y
962/SF-BO	06/19/01						N
641/OC-BR	02/28/98		11/05/98	11/11/98	Y	Y	N
695/OC-BR	09/09/98		11/13/98	12/10/98	N	N	Y
713/OC-BR	12/17/98			03/15/00	Y	N	Y
772/OC-BR	08/09/98		11/05/98	11/10/98			N
883/SF-BR	07/06/98		10/22/98	11/10/98	Y	N	Y
892/SF-BR	09/09/98		11/13/98	12/10/98	N	N	Y
896/SF-BR	12/17/98			03/15/00	Y	N	Y
771/OC-CH	02/04/99		04/29/99	05/20/99	Y	Y	Y
684/OC-PR	03/30/98		02/10/98	06/26/98	Y	N	N
609/OC-UR	04/30/98		10/16/98	12/09/98	Y	N	Y
705/OC-UR	09/16/98		05/14/99	06/08/99	Y	Y	Y
957/OC-UR			FPP*				
1020/OC-UR			FPP*				

• Facilidad **Preparación de Proyectos**

** No existen **antecedentes** en la Base de Datos del Banco

*** Programa **Emergencia** En Ejecución hasta junio 2001.

Loans with Last Disbursement in 1999 - RE1

Loan Number	Last Disbursement Date	Expected PCR Submission Date	Actual PCR Submission Date	CRG Date	Part II Yes or No	Part IV or Acta Yes or No	Posted in ROS/Intranet Yes or No
619/OC-AR 768/OC-AR 946/OC-AR 986/OC-AR 1140-A/OC-AR 1182B/OC-AR 925/SF-AR	12/30/00 21/12/00 06/30/01 06/06/01	N/A	-- 12/21/99 FPP* ** In Execution 11/09/98	-- 01/19/00 12/09/98	Y Y Y	N N N	N Y Y
777/OC-BO 924/SF-BO 992/SFC-BO 622/OC-BR	04/13/01 09/23/99 05/22/99		-- 02/24/00 FPP* 06/23/00	-- 05/24/00 12/11/00	Y Y Y	N N N	Y Y N
921/OC-UR 995/OC-UR 1038A/OC-UR 1038B/OC-UR 1080/OC-UR	09/18/99 07/12/99 		12/21/99 03/27/00 PRI*** PRI*** FPP*	01/13/00 05/16/00 	Y Y 	N N 	Y Y

* Facilidad Preparación de Proyectos
 ** No existen antecedentes en la Base de Datos del Banco
 *** Préstamo Sector Privado.

Loans with Last Disbursement in 1997 - Region 2

Loan Number	Last Disbursement Date 1997	Expected PCR Submission Date 1997	Actual PCR Submission Date	CRG Date	Part II Yes/No	Part IV Yes or no	Posted ROS/Intranet Yes or No
200/IC-CR	05/15	08/15	12/97	N/A	Y	N	N
544/OC-CR	02/20	05/20	12/97		Y	N	N
172/IC-DR	10/03	01/98	01/98		Y	N	N
765/SF-ES	05/21	08/21			Y	N	N
885/OC-ES	06/30	09/30	06/98		Y	N	N
813/SF-ES	07/02	10/02	12/97		Y	N	N
905/SF-ES	06/02	09/02	03/00		Y	N	N
690/SF-HA	07/11	10/11					
794/SF-HA	12/12	03/98	05/99		Y	N	N
799/SF-HO	08/12	11/12	11/97		Y	N	N
947/SF-HO	05/07	08/07	not required				
994/SF-HO	11/13	02/98	not required				
603/OC-ME	12/04	03/98	07/98		N	N	N
652/OC-ME	12/09	03/98	05/99		Y	N	N
868/OC-ME	09/17	12/17	preparing				
869/OC-ME	04/21	07/12	pending				
725/OC-NI	12/15	03/98	06/97		N	N	N
971/SF-NI	01/10	04/10	not required				
222/IC-PN	03/10	07/10	05/97		Y	N	N

Loans with Last Disbursement in 1998 - Region 2

Loan Number	Last Disbursement Date 1998	Expected PCR Submission Date 1998	Actual PCR Submission Date	CRG Date	Part II Yes or no	Part IV Yes or no	ROS/Intranet Yes or No
196/IC-CR	05/23	08/23	09/98	N/A	Y	N	N
780/OC-ES	09/30	12/30	06/98		Y	N	N
802/SF-ES	05/07	08/07	06/98		Y	N	N
915/SF-ES	09/30	1U30					
784/SF-HA	01/12	03/12	02/99		N	N	Y
849/SF-HO	05/12	08/12	08/98		Y	N	N
591/OC-ME	06/19	09/12	07/98		Y	N	N
693/OC-ME	07/09	10/09	05/99		Y	N	
894/OC-ME	12/23	03/99	Private Sector				
960/OC-ME	12/17	03/99	08/00		N	N	Y
963/OC-ME	11/13	02/99	08/00		N	N	Y
933/SF-NI	08/14	11/14	05/00				
955/SF-NI	10/22	01/99	not required				
866/OC-PN	06/01	09/01	not required				
930/OC-PN	02/18	05/18	not required				
965/OC-PN	01/30	04/30	not required				
727/SF-PN	05/22	08/22	10/99		Y	N	N
782/SF-PN	11/12	02/99	03/99		Y	N	N

Loans with Last Disbursement in 1999 - Region 2

Loan Number	Last Disbursement Date 1999	Expected PCR Submission Date	Actual PCR Submission Date	CRG Date	Part II Yes or no	Part IV Yes or No	ROS/Intranet Yes or No
572/OC-CR	04/26	07/26	12/99	3	Y	N	Y
701/OC-CR	01/15	04/15	07/99		Y	N	N
826/SF-DR	02/09	05/09	03/00		Y	N	Y
829OC-ES	07/24	10/24	05/00		N	N	N
890/OC-GU	10/18	01/00	Preparing				
1070/OC-GU	06/02	09/02	Not required				
854/SF-HA	04/22	07/22	11/99		N	N	Y
899/SF-HO	04/22	07/22					
1043A/OC-ME	09/27	12/27	Private Sector				
1043B/OC-ME	09/27	12/27	Private Sector				
874/SF-NI	06/22	09/22	06/94		Y	N	N
979/SF-NI	03/31	06/30	Due				
203/IC-PN	02/05	05/05	05/99		Y	N	Y
778/OC-PN	06/08	09/08	01/00		Y	N	N
982/OC-PN	09/14	12/14	Not required				
1090/OC-PN	09/21	12/21	Not required				
1122/OC-PN	08/17	11/17	Not required				
682/SF-PN	08/06	11/06	Due				

Loans with Last Disbursement in 1997 - Region 3

Loan Number	Last Disbursement Date 1997	Expected PCR Submission Date	Actual PCR Submission Date	CRG Date	Part II Yes or No	CRG Minutes/ Part IV Yes or No	Posted ROS/Intranet Yes or No
574/OC-BA	03/18	06/18	01/14/1999	03/25/1999	Y	Y	N
660/OC-BH	09/30	12/18	07/23/1999	09/14/1999	Y	Y	N
721/OC-BH	03/31	06/30	07/23/1999	09/14/1999	Y	Y	N
608/OC-CO	06/20	09/20	04/06/1999	05/03/1999	Y	Y	Y
791/OC-CO-I	08/15	11/15	10/30/1998	12/07/1999	Y	Y	Y
860/OC-CO	10/17	01/'98	PPF (not required)				
875/OC-CO	04/08	04/08	Last Disb. 12/31/01				
958A/OC-CO	10/29	02/'98	Not RE3 Loan				
958B/OC-CO	09/24	12/24	Not RE3 Loan				
566/OC-EC	08/26	11/26	02/08/1999	04/21/1999	Y	Y	N
650/OC-EC	06/24	09/24	04/30/1998	05/29/1998	Y	Y	Y
792/SF-EC	09/15	12/15	04/08/1998	05/05/1998	Y	Y	Y
842/SF-EC	09/30	12/31	04/30/1998	05/29/1998	Y	Y	Y
904/SF-EC	12/31	04/'98	11/13/1998	11/22/1998	N	Y	Y
822/SF-GY	03/27	06/27	07/18/1997	Waived			
853/SF-GY	01/09	04/9	06/04/1997	Waived	Y	N	Y
519/OC-JA	07/21	10/21	01/05/1998	05/21/1998		Y	
581/OC-JA	06/04	09/04	10/03/1997	05/21/1998	Y	Y	Y
582/OC-JA	60/10	09/10	10/03/1997	01/15/1998	Y	Y	N
812/SF-JA	07/11	10/11	01/08/1998	01/15/1998	Y	Y	N
517/OC-PE	10/02	01/'98	09/04/1998	05/10/2000	Y	Y	Y
665/OC-PE	06/26	09/26	Waived	Waived		Y	N
806/OC-PE	12/04	03/'98	03/10/1998	05/12/98			
820/OC-PE	04/28	07/28	12/03/1998	07/08/98			N
947/OC-PE	05/08	38/08	PPF				N
966/OC-PE	10/31	11/'98	PCR Waived	Waived			
554/OC-TT	05/29	08/21	07/24/2000	08/08/2000	N	Y	Y

Loans with Last Disbursement in 1998 - Region 3

Loan Number	Last Disbursement Date 1998	Expected PCR Submission Date	Actual PCR Submission Date	CRG Date	Part II Yes or No	Part IV CRG Minutes Yes or No	Posted ROS/Intranet Yes or No
913/OC-BH	02/10	07/10	PPF				
687/OC-CO	10/13	01/99	02/07/1997	02/20/1999	Y	Y	Y
715/OC-CO	09/04	12/04	10/29/1999	05/18/2000	Y	Y	Y
887/SF-CO	01/27	04/27	01/26/1999	03/17/1999	Y	Y	N
928/SF-EC	03/31	06/31	11/03/1999	11/07/1999	Y	Y	Y
1008/OC-EC	05/29	08/29					
1023/OC-EC	09/09	12/09	PPF				
808/SF-EC	03/06	06/06	01/19/1999	03/17/1999	Y	Y	Y
824/SF-EC	07/02	10/02	02/08/1999	04/21/1999	Y	Y	Y
912/SF-GY	08/14	11/14	PREPARING	PCR			
952/OC-JA	09/01	12/01	PPF				
953/OC-JA	08/31	11/30	PPF				
958/OC-JA	12/03	03/99	PPF				
238/IC-PE	01/26	04/26	09/04/1998	05/10/2000	Y	Y	Y
852/OC-PE-1	11/16	02/99	04/08/1999	11/03/1999	Y	Y	Y
981/OC-PE	12/21	03/99	PPRV	Private Sector			
1024/OC-PE	08/12	11/12	PPF	10/18/2000			
958/SF-PE	09/30	12/30	04/08/1999		Y	Y	N
669/OC-VE	01/21	04/21	12/04/1998	03/03/99	N	Y	Y

Loans with Last Disbursement in 1999 - Region 3

Loan Number	Last Disbursement Date 1999	Expected PCR Submission Date	Actual PCR Submission Date	CRG date	Part II Yes or no	part IV Yes or No CRG Minutes	Posted ROS/Intranet Yes or No
659/OC-BH 1009/OC-BH	04/01 01/21	07/01 04/21	07/23/1999 PPF	09/14/1999	Y	Y	Y
563/OC-CO 1166/OC-CO	02/12 11/15	05/12 02/00	11/29/1999 PREPARING	12/17/1999 PCR	N	Y	Y
823/SF-CO	02/22	05/22	11/26/1999	12/17/1999	Y	Y	Y
596/OC-EC 723/OC-EC	06/28 02/23	09/28 05/23	05/27/1999	05/01/00	Y	Y	Y
819/OC-EC 1018/OC-EC	04/19 01/21	07/19 04/21	11/03/1999 PPF	11/07/99	Y	Y	Y
605/OC-JA 697/OC-JA	04/15 09/16	07/15 01/16	07/29/1999 01/10/2000	01/28/2000 02/22/2000	Y Y	Y Y	Y Y
678/OC-PE 944/OC-PE 1036/OC-PE	12/15 04/20 12/13	03/00 07/20 03/00	02/02/97 PPF 06/01/00	05/23/97	Y	Y	N
758/OC-TT 759/OC-TT	09/01 09/01	12/01 12/01	07/24/2000 07/24/2000	08/10/2000 08/10/2000	N N	Y Y	Y Y
538/OC-YE 610/OC-YE 699/OC-YE	09/09 07/07 04/01	12/01 10/07 07/01	05/31/2000 08/10/1999 08/17/1999	06/29/2000 WAIVED 09/20/1999	Y Y	Y Y	Y Y

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 **&** 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*” **&** *all completion reports* and “*full reviews*” **&** *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. *An independent performance review function*, including the ability of evaluation unit heads to report directly to boards and not having evaluation staff participate 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

Description of the Semi-Annual Review (SAR) Process in the Private Sector Department March 2,2001

A. Semi-Annual Review Process in PRI Defined

To effectively monitor both the performance of the projects in the private sector portfolio and the quality of the monitoring efforts carried out by its staff, PRI established a Semi-Annual Portfolio Review (SAR) process in **1998**. The process involves the production and review of a comprehensive report every six months on each private sector project approved by the Board, signed and not yet fully repaid. Each project is reviewed and evaluated in terms of credit quality of the project, technical compliance with loan documentation conditions and covenants, and compliance with environmental and social covenants. The SAR reports are prepared jointly by an investment officer (team leader) and a loan administration officer responsible for the operation. The SAR meetings are chaired by PRI's Manager/Deputy Manager and include PRI project teams, staff from PRI's Credit Risk Unit and **also** the participation of the Legal Department and ROS. Every six months, the Office of the General Auditor is provided with copies of the SAR reports, minutes from each of the SAR meetings and conclusions drawn from the entire process by PRI's Credit Risk Unit.

As a result of the **SAR** meetings, projects **are** classified into categories of risk with "watchlist" projects monitored more frequently, at lease once **per** quarter. The minutes of watch list meetings are shared with the Office of the Auditor General and become input into decisions made by the Private Sector Non-Accrual Review Committee which meets quarterly and includes the participation of the Finance and Legal Departments and PRI staff **as well as** observation by AUG.

The semi-annual portfolio review process is, of course, not the only mechanism utilized in the monitoring the private sector portfolio given that investment officers assigned to each operation and the Loan Administration Unit are responsible for providing day-to-day supervision of the portfolio.

B. Developments to Date

The continuous **growth** of the private sector portfolio has required the Department to closely manage credit and portfolio risk and has heightened the importance of the **SAR** process. Since the beginning of the process, PRI has carried out five comprehensive semi-annual portfolio reviews (SARs) of its loans and guarantees under execution (including loans fully disbursed and outstanding). The design **of** the **SAR** reports has been improved over time, based upon the experience gained over the last **3** years. Also, the Credit Risk Unit (CRU) implemented a set of recommendations made by an internal working group, including the AUG officer overseeing PRI operations, **so as** to improve the effectiveness **of** the exercise. For the **5th** SAR, carried out recently, more focused **reports** were prepared by project teams with a concentration on the relevant changes experienced by each project under review.

As the portfolio has matured, an important outcome of the semi-annual portfolio review process has been the development of a growing set of lessons learned by the Department on

different projects in different sectors. These lessons have been collected from the SAR reports and the discussions held in the SAR meetings.

C. Project Completion Reports

PRI has yet to carry out project completion reports as strictly defined within the Bank. To date only six projects have been deemed as having reached project completion. However, Semi-Annual Project Reports continue to be produced on those six projects. The “completion” process is much longer than is the case with public sector loans, often continuing two to three years past the final disbursement. For project completion to be reached, the loans must not only be fully disbursed, but projects must typically meet a number of technical, financial and or environmental/social milestones, at which time certain relevant sponsor guarantees are often released.

Several more projects will be reaching the completion stage in the next year as PRI’s portfolio begins to mature. In PRI’s most recent business plan, a funding request was included to augment resource so as to begin to carry out project completion reports. This budgetary support was provided, however. Fortunately, because of the extensive special external review of private sector operations carried out in 2000, there is, at present, a substantial amount of independently derived information on the performance of both the completed and still maturing projects in the private sector portfolio as of mid year 2000.

D. Special Portfolio Review in 2000

During 2000, a review of the private sector portfolio (all signed projects) was commissioned by the Office of Evaluation and Oversight as a part of the External Review Process of private sector operations requested by the Board of Executive Directors. This review was undertaken by consultants specializing in private sector evaluation as carried out by other multilateral organizations. In summary, from a credit perspective, 36% of the loans assessed were rated at the highest level deemed as “investment grade.” They account for 54% of the value of the loans assessed. 80% of the loans were rated satisfactory or better, accounting for 73% of the value of the loans assessed. Five loans or 20% of projects assessed were rated as below satisfactory, accounting for 27% of the value of these loans.

From the point of view of the development impact, the most mature 11 projects in the portfolio were reviewed with the following summary results:

Category	Percentage Rated as Excellent or Satisfactory	Percentage Rated as Partly Unsatisfactory
Project Business Performance	73 %	27 %
Company Business Performance	82 %	18 %
Contributions to Economic Growth	91 %	9 %
Contributions to Private Sector Development	100 %	0 %
Contributions to Improved Living Standards	100 %	0 %
Environmental and Social Performance	91 %	9 %