

AFRICAN DEVELOPMENT BANK
ADB/BD/IF/961267

AFRICAN DEVELOPMENT FUND
ADF/BD/IF/96/214
21 November, 1996
Prepared by: OPEV
Original: English

Probable Date of Board Presentation
Not Applicable

FOR INFORMATION

CONFIDENTIAL

TO MEMORANDUM
THE BOARDS OF DIRECTORS

FROM Cheikh I. FALL
Secretary General

SUBJECT **GUIDELINES AND METHODOLOGIES OF EVALUATION***

Please find attached hereto, the above-mentioned document prepared by the Operations Evaluation Department(OPEV).

Attch.

c.c: The President

Questions on this document should be referred to:
Mr. G.M.B. KARIISA Director, OPEV (Ext. 4052)

**AFRICAN DEVELOPMENT
BANK**



**AFRICAN DEVELOPMENT
FUND**



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**ADB/ADF/96/12
18 November, 1996
Original: English
Distribution: Limited**

**GUIDELINES AND METHODOLOGIES FOR
EVALUATION**

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OPERATIONS EVALUATION DEPARTMENT

GUIDELINES AND METHODOLOGIES FOR EVALUATION

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PREFACE

This Manual has been prepared by Operations Evaluation Department (OPEV) for the information and guidance of Bank Group staff, both in the operational departments as well as in, OPEV. It is expected to serve as an instruction and reference document and as a general guide on the systems, policies and procedures for the evaluation of Bank Group's lending activities. The Manual is both an updating and consolidation of the Guidelines on Integrated Operations - Evaluation Policies & Procedures, April 1989 and other existing instructions¹ and an-incorporation of material relating to more recent activities of OPEV such as evaluation of Policy Based Lending, Portfolio Review, Impact Studies and Sector and Country Related Reviews.

Considering that Borrowers are the beneficiaries of Bank Group lending activities and play a key role in the successful attainment of the objectives of Bank Group's operations, these Guidelines also set forth the Banks attitude to and assistance for establishment of evaluation units at the national level and in certain key sectors such as agriculture and rural development.

Evaluation of one kind or other, be it in the operational departments or in OPEV, is a continuous activity at almost every stage of the project cycle. The Manual generally covers policies and procedures of the Bank Group at all such stages of evaluation, but its coverage of post-evaluation activities is the most comprehensive. The Manual is divided into fifteen separate Chapters beginning with the Goals, Objectives and Essential Elements of an evaluation system, followed by other aspects of evaluation in a logical sequence. In this arrangement a write-up on the Bank Group's total evaluation system is followed by chapters with a description of the Self-Evaluation process and then the Post Evaluation Process in the domain of OPEV. Chapter 5 describes the criteria for performance rating assessment of projects/Programmes at different stages of project cycle. The feedback or Evaluation Utilization, by both the Bank and the Borrowers, as the next sequential activity is covered next. Guidelines for the preparation of Issues Paper are set out in Chapter 7 while the last eight chapters incorporate the detailed guidelines for the preparation and format of different types of post-evaluation reports.

It is expected that this Manual would also be useful in the preparation of a section on Post-Evaluation for the Operations Manual.

¹ These include Guidelines for Preparation of PPAR Issues Paper, February 1988, Guidelines for Preparation of PPARs, February 1988, and Post-Evaluation Criteria and Grading of Overall Project and Programme Performance.

LIST OF ABBREVIATIONS

ADB	=	African Development Bank
ADF	=	African Development Fund
AEP Database	=	African Energy Program Database
Bank Group	=	Entire African Development Bank Group, composed of the African Development Bank, African Development Fund, and Nigeria Trust Fund
CDIE	=	Center for Development Information and Evaluation (USAID)
CI	=	Component Indicators
CPE	=	Country Programme Evaluation
CPR	=	Country Portfolio Review
CSP	=	Country Strategy Paper
DAC	=	Development Assistance Committee (of the OECD)
DFI	=	Development Finance Institution
DHS	=	Demographic and Health Surveys
DOP	=	Development Objectives Performance
EIRR	=	Economic Internal Rate of Return
EPCP	=	Economic Prospects and Country Programming Paper
FAO	=	Food and Agricultural Organization (UN)
FECA	=	Federation of African Consultants
F&G	=	Format and Guidelines (for preparation of Appraisal Reports)
GDP	=	Gross Domestic Product
HS	=	Highly Satisfactory
HUS	=	Highly Unsatisfactory
IMF	=	International Monetary Fund
IITA	=	International Institute for Tropical Agriculture
ITU	=	International Telecommunications Union
LPQ	=	Lending Process Quality
MPDE	=	Methodology for Project Design and Evaluation
NGO	=	Non-Governmental Organization
MUV	=	Manufacturing Unit Value
NIE	=	New Industrializing Country
NTF	=	Nigeria Trust Fund
OECD	=	Organization for Economic Cooperation and Development
OED	=	Operations Evaluation Department (World Bank)
OM	=	Operations Manual
OPEV	=	Operations Evaluation Department
OPPR	=	Operational Policy and Procedures Review Committee
PBL	=	Policy-Based Lending
PCR	=	Project Completion Report
PEM	=	Post Evaluation Mission
PEPR	=	Post-Evaluation Performance Rating
PIU	=	Policy Implementation Unit
PPAR	=	Project Performance Audit Report
RMC	=	Regional Member Country (of the Bank)

S	=	Satisfactory
SAL	=	Structural Adjustment Loan
SDA	=	Social Dimensions of Adjustment
SECAL	=	Sector Adjustment Loan
SME	=	Small and Medium-Scale Enterprise
SPEI	=	Selected Post Evaluation Information System
UA	=	Unit of Account
UADE	=	African Union of Distributors of Water
UNDP	=	United Nations Development Programme
UNESCO	=	United Nations Educational, Scientific and Cultural Organization
UNICEF	=	United Nations International Children Education Fund
UPDEA	=	Union of Producers and Distributors of Electrical Energy
US	=	Unsatisfactory
USAID	=	U.S. Agency for International Development
VA	=	Value Added
WB	=	World Bank
WHO	=	World Health Organization (UN)

CHAPTER 1. BACKGROUND

CHAPTER 1.

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1. BACKGROUND

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1 BACKGROUND

1.1 Goals and Objectives

1.1.1 The uncertainty and rapid changes in the global environment present a formidable challenge to economic planning in developing countries. The increasing competition for resources available for international development assistance requires that developing countries make most efficient use of the scarce resources through new strategies which maximize development impact and sustainability. It is therefore important for planners and policy makers in the Bank and the borrowing countries to know how well past projects have performed and what lessons of past experience can be learned. The main objectives of evaluation in any organization would accordingly be to assess to what extent: (i) resources are efficiently used; (ii) projects are effectively implemented and (iii) project objectives are likely to achieve their intended effects; and thereafter feedback the lessons of experience thus gained for improvement of future operations -- policy programme and project selection, design, appraisal and implementation.

1.1.2 Evaluation is thus defined as a process through which a systemic and retrospective analysis of lending activities is undertaken to assess if stated objectives have been achieved or are likely to be achieved or if original objectives were relevant in the first place; to determine how and why deviations, if any, from plans occurred; and to present the lessons learned from both positive and negative experience in a usable form to the officials of the organisation who are responsible for policy formulation, programme planning and programme execution. It thus serves both the Accountability function e.g., to give an account to the owners and top Management of the organization on the efficiency and effectiveness of its resources allocation and the results achieved - and the Management function e.g., lesson learning for the improvement of future activities.

1.1.3 In the evaluation process, post-evaluation, independently conducted by OPEV, constitutes the last step in the project cycle, subsequent to the Project Completion Report.

1.2 Essential Elements of Evaluation System

1.2.1 The Project cycle has a concurrent evaluation wheel within it. The current practice of development finance institutions is to place evaluation responsibilities at two locations in the organization. The operating departments undertake self-evaluation. the very departments responsible for project identification, preparation, appraisal, supervision and the preparation of project completion reports; hence, the reference to self-evaluation. The responsibility for post-evaluation and special evaluation as well as monitoring the efficiency and effectiveness of the evaluation system as a whole is located in an independent office as close as possible to the policy formulation and decision making organs of the institution.

1.2.2 In the Bank also, evaluation activity takes place in two distinct stages. The first one is referred to as Self-Evaluation comprising interim and terminal evaluations of projects while the second stage of Post-Evaluation generally refers to Project Performance Audit and Impact Evaluations. Some of the ad-hoc post-evaluations are sometimes categorized in a third category of Special Evaluations. (Appendix 1. 1 provides a list and detailed definitions of the categories of evaluation in the Bank).

1.2.3 For the operations evaluation system to be effective, it is essential that: (i) it is based on an integrated system in which the self evaluation and post-evaluation systems do interact and the results obtained reflect the fruits of their close cooperation; (ii) evaluation concepts are integrated into project design and appraisal; and, (iii) evaluation is accorded high priority by the Management and adequate institutions and resources required for its smooth functioning are provided at both levels.

1.2.4 For the attainment of the first goal of accountability, operations evaluation requires a certain degree of objectivity and independence from the day-to-day lending activities in order to ensure the credibility of the results. Objectivity and credibility is ensured by assignment of post-evaluation activities to OPEV, which is independent of the operational departments.

1.2.5 The effectiveness of the second goal of Management function of lesson learning is ensured by a close interaction between the self-evaluation and post

evaluation systems at the stage of monitoring and supervision of project implementation, in the preparation of Project Completion Reports (PCRs) which form the basis for the post-evaluation reports, and in the review of the findings of post-evaluation.

1.2.6 The continuous interaction and inter-dependence between the two tiers of evaluation facilitates feed-back of lessons of experience gained from the post-evaluation exercise into the new programme and project cycles.

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1.1	Categories of Evaluation

APPENDIX 1.1

CATEGORIES OF EVALUATION

Self Evaluations

1. Interim Evaluation: analysis of a project or programme during implementation designed to review the basic design of the project; the assumptions about factors external to the project which affect its successful implementation; and implementation progress against plans. It englobes regular supervision and mid-term reviews.
2. Terminal Evaluation (PCR) an analysis of the project upon completion, performed e.g. within 6 months of final disbursement and closure of the accounts. The product of the terminal evaluation is a Project Completion Report (PCR).

The PCR represents a culmination of regular supervision, and it reviews the extent to which the objectives and expectations of the project have been or show promise of being achieved. It examines the reasons for deviation from plans and tries to assess their importance. The purpose of the PCR is not to record a comprehensive history of the project, but to consider frankly, in the light of what actually happened up to that time, whether in retrospect the investment was worth making and what lessons are to be learnt from this experience.

Post-Evaluations

3. Project Performance Audit a retrospective examination of a project some time after its completion to identify operationally useful lessons in relation to the choice, design, and/or implementation of projects; it is carried out some time after the terminal evaluation.
4. Impact Evaluation: a review of implementation results of a project or a number of projects in a country to assess their direct and indirect effect or influence on the target group and/or on the country's economy.
5. Special Evaluations: an ad hoc evaluation which might include:
 - a) an analysis of implementation problems of on-going projects, for example, disbursement, procurement problems; etc., or
 - b) a retrospective examination of programme issues which are not country specific e.g. the role of agricultural credit in rural development; the effects of price policies on agricultural production, etc.

CHAPTER 2. BANK GROUP'S EVALUATION SYSTEM

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2 BANK GROUP'S EVALUATION SYSTEM

2.1 Bank's Charter

2.1.1 The Bank Group attaches very high priority to post-evaluation activities as an instrument of lesson learning and improvement of the efficiency and effectiveness of Bank Group operational activities.

2.1.2 The need for evaluation is implicitly recognized in the Agreement establishing the ADB and ADF. Article 17.1 (h) of the ADB Agreement states that the Bank should ensure that loans or guarantees are used "only for the purposes for which they are granted, with due attention to considerations of economy and efficiency. The Fund Agreement also includes similar conditions and its Article 17 explicitly calls for review and evaluation of completed projects.

2.1.3 In compliance with the spirit and letter of the charter, the evaluation activities' currently performed by the ADB Group may be summarized as follows:

A. Self Evaluation

- (i) evaluation of the economic performance and development of, and operations reviews in member countries with the view of improving country programming activities;
- (ii) regular follow-up and technical supervision of projects under implementation (interim evaluation)¹;
- (iii) terminal evaluation or the preparation of project completion reports;

B. Post-Evaluation

- (iv) project performance audit of completed projects (post evaluation);
- (v) impact and special studies relating to operational activities (no impact studies were undertaken in the past but are proposed to be started now);

2.2 Operations Evaluations Department

2.2.1 Self evaluations have been undertaken in the Bank for quite sometime, but post-evaluation is a relatively recently activity within the Bank Group. Some post-evaluation activity started in 1977 but it was only formalized in 1980 when a full-fledged

¹ Mid-term review of on-going projects is not undertaken except in cases where a need for a supplementary loan is identified, where it takes the form of appraisal.

Division of Evaluation was created within the Research and Planning Department. In March 1987; an Operations Evaluation Office , directly responsible to the President was established.

2.2.2 At the time of establishment of the Office, its mandate was clarified in President's Memorandum (Document No. 03/87) of 30 March 1987 as follows:

The Operations Evaluation Office is responsible for "evaluating the operational activities of the Bank Group, paying particular attention to lending activities, with a view to establishing whether the objectives have been or are likely to be achieved, and to drawing lessons of experience which could be used to improve the quality and effectiveness of Bank Group operations, policies, practices and procedures".

2.2.3 The establishment of Operations Evaluation Office under the President was a recognition and reflection of the importance the Bank- Group attaches to evaluation activities. With it, the basic organizational framework for a comprehensive evaluation system, with independence of judgment, freedom of reporting its findings and direct access to the top Management, was put in place. .

2.2.4 Subsequently, vide Executive Instruction No. EI 08/93 of 15 September 1993, it was decided by the Bank Management that Operations Evaluation Office, as well as the Office of the Internal Auditor, while continuing to depend on the President for their current administrative and personnel matters, will be attached direct to the Board of Directors through the General Audit Committee, and receive instructions from and report directly to the Board. This further enhanced the operational independence of Operations Evaluation Office.

2.2.5 In 1993, the Bank appointed a Task Force on Project Quality to comprehensively examine the issues relating to project quality. The main thrust of the work of the Task Force was to review the Bank Group' Project portfolio, its management and development, identify the main problem areas and the causes of such problems, and to submit proposals for removing constraints and enhancing areas of strength including both the process, and the institutional structure. In April 1994, the Task Force recommended that the Bank should put in place a comprehensive reporting system to monitor projects and assess the status of the portfolio to strengthen both portfolio management and Board oversight of policy and results. Specifically, it suggested priority improvement and implementation of existing guidelines on operational reporting, including PCRs; initiation of a programme of country portfolio reviews; introduction of a system of annual portfolio management reviews; and, strengthening of internal audit of projects.

2.2.6 The Task Force also recommended that the post-evaluation programme of the Bank should cover the preparation of PPERs for a significant sample of completed projects and should, in addition, have an enhanced focus on critical areas of evaluation activities such as impact evaluations and evaluation of policies, sectors, themes, processes etc. It particularly emphasized the importance of evaluation, by the Operations Evaluation Office, of the effectiveness of appraisal process and country reviews.

2.2.7 Bank's implementation of the recommendations of the Task Force on Project Quality is expected to further expand and strengthen the role of Operations Evaluation office.

2.2.8 In a revised Bank structure adopted in January 1995 as a sequel to a major exercise of Bank restructuring, the office was renamed as Operations Evaluation Department (OPEV), while retaining the arrangement of its direct reporting to the Board.

2.2.9 Details of the major functions and responsibilities of OPEV are described in Chapter 4, para 4.1.3.

CHAPTER 3. SELF EVALUATION SYSTEM

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3 SELF EVALUATION SYSTEM

3.0.1 In the Bank, self evaluation is undertaken at three distinct stages of project cycle viz., during implementation supervision, country portfolio reviews (CPR), annual portfolio reviews, and preparation of PCRs. The principal features are described below)¹.

3.1 Supervision of Projects/Programmes

A. Objectives and Scope

3.1.1 Project supervision is aimed at ensuring that a project financed by a Bank loan is being properly implemented and is accomplishing its intended objectives. Functionally, project supervision is intended to accomplish three objectives:

- a) To assist borrowers and executing agencies in project implementation.
- b) To acquire, process and disseminate information that is needed by the Bank for internal decision making.
- c) To provide systematic records that can be used in ex-post evaluation is for the purpose of learning lessons to be used in improving future project planning and implementation.

3.1.2 Supervision is undertaken to monitor all project activities that could affect the achievement of project objectives. These include compliance with loan conditions and covenants, procurement, financial performance, progress on physical works, and project management. Supervision also involves a continuous updating of projections affecting a project's likely impact on development.

3.1.3 Planning for project supervision entails, first an assessment of the level of supervision that a project requires and, second, an allocation and scheduling of supervision resources against supervision needs. The required level of supervision for any particular project will depend upon the Banks experience in the country and the nature of the project. Once supervision requirements are assessed, planners must seek to meet those requirements in the most cost-effective manner.

B. Principal Activities

3.1.4 Project supervision is a continuous set of activities that begins with loan signature and runs through the preparation of the project completion report. Supervision

¹ For detailed instructions, see Operations Manual Sections 8.6 and 8.7 for Guidelines for Supervision and PCRs respectively, and Bank Group Policy on Portfolio Review and Restructuring Paper of June 1995 (modified in September 1995).

activities take place at Bank headquarters, in regional and country offices and within the borrowing country during field missions. At headquarters, supervision activities include review of progress reports prepared by the borrower, monitoring of borrower compliance with conditions and covenants, supervision of procurement and disbursements, maintenance of project records, and the implementation of actions undertaken to resolve Project difficulties. Regional and country offices obtain information from, and represent the Banks interests to borrowers and participate in field missions. Field missions are carried out to resolve specific implementation problems as well as to obtain information directly from project sites.

3.1.5 In principle, each project under implementation will be visited for the purpose of supervision at least once each year. For complex projects, more frequent missions may be necessary. .

3.1.6 The primary purpose of field supervision missions is to help borrowers resolve implementation problems. A second purpose of the field mission is to obtain information about project progress that could not be obtained through correspondence. The composition and expertise of a field supervision mission will depend on the nature of the problems to be addressed.

C. Supervision Reports

3.1.7 Bank loans require that borrowers report to the Bank on progress once every three months. Quarterly progress reports provide information that enables the Bank to program its supervision activities. They also allow field missions to focus on problem solving, not just on data collection.

3.1.8 Within six weeks following the end of each calendar semester, project officers will prepare a supervision report on each project for which they are responsible. The supervision report will be prepared even if no field mission takes place during the six month period. Supervision reports will also be prepared at the end of each supervision mission. Each supervision report will include an updated Project Matrix as an annex.

3.1.9 Within 10 weeks following the end of each calendar year, the directors of the country departments responsible for project supervision will prepare an annual review, with a summary, of the status of ongoing and recently completed projects that are being supervised by their departments. It will focus on implementation problems and the measures taken to resolve them. The review will be addressed to the President through the Vice-President in charge.

D. Management of Supervision System

3.1.10 For most project loans, as well as most sector adjustment, investment and rehabilitation loans, the responsibility for supervision will reside in the Country Operations departments. Each project, once approved, will be assigned to a task manager who will be responsible for the coordination of all supervision activities and the

preparation of supervision reports.

3.1.11 The country operations departments will retain overall responsibility for liaison between the Borrower and the Bank, for supervision activities involving institutional and policy issues, for monitoring compliance with conditions and covenants, for adjustments of final disbursement dates, and for negotiations of supplementary loans and amendments to loan agreements.

3.1.12 The disbursements department will manage the disbursement of project funds. For each project, the disbursement officer will prepare a quarterly summary of disbursements and will distribute this summary to the task managers.

3.1.13 To improve coordination among Bank departments on particular projects, the task manager will convene a Country Team from time to time to discuss implementation problems that need urgent solutions.

3.2 Country Portfolio Reviews

A. Objectives and Scope

3.2.1 CPRs are undertaken in the Bank Group as an enhancement of the Bank's project supervision function and are recognised as a useful addition or complement to supervision.

3.2.2 The principal objectives of CPRs as an exercise in self-evaluation are to: (i) improve the quality of the Banks country portfolios, (ii) assist member countries in meeting their current obligations, (iii) adapt projects to changing economic circumstances, and (iv) provide guidance for future country programming.

3.2.3 The concept behind CPRs is to take a multi-disciplinary approach to reviewing the Banks programme of assistance to member countries including the status of implementation of all projects with a view to identifying constraints, both within the Bank and the country, and to propose solutions. Currently, each project is supposed to be supervised once a year by Task Manager. More frequent portfolio reviews are undertaken in problem countries identified through annual grading exercises. Once the current backlog is completed, CPRs would be carried out for each country at intervals of 2 to 3 years to allow for remedial action to take effect before the succeeding review.

(B) Portfolio Review

3.2.4 The review has two components: first, a general, but concise assessment of recent developments in the economy, particularly as the economy affects the Bank's operations. This also includes an assessment of the country's entire relationship with the Bank . vis-a-vis its loan repayment, loan arrears, and arrears on capital subscription, if any. The role of donor coordination is also examined. Second, once this general review has occurred, the Banks projects are examined individually and each project is assigned a rating.

The rating will be based on the benchmark established in the project appraisal report as well as on the already established criteria as indicated in the supervision guidelines articulated in the Banks Operation Manual and reiterated in the CPR Policy Paper. A composite rating is then determined for each country portfolio. The resulting ratings are used as a basis for making more objective comparisons of country portfolio performance between different regional member countries as well as determining the overall performance of the 'Bank's portfolio.' The composite ratings form the basis for a country's Bank Group country portfolio performance rating, which is one of the indicators to be used in the country's annual overall performance assessment and for future resource allocations.

3.2.5 From the portfolio review process, two kinds of documents are produced: (i) an information note to the Boards for portfolio reviews in which there are no actions that require the approval of the Boards, and (ii) a President's memorandum to the Boards in the event that a restructuring operation is proposed, as in cases of changes in lending instrument; application of loan balances to new project's or supplementary loans; changes in project scope; and use of loan balances which are beyond the approved scope of project or sector.

3.3 Project/Programme Completion Reports

A. Objectives

3.3.1 Project/Programme Completion reports (PCRs) represent the culmination of regular supervision (and therefore of project/programme implementation) and form the basis for preparation of PPARs and impact studies. The main objectives of PCRs are to:

- (i) certify that the project has been physically completed;
- (ii) give a comprehensive account on all aspects of the project at completion, including the determination of any important outstanding remedial actions to be taken or followed up by the Borrower/ executing agency or the Bank;
- (iii) assess the results of the project and the efficiency and effectiveness of the means employed to achieve them;
- (iv) reassess the project's expected contribution to development and sustainability;
- (v) provide a mechanism for self evaluation by the operational departments;
- (vi) identify operational lessons relevant or likely to be relevant for ongoing or future operations of the Borrower or the Bank; and

(vii) lay the ground for impact studies.

B. Responsibilities

3.3.2 Preparation of the PCR is the responsibility of the relevant Country Operations Departments¹. The Borrower will, however, be responsible for completing, in a timely manner, all reporting requirements including the preparation of its own completion report, spelt out in the Loan Agreement.

C. Timing

3.3.3 The Country Operations Department is responsible for the preparation of a PCR within six months from the date of loan closing of a project financed by the Bank. For Policy Based Operations, the PCR should be completed within six months of the release of the last tranche.

3.3.4 Whether the PCR is prepared by themselves or in collaboration with the Borrowers, the Operational Departments are responsible to ensure that the PCR is prepared in time and meets the standards and requirements let out in the PCR guidelines.

D. OPEV Review

3.3.5 OPEV critically reviews all PCRs and conducts an appropriate category of audit. In the past, PCRs were attached to OPEVs Project / Programme performance Audit Memorandum for transmission to the President and the Board of Directors, but now these are circulated by the operations departments to the Board as soon as they are finalized, without waiting for review or audit by OPEV.

¹ For detailed guidelines for the preparation of PCRs, see Section 8.7 of Operations Manual, September, 1994.

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4 POST-EVALUATION SYSTEM

4.1 General

4.1.1 Post-evaluation is an indispensable tool for top management, policy formulating and decision making organs of the Bank and the member countries. It enables to demonstrate to the Bank Group and member countries the extent to which completed Bank Group activities contribute meaningfully to their socio-economic development.

4.1.2 In the evaluation process, post-evaluation constitutes the last step in the project cycle, subsequent to the Project Completion Report. Generally, post-evaluation involves assessment of the project/programme implementation of completed projects in order to determine whether or not project/programme objectives have been correctly been set and objectives have been or are likely to be attained, identify the causes and reasons for deviation from planned targets and ascertain the continued sustainability of the project after completion. It also draws lessons of experience, useful for improvement of policies and procedures of the Bank Group and making the lending activities respond to the needs of its borrowing members and- account for the efficient use of the resources of the Group to its shareholders.

4.1.3 In a more specific manner, the major functions and responsibilities of OPEV in the Bank consist of: .

- (i) analysis, design and updating of the post-evaluation system and methodology;
- (ii) post-evaluation of completed and selected on-going projects/programmes financed by the Bank Group;
- (iii) organization of Impact studies for studying project impact and making sectoral recommendations;
- (iv) organization of Country Programme Evaluations, Bank/Country Experience Evaluations, Lending Process Evaluations, Sector Policy Reviews, and Thematic studies;
- (v) preparation and submission of Performance Audit Reports, Impact and Sector Assessment Reports, Reports on Special Studies, Quarterly Retrospectives, Annual Reports, etc., to the Board of Directors;
- (vi) evaluation periodically of the adequacy and effectiveness of the operational evaluation system of the Bank Group;
- (vii) dissemination, in collaboration with the appropriate units and departments of the Bank, of post-evaluation findings and lessons both within the Bank and in the regional member countries; and to exchange this information with other organizations working for economic and social

development, on a reciprocal basis;

- (viii) monitoring implementation of evaluation lessons and recommendations by operational departments;
- (ix) promote the use of post-evaluation lessons and studies as instruments and starting point for policy dialogue with the Borrowers;
- (x) assist regional member countries to establish their own post-evaluation and impact evaluation systems;
- (xi) collaborate and coordinate with other multi-lateral development institutions, Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and other major donor agencies in the development of improved evaluation methodologies and systems and participate in selected joint/concurrent post-evaluations of projects and programmes;

4.1.4 Project Performance Audit Reports together with PCRs are the major sources of information for the subsequent special and impact studies. A large part of OPEV's work programme thus consists of Audit Reports, while special and impact studies make up for the rest. Also, the country, areas, sectors and the topics for impact and special studies are selected in consultation with the operational departments to ensure that priority is given to special issues relevant to the Bank and in countries and areas which constitute real problems to Bank operations and for which appropriate solutions must be found urgently.

4.1.5 As ail operations are not subjected to full performance audit, in selecting those for audit, a priority is given to problem projects, which are likely to provide greater lessons of experience. A fair balance, based on priorities set out in the Bank Group's operational programme, is also maintained in the selection of sectors, regions and the sources of financing (ADB, ADF, NTF).

4.1.6 OPEV functions independently from the operational departments to provide objectivity and credibility to the post-evaluation process. Nevertheless, OPEV endeavors to maintain at ail times a close relationship with the operational departments so that (i) they have an opportunity to comment on OPEV's reports; (ii) OPEV's findings are well understood; and (iii) that ail concerned departments are informed of the action taken on the post-evaluation findings.

4.2 Scope and Methods of Evaluation

4.2.1 There are three categories of performance audit: (a) abbreviated, (b) full, and (c) intermediate.

A. Abbreviated audit

4.2.2 Where an audit review of the project documents and records and the PCR in a PCR Evaluation Note (see para. 4.3.6) can validate the conclusions of the PCR, an abbreviated audit consisting of a brief memorandum is used. Abbreviated PPARs will be prepared for projects where any of the following criteria apply:

- (i) the PCR indicates that no major problems were experienced during different stages of the project;
- (ii) the project was implemented within the tune limit of project completion and the cost estimates have not been exceeded;
- (iii) the PCR adequately analyzed all aspects of project implementation problems and identified the lessons of experience for future;
- (iv) the project is insignificant in terms of on-going Bank Group Operations; and,
- (v) the project, in the judgement of OPEV, is unlikely to yield further important lessons of experience for the Bank or the Borrower.

B. Full Audit

4.2.3 Projects which manifest any one of the following characteristics shall be subjected to full audit:

- (i) the project experienced a major cost or tune overrun;
- (ii) the scope and depth of analysis and/ or objectivity of analysis in the PCR are considered inadequate;
- (iii) the re-evaluated economic rate of return is substantially below the level at appraisal;
- (iv) the project is chosen at random to test the integrity of the self-evaluation system;
- (v) the project is a pilot project expected to be replicated; and,
- (vi) the project is a policy-based lending operation or involves any new policy or programme initiative;

4.2.4 In most cases, a full audit will involve a field visit so as to discuss the various project related issues and ascertain the view of the Borrower and executing agency(ies).

C. Intermediate audit

4.2.5 The case for intermediate audit arises where the PCR is considered adequate except for some gaps in information requiring a short field visit for a satisfactory audit. The selection criteria lie between the two cases mentioned above.

4.3 PCR Evaluation

4.3.1 As soon as a PCR is received in OPEV, it is assigned to an Evaluation Officer for evaluation of the quality of the report and the objectivity of its findings.

1. Scope of Assessment

4.3.2 This assessment of PCR would be only a desk review. The assessment of the quality of PCRs will be done on the basis of an evaluation of the quality of individual chapters of PCR based on an evaluation of their objectivity and soundness of judgement, appropriateness and adequacy of coverage, inclusion of key data and supporting material, adequacy of analysis including lessons learned, consistency and quality of presentation and performance and outcome ratings; the reference point being the Guidelines for Preparation of Project Completion Reports by Bank Staff.¹

2. Rating Assessment

4.3.3 Using the 4 point rating scale (see para. 5.2), each project/programme is rated in format PCR1. The overall quality of PCR is judged on the basis of simple unweighted average of ratings of its chapters treated as component indicators, which are in turn assessed on the basis of simple unweighted average of their respective sub-sections, treated as sub-component indicators.²

4.3.4 Brief narrative explanation as to why specific ratings were assigned would be provided in the remarks column of format PCR1.

4.3.5 The rating format PCR1 will form the basis for preparation, for the entire cohort of PCRs of the year, of rating formats PCR2 and PCR3. PCR2 will be arranged by the Bank Divisions/Sector and PCR3 will be by the year of approval of the project/programme. These will enable OPEV to make overall assessments and trend analyses of the quality of PCRs.

¹ see Operations Manual, Section 8.7, Annex.

² For details of Evaluation Methodology for Assessing the Quality of PCRs, see Appendix 4.2.

3. PCR Evaluation Note

4.3.6 A PCR Evaluation Note would record the results of assessment of the quality of PCR in a brief annotation (attaching the detailed rating sheets). The Note would also make recommendations to the Director OPEV, on the type of audit to be undertaken for the project/programme in accordance with the criteria listed in para. 4.2 above. Based on the decisions on this Note, further action would be taken to commence the appropriate type of audit.

4.4 Project/ Program Performance Audit Reports

4.4.1 PPARs are aimed at assessing the efficiency of the Banks lending activities and the effectiveness of the projects/programmes financed. A PPAR is the result of an independent assessment of the specific actions taken by the Bank Group, including an objective statement of the results achieved by the project/programme compared with expectations at appraisal; a critique of these expectations in the light of that comparison; an evaluation of how the Bank could have been more helpful; and a judgement whether in retrospect the project was worth doing or could have been done better.

4.4.2 A PPAR examines the soundness of the conception and design of the project; the efficiency of implementation and the level of achievement of results compared to objectives set at appraisal; identifies causes and reasons for deviations from set objectives; and draws lessons of experience relevant for improving the efficiency and effectiveness of lending activities. PPARs are prepared for all completed Bank Group financed projects for which PCRs are available.

4.4.3 The PPAR provides an analytical commentary on and a supplement to the PCR, focussing selectively on issues that merit closer attention. Its preparation begins after a decision on the type of audit has been taken on the PCR Evaluation Note. (see para. 4.3.6).

4.4.4 The PPAR constitutes the data base for all special and impact studies. The verification and up-dating of information during audit fortifies the database and facilitates the identification of areas that require in-depth evaluation studies.

4.4.5 A PPAR will normally be prepared after physical completion of a project/programme and finalization of a Project Completion Report. As most development projects have fairly long economic life, timing of post-evaluation is crucial. At project completion, actual investment costs and the implementation experience are known but the costs of operations and maintenance and the benefits to be derived from it still lie in future and are still unknown. If post-evaluation is carried out just after completion, operational data are likely to be unavailable for making reliable forecasts about future project costs and benefits and an objective assessment of project performance will be difficult. On the other hand, if the intervening period is long it will make identification, isolation and attribution of costs and benefits difficult. If post-evaluation is carried out too long after project completion, collection of some baseline data and attribution of benefits may also become

difficult and opportunity would also be lost for early application of lessons learned to new projects. In the Bank Group, it is considered that, on balance, post-evaluation be undertaken only after the project/ programme has been in operation for about two years, when a meaningful evaluation of performance is possible.

4.4.6 Detailed Guidelines and .Format for Preparation of Project and Programme Performance Audit Reports are contained in Chapters 8 and 9, respectively.

4.5 Impact Studies

4.5.1 The objective of impact evaluation studies is to measure direct and indirect long-term development impact or influence of Bank Group financed projects on the economy of Borrowers and/ or certain target groups. In addition, the impact study should also adequately cover the impact of Bank assistance on promoting appropriate sector and related policy reforms and adjustments, which were considered necessary for fuller achievement of project/ programme benefits and from the viewpoint of effective transfer of resources to RMCs. Impact evaluations are distinct from the PPARs in that these evaluations deal with the actual performance of projects several years after their completion, at a time when the projects have become fully operational and when their full impact can be measured.

4.5.2 Impact studies may cover individual projects. These also include evaluations covering a large range of projects in different sectors in a country, or take the form of sector reviews involving re-examination of several projects in a sector, but in different countries. In the former case, the impact study will examine whether the different sectoral objectives of the Bank Group financed projects were mutually supportive and consistent with the overall development objectives in the country while in the latter case it would indicate the extent of sectoral consistency in the Bank Group financed projects in different countries.

4.5.3 An "impact" may be defined as a result or outcome of a project or intervention that can be identified as far up the "cause-and-effect" chain (or sequence) to which the intervention contributes as possible, and still be traced back to that intervention. An impact evaluation will not only measure impacts but will also identify the factors responsible for impacts; i.e., the causes to which impacts can be attributed.

4.5.4 In evaluation of development activities "impact" is often used to refer to the impact of development on the socio-economic status or level of well-being of people, who constitute the ultimate ends of development efforts. Thus, an evaluation of "people-level impact" would assess the impact of a development intervention on groups of people, both the intended ~ beneficiaries of the intervention and non-beneficiaries who may have been unintentionally affected, either positively or adversely.

4.5.5 Optimal timing of an impact evaluation is very important for arriving at sound and credible conclusions. Several considerations need to be balanced against each other in deciding on timing. To begin with, a project should have some record of operational

experience before an impact evaluation is undertaken. Only after some operational v experience can much confidence be placed in an assessment of sustainability of impacts. Secondly, the timing of the appearance of impacts will vary from one type of project and one type of impact to another. For example, the timing of agricultural production and income impacts will vary depending on the gestation period for the commodity. Some health and education projects may have longer gestation periods before the appearance of ultimate indicators of impact, but it may be possible to identify relatively reliable proxy indicators in these cases, which can be measured earlier than the ultimate indicators. Finally, there are issues of cost and methodological complexity, which tend to increase as the period of time lengthens between a project's last disbursement and the timing of an impact evaluation.

4.5.6 Taking these various considerations into account, the recommended timing for an impact evaluation will be three to five years after the last disbursement. It may even be feasible to dovetail an impact evaluation with a PPAR mission for a subsequent project in the country. This period will have to have a certain degree of flexibility, on the basis of case to case conditions and experience.

4.5.7 Detailed Guidelines and Format for Preparation of Impact Evaluation Reports are contained in Chapter 10.

4.6 Country Programme Evaluations

4.6.1 With a view to achieve greater accountability, transparency and Board oversight, the Task Force on Project Quality in its report of April 1994 recommended that OPEV undertake an independent evaluation of Country Programmes to take a retrospective view of the Bank Group's experience in individual countries. The Country Programme Evaluations (CPE) are expected to assesses the totality of the Bank Group's contributions to a RMC's development, including an assessment of the achievement of country assistance strategy objectives agreed to between the RMC Government and the Bank, and also include a review of the various Bank instruments and roles in achieving the strategic objectives.

4.6.2 In contrast to the Country Portfolio Review Paper prepared by the Country Operations Departments, which focuses on the current portfolio of the Bank Group's programme in a given country, a CPE would take a retrospective view of the Bank Group's experience in the country.

4.6.3 One of the major tasks of a CPE would be to distinguish the nature of the Bank Group's contributions from those of other major donors to the country, and to compare its effectiveness in mobilizing aid resources for, and contributing to the development of the member country with the effectiveness of other donors. The emphasis would be on the effectiveness of Bank assistance strategy and programming in the country in the light of experience with activities actually funded, rather than on the history of Bank country relations or on internal Bank resource management and process issues.

4.6.4 A program of CPEs will be drawn up keeping in view the availability of resources and a regional balance. Availability of documents, including PCRs and PPARs,

as well as CSPs and enhanced CSPs, will be one criterion for country selection. Another criterion will be the size of the country's portfolio in relation to the total portfolio of the Bank Group.

4.6.5 Detailed guidelines on the Content and Format of the Country Programme Evaluation Reports are contained in Chapter 11.

4 Sector Policy Reviews

4.7.1 The Bank Group has issued a number of substantive policy and strategy papers dealing with sectors or sub-sectors in which it provides assistance, or with crosscutting issues, such as environment, women in development, poverty alleviation, and promotion of cooperation with non-governmental organizations in Africa. The Sector Policy Reviews compare Bank Group's project experience with existing Bank Group policies and recommend lines of revision based on the lessons of experience.

4.7.2 Sector Policy Reviews by OPEV will be undertaken in sectors where Bank has accumulated experience in completed projects (in PCRs and PPARs) and where judgements can be made on the efficacy of the existing policies. As far as possible, priority will be given for sectors where policy papers are due for revision and a Sector Policy Review could become a valuable input to the Strategic Planning and Policy Department, responsible for development research and operational policy and procedures.¹ For this purpose, the timing and selection of sectors will be done in consultation with the concerned policy and operational departments.

4.7.3 The length of time required for a Sector Policy Review would depend in part on the experiential material available in the sector and in part on the number of countries selected for more intensive review, including field visits. Selection of countries would be decided on a case to case basis but ordinarily experience in three countries should be able to provide enough depth of experience.

4.7.4 Detailed Guidelines and Format for Preparation of Sector Policy Reviews are contained in Chapter 13.

4.8 Bank/Country Experience Evaluations

4.8.1 Bank/Country Experience Evaluation Reports aim to evaluate the implementation experience of Bank Group-financed operations in a given RMC. The main objective of such evaluations will be to improve programming, identification, preparation and appraisal of new operations to be financed by the Bank Group, where past experiences in the country are reflected in more realistic approaches and risk evaluations.

¹ The first few candidates for OPEVs Sector Policy Reviews are the Health, Education and Water Supply and Sanitation sectors and the sugar, rice and cotton sub-sectors of the Agriculture sector.

4.8.2 . A better understanding of Bank Group operational experience in working with and assisting RMC executing agencies will contribute to a more purposeful review of ongoing operations through the CPR process; a more informed preparation of new enhanced CSPs and to improving the effectiveness and development performance of new operations. Particular emphasis will be given to an assessment of the institutional capacities of both RMC executing and operational agencies to assume. implementation and operational. responsibilities during and after project completion, and to the role of the Bank Group in strengthening those capacities.

4.8.3 Availability of documentation will be a major consideration in the timing of. and country selection for Bank/Country Experience Evaluation reports. In general, institutional capacity for effective and sustained operation of development activities is weakest and in most need of strengthening among "Category A" group of countries and selection and review, as far as possible, from this group could make a potentially substantial contribution to the quality of Bank Group operations.

4.8.4 Detailed Guidelines and Format for Preparation of Bank/Country Evaluation Reports are contained in Chapter 14.

4.9 Lending Process Evaluations

4.9.1 The Task Force on Project Quality stressed the importance of quality of lending and the need to have a continuing assessment of the effectiveness of lending, including the appraisal process. Evaluation of Lending Process would concentrate on the quality and objectivity of the project at the stages of identification, preparation and appraisal, and implementation, and how performance at each stage relates to the project's ultimate development objectives performance be it prospective (for ongoing operations) or actual (for completed operations). The evaluations would limit the risk of political or other lending pressures and thus alleviate one of the Board's main concerns.

4.9.2 Evaluation of Lending Process will ordinarily comprise:

- (i) assessment from PPARs, of Lending Process Quality (LPQ) of the project at the three stages of lending process, namely Identification, Preparation and Appraisal, and Implementation. Also, compilation of Development Objectives Performance (DOP) Ratings, from Post-Evaluation Performance Ratings in PPARs, and assessment of correlations between LPQ and DOP,
- (ii) assessment from Appraisal Reports, of LPQ at the two stages of Identification and Preparation and Appraisal of ongoing operations, approved two years prior to the evaluation year,
- (iii) for ongoing operations which had already been assessed in the preceding year for LPQ at the Identification and Preparation and Appraisal stages (item ii above), assessment of the LPQ at the Implementation stage and an assessment of prospective

DOP. Also establishing correlation between an operation's LPQ ratings and prospective DOP ratings, and,

4.9.3 Detailed Guidelines and Format for Preparation of Lending Process Evaluations are included in Chapter 12.

4.10 Thematic and Special Studies

4.10.1 In addition to performance audit of individual projects/programmes and impact, sector, country and lending process evaluation studies, OPEV will undertake special studies such as an annual synthesis of evaluation results by country and sector and thematic studies on specific topics by sector or sub-sector, country or a group of countries.

4.10.2 Other special evaluation studies, conducted on a selective basis, are aimed at more intensive analysis of particular issues and subjects of broader relevance to the operational activities of the Bank Group and could also cover the examination of the effectiveness of the operational policies, procedures and practices or some development issues. This would include subjects such as analysis of implementation problems relating to implementation periods, disbursements, procurement, compliance with loan covenants, framework of public utility tariffs, institutional development etc. It could also include retrospective examination of programme issues which are not country specific e.g. the role of lines of credit in industry or agricultural credit in rural development, the effects of price policies on agricultural production, policies regarding tariffs in public utilities etc.

4.10.3 Special studies aimed at intensive analysis of issues are selected on the basis of the available resources during the year and the contemporary relevance of the subject. It is also a basic requirement that an adequate data-bank of evaluation and past experience in the Bank and with other multi-lateral agencies, backed by a reasonable level of operations in those countries in the past, which is likely to continue or increase in future, is available.

4.10.4 Detailed Guidelines and Format for Preparation of Thematic and Special Studies Reports are contained in Chapter 15.

4.11 Other Reports of OPEV

4.11.1 A number of periodical reports are prepared by OPEV.

A. The Three Year Rolling Programme and Budget

4.11.2 In order to facilitate long-term planning of work as well as resources, the Task Force on Project Quality recommended that OPEV should prepare a Three Year Rolling Programme and Budget every year. For a given year, the work programme is prepared in August of the preceding year so that the year's annual work programme could be taken into account in the preparation of the Banks administrative

budget. The programme is presented to the Board of Directors in November, at the latest.

B. The Annual Report on OPEV Activities

4.11.3 The annual report on the activities of OPEV gives a brief account on the performance of the department and the results achieved. It also reports on its provision of evaluation feedback at different stages of project cycle and its assessment of utilization by the operational departments in the preparation of the project and its documentation, such as the appraisal reports. The report also includes an assessment of the quality of PCRs received during the year, based on assessment in forms PCR2 and PCR3 (see para. 4.3.5). The report is presented to the Board of Directors in February of the following year at the latest.

C. Annual Review of Results of Operations Evaluation

4.11.4 This document analyzes and synthesizes the findings and conclusions of abbreviated, intermediate and full PPARs and other post-evaluation reports during the preceding year, as well as the cumulative post-evaluation experience of the preceding years, with a view to drawing broader country and sector level conclusions and identifying areas where Bank operations and procedures could be improved. It also makes trend analyses. The Annual reviews may also select a single issue or aspect of Bank operations for detailed comment, based on the totality of post-evaluation experience.

D. Abstracts of the Project Performance Audit Reports

4.11.5 This is a brief note not exceeding two pages and presenting briefly the objectives and the description of the project and the findings and conclusions of the Audit Report. It is prepared at the same time as the final PPAR. All the abstracts are numbered and assembled periodically and distributed to the Board of Directors. The information is also made available on line, on the computerized SPEI, to the staff of the operational departments.

4.11.6 In order to facilitate quick access to the conclusions and lessons of experience of the Audit Reports on specific issues, especially for appraisal of new projects, a Concordance of lessons of experience is available on-line, in SPEI.

E. Quarterly Bulletin- The Retrospective

4.11.7 Important findings and lessons of OPEV reports produced in the preceding quarter are circulated to all staff in the operational departments of the Bank in a quarterly publication of OPEV called "Retrospective". The quarterly frequency of the publication facilitates very prompt feedback of lessons and findings.

4.12 Reporting Standards

4.12.1 Project Performance Audit Reports and the special studies prepared by OPEV describe the nature, scope and importance of the work undertaken. The facts are presented with exactitude, objectivity and supported with facts and figures. All subjective judgements are avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report.

4.12.2 The findings and conclusions are presented with objectivity and frankness in a clear and concise language, mentioning the points of view of the Borrowers, the beneficiaries as well as those of the operational staff of the Bank, where necessary and possible.

4.12.3 The reports present a balanced view of the difficulties or unusual circumstances encountered by those involved in project implementation i.e. by tolerating differences in perceptions where appropriate.

4.12.4 The aim of the reports is to evaluate operational activities; identify the factors which contributed to successes, problems or failures; and, indicate how such problems can be avoided or minimized in the future. The intention is not to criticise, to apportion blame or to lay too much stress on what was done in a certain way in the past and which is done differently now.

4.12.5 The factors that led to both considerable accomplishments or performance above projections and shortcomings are carefully examined.

4.12.6 The reports identify and explain problems or issues requiring more detailed studies. They also suitably summarize the conclusions so that they can easily be taken into consideration for improvement of future operations.

4.12.7 The reports are transparent and where relevant information has been omitted because it is regarded as confidential, the fact is annotated in the report.

4.13 Review, Revision and Finalization of OPEV Reports

4.13.1 Draft reports would be reviewed by an internal working group within OPEV. Keeping in view the results of the review, a revised draft of the report would be prepared and approved by the Director OPEV and circulated to the Borrower (Ministries of Finance and Planning and Technical ministries) and the Executing Agency(ies) and the Bank's operational departments for written comments, within a specified time, generally not exceeding four weeks. Simultaneously, the report would also be sent to ALAD for translation.

4.13.2 Based on written comments received, differences of opinion or disagreements would be discussed with the concerned operational staff and efforts will be made to reconcile or narrow down the differences in views and assessment. Comment of

the Borrower or the Executing Agency should also be taken into account in finalization of the report. Where the views of the operational departments or the Borrower/ Executing Agency cannot be accepted, their viewpoint should be reflected either as footnotes to the text or in appendixes.

4.13.3 The final version of the report would be approved by the Director OPEV and then circulated to the President and the Board of Directors.

4.13.4 Copies of the report would be sent to the Vice President (Finance and Policy) and Vice President (Operations) with a request to make a format Management Response to the findings, conclusions and recommendations of the report. The Management Response would be presented during the review of the report by the General Audit Committee of the Board of Directors, and also included in The Annual Report on OPEV Activities. Periodical meetings of Operational Policy and Procedures Review (OPPR) committee¹ would be held to review receipt of Management Responses and follow-up on the resultant actions to be taken.

4.13.5 Completed reports are to be distributed to all operational staff in the Bank and to Borrower and executing agency(ies). Circulation of reports to other multilateral and donor agencies is approved on a reciprocal basis. Supply of copies of post-evaluation reports to all others is determined by Director OPEV, on a case by case basis.

4.14 Human Resources

4.14.1 Staffing of OPEV is done within the framework of the normal policies and procedures governing all personnel of the Bank. Every staff member of OPEV is an ordinary employee of the Bank.

4.14.2 The basic pre-requisites for selection of staff are long experience in operations and familiarity with Banks policies and procedures; the ability to write concisely, examine issues critically and familiarity with and sensitivity to the complexity of, and constraints to development problems.

4.14.3 OPEV staff shall in addition possess the maturity and independence of judgement and broadly based development experience and in a large number of cases hold a fairly senior rank in the Bank.

4.14.4 Assignment of staff to OPEV should therefore be regarded as an important broadening step in the career of the staff member.

4.14.5 Evaluation staff shall normally be rotated back to key operational posts after five years of service in evaluation.

¹ The membership of OPPR comprises Vice-President (Finance and Policy), Vice-President (Operations) and Director, OPEV.

4.14.6 It is expected that persons assigned to specific studies collectively possess adequate professional proficiency for the task required, even though individuals may not necessarily be experts in specific technical fields involved.

4.14.7 From time to time short-term consultants of requisite qualification are recruited to complement regular staff.

4.14.8 Both OPEV as an independent unit of the Bank and the individual staff member(s) who undertake evaluation assignments approach them in an independent and unbiased manner.

LIST OF APPENDIXES
CHAPTER 4

Number	Title
4.1	Rating Formats for PCRs
4.2	Methodology for Assessment of Quality of PCRs

APPENDIX 4.1RATING FORMATS FOR PCRSRating Format PCR 1

Project Loan No.

Name

Country

Sector

PCR CHAPTER	RATINE (4-point scale)	REMARKS
1. Sector Goal and Project Objectives		
2. Project Formulation		
3. Project Implementation		
4. Operating Performance and Results		
5. Institutional Performance		
6. Financial Performance		
7. Economic Performance		
8. Social Results		
9. Environmental Results		
10. Sustainability		
11. Performance of the Bank and other Co-financiers		
12. Conclusions and Lessons		
Overall Unweighted Average		
<u>Conclusion :</u>		
<u>Decision :</u>		

Note :

1. This statement will be prepared for each project reviewed and will form the basis for the preparation of statements PCR2 and PCR3.
2. A four-point scale is to be used for Lending Process Evaluation. The four points would be defined as follows:
 - (i) 4 = Highly Satisfactory. No issues.
 - (ii) 3 = Satisfactory with minor issues.
 - (iii) 2 = Unsatisfactory with major problems.
 - (iv) 1 = Highly Unsatisfactory.
3. The same scale would be used for rating all chapters (and their component sub-chapters) of the PCRs.
4. Using the four-point rating scale, a separate PCR quality report in format PCR1 will be prepared for each project/programme, indicating rating for each of the chapters and sub-chapters of the PCR.
5. Sub-chapters will be weighted equally and the total quality rating for the chapter will be arrived on the basis of the simple average of the ratings for its sub-chapters.
6. Brief narrative explanation as to why specific ratings were assigned would be provided in the remarks columns.

Rating Format PCR 2

Division _____

Sector A

Loan Number	Project Name	Rating
-------------	--------------	--------

-----	-----	-----
-------	-------	-------

1		
2		
3		
.		
.		
.		

Sector Average.

Sector B . _____

1		
2		
3		
.		
.		
.		

Sector Average

Sector C _____

1		
2		
3		
.		
.		
.		

Sector Average

Overall Division Average

Notes: This will be a composite rating of PCRs for each division portfolio, based on individual PCR rating recorded in PCR1.

Rating Format PCR 3

Division

Year 1

Loan Number	Project Name	Rating
-----	-----	-----
1		
2		
3		
.		
.		
.		

 Year Average

Year 2

1
2
3
.
.
.

 Year Average

Year 3

1
2
3
.
.
.

 Year Average

 Whole Average

(Reference in text: para 4.3.3 and 4.3.5, page 29)

APPENDIX 4.2

EVALUATION METHODOLOGY FOR ASSESSMENT OF QUALITY OF PCRs

1. Scope of Assessment of PCRs

The assessment will be done on the basis of an assessment of chapters of PCR each of which will be rated on a 4-point scale and the aggregate quality rating would be the simple average of the chapters, which are treated as component indicators. Each component indicator would be weighted equally.

2. Component Indicators

The main reference for assessing the quality of component indicators described in the following paras. would be the Guidelines for the Preparation of Project Completion Report by Bank Staff (see Operations Manual Section 8.7, Annex 2).

a. Sector Goal and Project Objectives

It will be assessed whether the linkages between the project inputs and ultimate production and development goals and the key qualitative changes that have had the greatest impact on production forecast have been identified in the report. It will also be assessed whether any accurate description of MPDE or Logical Frame Work approach is included and whether the equity and institutional goals and their relative importance vis-à-vis production goals were brought out. The assessment of this chapter would be made by a simple average of the assessment of the following sub-components:

- a) Whether an MPDE matrix or a retrospectively prepared one has been included in the PCR?
- b) Whether borrowers' long term development programme of which the project is a component and importance of the project to the sector as a whole and the regional economy has been described.
- c) Whether the key assumptions made in arriving at the forecast have been analysed?
- d) Whether the coordination aspects between interdependent or interrelated entities and investments or actions complementary to the project envisaged appraisal were described in the PCR?
- e) Whether the project description for its physical, financial, institutional and other components was adequate and appropriate.

b. Project Formulation

The quality of this chapter in PCR will be assessed on the basis of the quality of the following sub-components:

- a) Whether the origin of the project has been adequately brought out?
- b) The quality, adequacy and relevance of the descript of Preparation; Appraisal, Negotiation and Approval.

c. Project Implementation

The quality of this chapter of PCR will be assessed on the basis of quality, adequacy and relevance of the handling of the following sub-components.

- a) Effectiveness and Start-up.
- b) Modifications.
- c) Implementation Schedule.
- d) Reporting.
- e) Procurement.
- f) Financial Sources and Disbursements.

d. Operating Performance and Results

The quality of this section of PCR will be assessed on the basis of an assessment of the following sub-components.

- a) Overall Assessment
- b) Operating Results.

e. Institutional Performance

The assessment of this chapter of the PCR will be made on the basis of an assessment of the following sub-components. 8.7,

- a) Management and Organisational Effectiveness.
- b) Staff Recruitment, Training and Development.
- c) Performance of Consultants, Contractors, Suppliers and Borrowers.

- d. Management Consultants.
- e. Conditions and Covenants.

f. Financial Performance

The assessment of this chapter of the PCR will be made on the basis of an assessment of the following sub-components.

- a. Financial Results.
- b. Rate of Return.
- c. Financial Conditions/Covenants and their Fulfilment.

g. Economic Performance

It will be assessed (a) whether the PCR had re-estimated the EIRR, and (b) whether the methodology adopted and the assessments made for both costs and data are appropriate and adequate. (c) The identification and analysis of the extent to which endogenous and exogenous factors have contributed to the variations, (d) The quality and clarity of analysis to compare the appraisal and PCR rates of return should also be assessed.

h. Social Results

The quality of this chapter may be assessed on the basis of the Guidelines in OM Section 8.7, Annex 2. It should be particularly assessed whether there is clarity in findings and whether all aspects including WID concerns have been addressed.

i. Environmental Results

The depth of the analysis of Environmental impact of project inputs and outputs should be assessed. In projects where environment impact assessments were made, judgement should be made on the adequacy of analysis, implementation costs, and efficiency and outcome of mitigative actions.

j. Sustainability

The quality of this chapter of PCR should be based on an assessment whether all the sustainability issues have been identified and their impact succinctly noted. It should also include an assessment whether institutional aspects of sustainability have also been addressed.

k. Performance of the Bank and other Cofinanciers

The quality of this chapter of the PCR will be assessed under the following sub-components.

- a. Project Objectives and Justification.
- b. Project Implementation and Operating Outcomes.

1. Conclusions and Lessons

The quality of this chapter should be judged on the basis of an assessment of the following sub component indicators:

- (i) Conclusions - It would be assessed whether an appropriate rating has been provided to assess the overall project performance? The clarity of the judgement on the overall success/failure of the project should be assessed. Similarly it should be assessed whether the issues of realism of appraisal goals, strategies and assumptions and the performance in relation to risks perceived at appraisal have been critically reviewed.
- (ii) Lessons and Recommendations - The quality of Lessons and Recommendations and whether they can provide a clear feed back for improving future operations should be assessed.

(Reference in text: para 4.3.3, page 29)

CHAPTER 5. RATING SYSTEMS

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5. RATING SYSTEMS

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5 RATING SYSTEMS

5.1 Background

5.1.1 The main purpose of rating systems is to make judgements on success of processes and individual aid interventions more rigorous and transparent. A rating system enables the success of processes and projects and programmes to be classified according to a standardized rating scale based on standardised set of criteria. This permits comparisons. In the adoption of a system, a balance is sought to be achieved between simplicity and transparency on the one hand and comprehensiveness, rigor and objectivity (resulting in greater complexity) on the other.

5.1.2 In the past OPEV did not carry out process evaluations but had a system of assigning to each post-evaluated operation, in a PPAR, a composite rating based on the level of achievement of set or revised objectives and the expected results; the sustainability of the direct or indirect economic benefits achieved by the project; the recalculated economic and/financial internal rates of return at the date of post-evaluation; and, time and cost variations. It combined the development objectives performance (DOP), without including the component for institutional development performance, with the implementation performance. A three stage classification of Satisfactory, Partially Satisfactory and Unsatisfactory performance was adopted. There was no rating for Bank performance.

5.1.3 On the operations side, during supervision and Country Portfolio Reviews project performance is rated taking into consideration project progress, procurement performance, financial performance, activities and works, impact on development and an overall assessment.¹ It is also a composite rating, but with a set of parameters different from those used by OPEV.

5.1.4 A review and revision of the existing rating approaches and methodologies has been considered necessary in the context of:

- a. the need to use development impact as the key standard for assessing portfolio management and determining the Project Outcomes and the need to present a more realistic and transparent assessment of DOP of Bank operations,
- b. the need to distinguish and delink Implementation Performance from DOP and have an independent rating for Implementation Performance,
- c. the need to have a separate assessment of the Bank Performance, and

¹ See Annex 6 of Bank Group Policy on Portfolio Review and Restructuring Paper, September, 1995.

- d. the recent Bank decision to commence Lending Process Evaluations and the need to have consistent approaches and methodologies and comparable results of performance ratings at all stages of project cycle.

5.2 The Rating Scale

5.2.1 In the new system, a four-point scale is to be used for evaluation of all project cycle activities or overall operations. The four points would be generally defined as follows:

- 4 = Highly Satisfactory (HS). No issues.
- 3 = Satisfactory (S), with minor issues.
- 2 = Unsatisfactory (US), with major problems.
- 1 = Highly Unsatisfactory (HUS).

5.2.2 The same scale would be used for rating ail component and subcomponent indicators. Composite ratings will be arrived on the basis of simple unweighted averages of sub-component and component indicators. Whenever any sub-component indicator is not applicable or information about it is not available or evaluable, it would be left out, but clear annotation , with reasons would be provided on the relevant rating sheet. Detailed explanations for accomplishing the rating formats are provided in the respective Rating formats.

5.3 Overall Assessment

The Overall Assessment in each case would be the simple unweighted average of marks for all the component indicators. This will be determined by totalling of rating marks for all the component indicators and dividing the total by the number of component indicators. The numerical averages will then be converted into descriptive ratings in the following manner:

Category HS	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated.
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest.

5.4 Rating Assessments

5.4.1 Formats for different types of rating assessments, with detailed explanatory notes, for PPARs and Lending Process Evaluation Reports are included in their respective Guidelines, in Chapters 8, 9 & 12.

CHAPTER 6. FEEDBACK SYSTEM

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6 FEEDBACK SYSTEM

6.1 Purpose and Objectives

6.1.1 Feedback is the culmination of one project cycle and its link to the commencement of the next cycle. It is a process by which important evaluation lessons are presented and disseminated to policy makers, planners and executing agencies to help them review the existing policies, procedures and systems and improve the design, implementation, efficiency and effectiveness of ongoing and future projects/ programmes. Dissemination and application of the evaluation findings constituting the Management function is a critical part of evaluation, for it would be futile to undertake evaluation were the Lessons learned through it not fed back to the project cycle. An evaluation system is only as good as the feedback system.

6.1.2 It is now recognized that an effective feedback does not occur, automatically at the end of evaluation even when the evaluation is timely and of good quality. The feedback system must be well structured and implemented with full commitment on the part of all concerned. To be effective, the feedback system shall inter alia satisfy the following criteria:

- (i) top level management and decision making organs of the institution should be seen to attach high importance to evaluation;
- (ii) feedback must, as a critical part in the evaluation process, receive active collaboration and participation of all operational departments of the Bank,
- (iii) evaluation should focus on broad issues, without neglecting specific concerns of Task Managers;
- (iv) evaluation results should be reviewed at the highest level of the organizational hierarchy;
- (v) the feedback system should be well structured, without neglecting informal avenues of communications;
- (vi) the evaluation system should be continuously reviewed;
- (vii) beneficiaries (Borrowers) should be closely associated in the evaluation process.

6.2 The Feedback Process

6.2.1 The feedback process of the Bank Group, inter alia, comprises a system of:

- (i) conduct of evaluation process;
- (ii) preparation of impact studies and special studies;
- (iii) review of PPARs and other post-evaluation reports and preparation of synthesis of post-evaluation results;
- (iv) storage, retrieval and dissemination of Lessons learned at post-evaluation; and
- (v) operationalization and implementation of lessons learned.

6.3 The Feedback Machinery

6.3.1 Within the Bank Group, the institutions responsible for different aspects of the feedback process are:

- (i) Boards of Directors who, on the advice of the General Audit Committee, give directives on evaluation policies and procedures and approve OPEV's work programmes and its selection of issues for impact and special studies and review evaluation reports;
- (ii) OPEV, which prepares and circulates various kinds of post-evaluation reports; maintains post-evaluation data-base; comments on Project Briefs and Project Matrixes and other operational documents such as appraisal reports, country strategy papers, sector policy papers, operational manuals, etc.; arranges feedback workshops and training sessions; and organizes Regional and sub-Regional seminars for Borrowers and their agencies
- (iii) Strategic Planning and Operational Policy Department which incorporates Lessons of experience in operational policies and procedures through appropriate review, amendments and modifications of manuals, sector policy papers, etc., and also oversees their implementation;
- (iv) Country Operations Departments responsible for the implementation of policies and procedures and incorporation of Lessons of experience in their ongoing and new operations of project/programme design, appraisal and implementation including monitoring and supervision and preparation of PCRs. These departments also interact with OPEV in reviewing and commenting on its draft PPARs and other selected evaluation reports and on project specific recommendations; and,
- (v) African Development Institute for the incorporation of lessons of experience in its teaching material and in organizing, for the Bank Group and Borrower staff, periodic seminars on the importance of evaluation and to educate them about evaluation policies, procedures and Lessons;

6.4 . Dissemination- The Supply Side

6.4.1 The feedback loop and dissemination of post-evaluation results and findings Commences with the circulation of the PPARs and other evaluation reports within the Bank and to the RMC governments (finance, planning and technical ministries and executing agencies). These are supplemented by circulation of brief summary .of post-evaluation findings and results and Quarterly Retrospective, of about two to four pages specifically tailored for senior Management staff, Board of Directors in the Bank and the senior planners, policy makers and implementors in RMCs. The Annual Review (or Synthesis) of Results of Post-Evaluation, highlighting the major findings of PPARs and other evaluation reports and analyzing issues and recommendations, similarly serves as an important vehicle for comprehensive dissemination of post-evaluation results.

6.4.2 The scope of dissemination is further enlarged by verbal presentations and briefings and through organization and participation in periodic evaluation workshops and training seminars for Bank's operational staff.

6.4.3 The computerized System of Post Evaluation Information (SPEI) stores post-evaluation findings, lessons and recommendations, and the overall project/programme performance results based on established indicators (comparison of appraisal estimates and actuals of EIRRs, costs, implementation time, social impact etc.) from all post-evaluation reports. Operational staff in the Country Operations Departments have on-line access to all this information, and its Concordance for country, sector and project cycle steps for appropriate use in the formulation of country strategies and in preparation, appraisal and implementation of on-going and new operations.

6.5 The Demand Side and Feedback Mechanism

A. Incorporation of Evaluation Lessons in Policies and Operations

6.5.1 Utilization of post-evaluation results and findings in the selection and design of new operations or the feedback loop provides the link between the culmination of both project and evaluation cycles and a start of new ones.

6.5.2 The discussions of evaluation reports at the General Audit Committee of the Board, with an opportunity to get recommendations translated into policy and programming, also serve as an early and important component of the feedback loop for the highest levels of policy making in the Bank.

6.5.3 The demand for feedback of post-evaluation lessons at different stages of project processing is met by OPEV association at each of these stages. OPEV reviews and comments on CSPs and enhanced CSPs and project briefs, including the first draft of the Logical Framework Matrix. It also selectively reviews Country Portfolio Review Reports.

6.5.4 The circulation of post-evaluation reports and subsequent inter-action between OPEV and operational staff through reviews and comments at various stages and levels triggers a process of review of implementation of ongoing operations and formulation and design of new ones. Periodic meetings between OPEV, and the Strategic Planning and Operational Policy Department provide a means of incorporation of the policy implications of the recent post-evaluation findings and recommendations for a review and evolution of new policy and strategy papers and guidelines for operational staff. A periodic review of prompt follow-up action on the findings and recommendations of the post-evaluation reports by the Operations Policy and Procedures Review (OPPR) committee provides a further thrust to incorporation of post-evaluation lessons into new operational policies (see para.4.13.4).

6.5.5 Another significant vehicle of feedback mechanism is the use of evaluation findings and lessons is their incorporation in documents such as the enhanced CSPs and CPRs for starting policy dialogues with the borrowing countries.

B. Training and Human Resource Development.

6.5.6 Opportunity should be provided for participation of RMC staff in PCR, PPAR and special evaluation missions to facilitate promotion of a "culture" and capacity for evaluation in member countries.

6.5.7 The key lessons learned from OPEV evaluation work should be incorporated in training courses of the Banks Human Resources Department for Bank Group staff and. of the African Development Institute for the officials from member countries. It should also be ensured that closer links are maintained between evaluation lessons learned and all training and human resource development financed through any means by the Bank Group (for example, the training courses of the long-standing Agricultural Management Training for Africa (AMTA) project should maintain close links with OPEV for having access to and incorporation in training programmes of the most recent lessons of post-evaluation).

C. Feedback to Management on the Actual Utilization of Evaluations

6.5.8 Documents for new programmes or projects are required to report on how the lessons of previous Bank Group experience have been taken into account. The extent to which this is accomplished would be assessed in the evaluation of the process of Appraisal. as a part of Lending Process Evaluation (see para. 12.6.19 (i)).

6.5.9 Feedback on utilization of lessons of experience is also provided to Management through a periodical review of timely furnishing of Management Responses on findings and recommendations of the post-evaluation reports by the Operations Policy and Procedures Review (OPPR) committee. In addition. the incorporation of the findings and recommendations of post-evaluation reports in new and on-going operations is reported to the Board of Directors by OPEV in its Annual Report of Activities.

6.6 Monitoring and Evaluation Capacity of Borrowers

A. Objectives

6.6.1 The gap between demand for and availability of development resources is not likely to diminish or narrow down in the near future and it is important that the RMC governments make optimum use of available resources. Learning lessons from post-evaluation of past projects and their incorporation in the design and implementation of new operations can help maximize the beneficial impact. Development of RMC's own post-evaluation capability through institutional and personnel development and training is accordingly encouraged and supported by the Bank.

B. Scope

6.6.2 As a training exercise, wherever possible, Borrower's staff shall be afforded the opportunity to associate with and participate in PCR and Post-Evaluation missions.

6.6.3 The Bank Group will consider the provision of technical assistance (i) to Borrower's executing agencies to efficiently monitor and where necessary supervise the implementation of development projects/programmes, including the preparation of PCRs, and (ii) to central organs of planning and development to develop their capacity to monitor and evaluate implementation by executing agencies.

6.6.4 In case of assistance for monitoring the implementation of a project/programme, the need for technical assistance shall be reviewed as part of the appraisal process and provisions included in the loan, where justified.

6.6.5 The assistance to central organs of Borrowers may be provided for:

(i) organization of regional and sub-regional seminars and workshops on evaluation techniques and learning lessons of experience for Borrower staff;

(ii) participation in Bank Group's PCR and PPAR preparation missions of Borrower staff in the Ministries of Finance and/ or Planning, or other organs responsible for development planning; and,

(iii) provision of technical assistance for training in post-evaluation systems and procedures for nationals of RMCs, -on the basis of a demonstrated need and evidence of commitment on the part of the Borrower for evaluation.

CHAPTER 7. GUIDELINES FOR PREPARATION OF ISSUES PAPER

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7 GUIDELINES FOR PREPARATION OF ISSUES PAPER

7.1 Objective

The preparation of an Issues Paper precedes commencement of full-scale work for the preparation of most evaluation reports, including PPARs. The purpose is to identify and conceptualize the objective of the audit/study, set out the issues, approach and methodology and propose for approval a schedule of activities and requirement of resources.

7.2 Issues Paper for PPARs

7.2.1 When a PCR for a project is submitted to OPEV, the type of audit is decided on the basis of recommendations in the PCR Evaluation Note (see para. 4.3.6). thereafter, for intermediate and full audits, an Issues Paper is prepared to record the results of preliminary examination of the PCR and other available material concerning the project/programme; and to propose the methodology, the major issues for examination and the schedule of activities, including field mission and resource requirements.

A. Preparatory Work

7.2.2 To pursue this objective, the immediate task of the Evaluation Officer is to collect all available information and data concerning the project before undertaking a thorough examination of the project's implementation and operational status and specific issues that need further investigation. Basic documents to be referred to include the Loan Application, Feasibility Studies/Preparation Reports, Appraisal Reports, Loan Agreements, Minutes of Negotiations, Supervision Reports, Quarterly/Annual Progress Reports, Disbursements Data and Official Project Correspondence Files. This would be supplemented by interviews with the Bank staff.

7.2.3. Personal contacts and discussions with the relevant officers of the Country Operations and Disbursement departments would also be useful in the preparation of the Issues Paper. On the basis of all the information received and data collected and discussions held, the Evaluation Officer will prepare a complete Basic Data Sheet in accordance with OPEV guidelines and format (see Appendix 8.4). In addition an appropriate questionnaire for additional information would be sent to the Executing Agency to collect the information in advance and have it available upon mission arrival.

B. Contents of Issues Paper

7.2.4 The Issues Paper would be divided into two sections, one covering the results of review and the other will include the recommendations.

1. Review

7.2.5 This section would include a description of project genesis, objectives and description by components. It will then describe any major issues raised during processing or loan negotiations regarding any operational, financial and institutional matters, quoting reference to appraisal files, loan committee meetings etc.

7.2.6 This will be followed by the main findings and conclusions of PCR and a brief summary of project's implementation and operational performance, highlighting major problems that may have arisen. Finally there will be a critical analysis of the objectivity, quality, adequacy and comprehensiveness (including financial and economic re-evaluation) of the PCR.

7.2.7 A list of the ongoing and completed projects and the past PPARs in the sector would also be provided.

2. Recommendations

7.2.8 In this section, recommendations would be made regarding the major issues for a detailed examination and analysis during the preparation of PPAR.

7.2.9 In most cases of a full PPAR, a field mission would be essential but for an intermediate PPAR, justification would need to be provided. Where a field mission(s) is considered necessary, the proposed duration and skills composition would be stated and justified. Similarly where the services of staff consultant(s) are considered necessary, justification would be provided for skills required and the duration of the services. Approval for draft Terms of Reference would also be obtained. The paper would make recommendations regarding the approach and methodology for data collection, duration and composition of the mission, and justification and skills requirement for consultant support.

7.2.10 A tentative schedule of all activities such as collection of primary field data, arrival of consultant, mission timing, back-to office report, first draft, internal working group meeting, final draft preparation, submission for translation and country comments and final circulation would be prepared for approval.

7.3 Issues Paper for Other Evaluation Reports

7.3.1 The Issues paper for all other evaluation activities would generally be in accordance with the broad pattern indicated below.

A. Preparatory Work

7.3.2 The first task before commencement of any evaluation activity is the collection of all available relevant Bank reports and other material. Relevant reports from the concerned RMCs or other major donor agencies would also be collected. A quick but critical review of the available material would form the basis for the preparation of an Issues paper.

B. Goals and Objective of Study

7.3.3 The Issues Paper would clearly spell out the goals and objectives of the study or review. A title for the study report would be selected for approval.

C. Relevance to Bank Activities

7.3.4 The Issues paper would invite reference to the inclusion of the item in OPEV's Three-Year Rolling Work Programme and briefly recapitulate the relevance of the study to the Banks current and future operations. One of the important considerations justifying such a study would be where it would provide an input for Banks planned operational policy reviews. Similarly, a Sector Policy Review would be useful if a large enough data base of completed projects in the sector in a number of countries is available for analysis and Banks future involvement in the sector is likely to continue on a significant scale. In the same manner, a Country Programme Evaluation would be appropriate if the Bank had a significant operational presence in the country in the past and is likely to continue to have substantial future operations in the country.

D. Issues

7.3.5 The Issues payer would include the results of a quick study of the findings and conclusions of the available relevant material, reports and studies of the Bank Group and other multi-lateral institutions and donor agencies, indicating the further course of study and enquiry and what additional results are sought. Based on these findings, broad issues to be examined in the study, to achieve the goals and objectives would be listed.

E. Timing

7.3.6 The Issues payer would provide reasons to justify the timing of the study. Timing will also be significantly influenced by the availability of data and information. Clearly, where data base of related completed projects is insufficient, even if there is urgent need for a study, it would not be fruitful to undertake it.

F. Approach and Methodology and Data Collection

7.3.7 Availability of resources and data would be assessed and keeping in view the constraints, if any, the Issues payer would describe the approach and methodology to be adopted. The payer would also examine and indicate the extent to which additional

desk work could substitute data and information collection in the field.

7.3.8 Where collection' of data and or its analysis is to be entrusted to external agencies, availability of local capability within RMC should be examined and maximization of its use, which would also help minimize costs, considered. For this purpose OPEV should develop and maintain a profile of local consulting firms, social science research institutions, including university centers, and NGOs with the potential to undertake primary data collection efforts. This profile should include an assessment of capabilities for primary data collection work.¹ Use of other cost minimizing techniques such as Rapid Low Cost methods of data collection would also be discussed.

G. Mission Composition and Duration

7.3.9 Where a field mission(s) is considered necessary, the proposed duration and skills composition would be stated and justified. Similarly where the services of staff consultant(s) are considered necessary, justification would be provided for skills required and the duration of the services. Approval for draft Terms of Reference would also be obtained.

H. Tentative Schedule

7.3.10 A tentative schedule of ail activities such as collection of primary field data, arrival of consultant, mission timing, back-to office report, first draft, internal working group meeting, final draft preparation, submission for translation and country comments and final circulation would be prepared for approval.

¹ FECA, the Federation of African Consultants, should be included in this assessment.

CHAPTER 8. GUIDELINES AND FORMAT FOR PREPARATION OF
PROJECT PERFORMANCE AUDIT REPORTS

CHAPTER 8. PERFORMANCE AUDIT REPORTS

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8 GUIDELINES AND FORMAT FOR PREPARATION OF PROJECT PERFORMANCE AUDIT REPORTS

8.1 Objectives

8.1.1 PPARs are aimed at assessing the efficiency of the Banks lending activities and the effectiveness of the projects/programmes financed. A PPAR is the result of an independent assessment of the specific actions taken by the Bank Group, including an objective statement of the results achieved by the project/ programme compared with expectations at appraisal; a critique of these expectations in the light of that comparison; an evaluation of how the Bank could have been more helpful; and a judgement whether in retrospect the programme was worth doing or could have been done better.

8.1.2 A PPAR examines the soundness of the conception and design of the project; the efficiency of implementation and the level of achievement of results compared to objectives set at appraisal; identifies causes and reasons for deviations from set objectives; and draws lessons of experience relevant for improving the efficiency and effectiveness of lending activities. PPARs are prepared for all completed Bank Group financed programmes for which PCRs are available.

8.2 Scope

8.2.1 The PPAR provides an analytical commentary on and a supplement to the PCR, focussing selectively on issues that merit closer attention. Its preparation begins after a decision on the type of audit has been taken on the PCR Evaluation Note. (see para. 4.3.6).

8.2.2 The PPAR constitutes the data base for all special and impact studies. The verification and up-dating of information during audit fortifies the database and facilitates the identification of areas that require in-depth evaluation studies.

8.3 Preparation of an Issues Paper

8.3.1 The first step in the preparation of a PPAR is the preparation of an Issues Paper, except in cases where an Abbreviated audit is recommended. The purpose of this paper is to set out the results of the initial desk review of the PCR regarding the completeness of its coverage and its conformity with the guidelines. The paper also makes recommendations about the major issues requiring examination, the need and timing for a field mission and its composition and justification for consultant support, if required.

8.3.2 Any further steps would be taken on the basis of guidance and instructions provided by the Director OPEV on the Issues Paper. Detailed Guidelines for the Preparation of an Issues Paper are included in Chapter 7.

8.4 Contents and Format of Abbreviated and Intermediate PPARs

A. Abbreviated Audit

8.4.1 An Abbreviated PPAR consists of a brief memorandum based on a review and analysis of the PCR and other project documents and records. Abbreviated PPARs are prepared for projects to which any or all of following criteria may apply:

(i) where the PCR and other sources of information indicate that no major problems were experienced during any phases of the project;

(ii) the project has been implemented within the time limit of project completion and the cost estimates have not been exceeded;

(iii) the PCR adequately dealt with all major issues and implementation problems encountered, and lessons of experience for the future;

iv) where the project is insignificant in terms of ongoing Bank Group operations; and,

(v) where OPEV concludes, on the basis of the PCR and other information, that the project is unlikely to yield_ further important lessons of experience for the Bank or the Borrower.

8.4.2 In this case, the Abbreviated PPAR or OPEV's memorandum shall be limited to a general conclusion on the success or failures recorded by the project and shall draw attention to general lessons. The abbreviated audit is sometimes referred to as a "Pass-through PCR".

8.4.3 The Abbreviated PPAR would not exceed three pages. The structure of the PPAR would be designed with the objective of giving the President and the Board a quick summary of the origin, concept, results and performance of the project. The appraisal expectations and the actual performance should be described, structured along the main lines of the logical framework approach, stating the activities, outputs, objective and sector goals at appraisal. Any additional comments of relevance on the basis of earlier post-evaluation experiences and trends in the country, sector and cross-cutting issues would be included.

8.4.4 The main headings in the Abbreviated PPAR would typically be:

1. Project Background and Formulation;
2. Project Sector Goals, Objectives and Outputs;
3. Implementation Performance;
4. Performance of Borrower/Executing Agencies and the Bank;

5. Project Sustainability;
6. Performance/Outcome Ratings; and,
7. Conclusions and Lessons.

B. Intermediate Audit

8.4.5 When it is considered that a full audit is not necessary but an Abbreviated audit may not adequately meet the evaluation requirements, an Intermediate audit would be selected. The case for Intermediate audit arises where there are some gaps in information required for a satisfactory audit, and a short field visit is considered necessary.

8.4.6 The first step in the preparation of a PPAR is the preparation of an Issues Paper (see para. 8.3.1 above). This paper would set out the results of the initial desk review of the PCR regarding the completeness of its coverage and its conformity with the guidelines. The paper also makes recommendations about the major issues requiring examination, the need and timing for a field mission and its composition and justification for consultant support, if required.

8.4.7 Any further steps would be taken on the basis of guidance and instructions provided by the Director OPEV on the Issues Paper.

8.4.8 The format for an Intermediate Audit is illustrated in Appendix 8.1.

8.5 Contents and Format of PPARs for Full Audit

A. General

8.5.1 The following sections provide detailed guidelines on the structure and contents of PPARs. These guidelines should be generally followed but minor variations within the overall spirit and objectives could be made, depending on the nature and sector of particular projects.

8.5.2 A PPAR must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary. The reports must present a balanced view of the difficulties or unusual circumstances encountered by those involved in project implementation. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

8.5.3 A PPAR must be self-contained to the extent possible. Repetition of the contents of the PCR must be avoided by making selective references to the PCR for details concerning technical, operational and implementation aspects with which the PPAR concurs. A PPAR should focus mainly on important issues affecting performance, success and sustainability; on drawing lessons from past experience; and on identifying possible remedial measures for improving project/ programme performance. It should also identify problems requiring further detailed studies. The intention is not to criticise, to apportion blame or to lay too much stress on what was done in a certain way in the past and which is done differently now.

8.5.4 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the report, excluding the appendixes, should be around 20 pages, single space, but should never exceed 30 pages.

8.5.5 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of projects/ programmes in different sectors. It should be borne in mind that the information and analyses in the PPARs are subsequently inputted in the computerized SPEI System maintained by OPEV and used in the drafting of the Annual Report on OPEV Activities, The Annual Review of Results of Post-Evaluation, Abstracts of the Project/ Programme Performance Reports, Retrospectives and Special Reports and in considering follow-up actions.

B. Project Title

8.5.6 The Project title to be used in PPAR will be the same as given in the original appraisal report or loan agreement or technical assistance.

C. Front and Inside Cover

8.5.7 The formats for the front cover and inside front cover of the PPAR and for the presentation of currency equivalents on the inside front cover are given in Appendix 8.2.

D. Table of Contents

8.5.8 The format for table of contents for full PPARs is shown in Appendix 8.3.

E. Report Outline

8.5.9 The structure of a full PPAR shall be as follows:

Front Cover

Inside Front Cover (currency equivalents, abbreviations)

Preface

Table of Contents

Basic Project Data

Map

Chapter 1. EVALUATION SUMMARY

Chapter 2. BACKGROUND

Chapter 3. PROJECT IMPLEMENTATION

Chapter 4. PERFORMANCE EVALUATION

Chapter 5. PROJECT SUSTAINABILITY.

Chapter 6. PERFORMANCE RATINGS

Chapter 7. CONCLUSIONS AND RECOMMENDATIONS.

Appendixes

Attachment BORROWER/EXECUTING AGENCY COMMENTS

8.5.10 Explanatory notes for the contents of each section and subsection of the report are given in the following section.

F. Preface

8.5.11 This is an introductory statement to the PPAR indicating the project, purpose, plan and related input references (e.g. the Project Completion Report, PPAR mission etc.). Particular reference should be made to the review of the Bank files, discussions with representatives of agencies of the Borrower and other institutions and individuals, and comments received on the draft report. The Preface should not exceed one single-spaced page.

G. Basic Project Data

8.5.12 This section presents a summary of key data and information on the loan, the project's significant events and dates, performance indicators, and financing and disbursement estimates and actuals. Mission particulars and details of contractors, consultants and suppliers and other Bank Group financed programmes and projects in the country are also included. (see Appendix 8.4 for specimen).

8.5.13 It is important to ensure that data and information contained in the Basic Project Data Sheet be consistent with those in the main text of PPARs. The PPAR's Basic Project Data Sheet should not include any data and information obtained from the PCR if that is not confirmed by the PEM. Estimates of FIRR/ EIRR should be PEM's own assessments or its endorsement of PCR estimates. However, if the PEM does not estimate the EIRR/ FIRR for the project or does not endorse the EIRR/ FIRR re-estimated

by the PCR, it should be specified in the Project Data Sheet that EIRR/FIRR were "not calculated. "

H. Map

8.5.14 A country or an area map with the location of envisaged and actual project facilities and areas should be provided. If the map depicts only the project area but does not present the whole country, it should include an inset map of the country. The statement " Boundaries not necessarily authoritative" should appear below the legend in the map.. The map must show (i) the name of the project, (ii) at least one pair of coordinates on either side to indicate the geographical location, (iii) the North sign, (iv) the scale, and (v) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text..

8.5.15 Where an appropriate map is included in the PCR; no further map is required in the PPAR.

I. Chapter 1. Evaluation Summary

8.5.16 The highlights of evaluation should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should enable the reader to grasp the most significant findings and conclusions, both positive and negative. The key features of the methodologies used and the sources of data should be stated.

8.5.17 To ensure a consistency of format between reports and to facilitate data entry in SPEI, the Summary would be presented with separate sub-sections titled (i) Objectives and Scope, (ii) Implementation Performance including costs, financing and schedule, (iii) Institutional Aspects, (iv) Project Impact, (v) Sustainability, (vi) Conclusions including Performance Rating, and (viii) Feedback.

J. Chapter 2. Background

1. Country Economic Context

8.5.18 The project would be briefly put in its Country economic context, including initial conditions, policies and priorities at the time of the first Bank Group operation in the sector in the country. The section highlights the salient economic situation of country, government policies and priorities which have direct or indirect bearing on the project performance. These conditions are usually described in the Appraisal Report and/or the EPCP, at the date of preparation or appraisal.

8.5.19 This section would also provide any basic information on the Executing Agency Le. its location, ownership, area of operation, any special features and past loans received from Bank Group. The location of the project and its association with other Bank Group projects in the country would be provided.

2. History of Operations- Bank Group and Other Donors

8.5.20 A history and basic content of past operations of the Bank Group and other donors in the sector will be briefly described. An appendix could be used to provide lists, if considered necessary.

3. Formulation

8.5.21 The thrust of this section would be to highlight the role of Bank Group and the Borrower during project formulation. It would describe whether the identification, preparation and appraisal of the project concentrated on the right issues, whether there was meaningful participation and project ownership of the Borrower and the executing agencies, and whether institutional and managerial issues were adequately addressed. The adequacy of financial and human resources available for preparation of feasibility reports and, where applicable, the quality of guidance provided in preparation of terms of reference for consultants and their selection and working would be examined. Avoidable delays at different stages of project processing, their causes and whether those could have been avoided would be discussed. .

4. Project Rationale

8.5.22 The rationale would briefly describe the need for the project, the underlying reason for it, and the ultimate goal level objectives. The role of the project to help resolve sector issues and problems and achieve sector goals, including the relationship of the project to priorities of national development plans would be stated. Any extraordinary influences on the project design such as drought, civil commotions would be pointed out. If the project is a repeat operation, then evolution of the project since the first one would be explained.

5. Objectives and Scope at Appraisal (Logical Framework)

8.5.23 Clear articulation of development objectives and indicators of achievement at the preparation stage, and the expected linkages between inputs and development goals and objectives is crucial for any project. The Bank uses the Logical Framework (or MPDE - Methodology for Programme Design and Evaluation Matrix) as a planning tool in preparation, and as a management tool in implementation and supervision, of all its operations.

8.5.24 This section would specify the main purposes of the project and its importance to the sector as a whole. It would describe the components and scope of the project under physical, financial and institutional headings. In addition, it would summarize the logical framework in the text by outlining the major purposes of the project (e.g., increase in food production, promotion of effective health delivery systems) and describe the principal inputs (i.e., specific physical, financial and institutional inputs). outputs (e.g.. expansion in fertilizer distribution networks, improved colt recovery, etc.), and assumptions. Other investments or actions complementary to the project envisaged at appraisal would be

stated. Changes effected in the scope of the project during implementation would also be described (this should be consistent with the details in section 9.5.29). The detailed project matrix would be provided as an appendix to the report.

6. Financing Arrangements - Bank and Others

8.5.25 This section would include details of the loan amounts. The complementary donor financing arrangements and the amounts of governmental financing commitments would also be described.

7. Evaluation Methodology and Approach

8.5.26 This section would briefly describe the constraints in the availability and collection of data as well as the sources and methods of primary and secondary data collection, types of interviews conducted, measurement techniques adopted and the evaluative techniques used. In particular the analytical and evaluative methods adopted to attribute benefits to project and donors should be spelt out (for details of data sources and measurement techniques and attribution of benefits. see Appendix 10.6).

K. Chapter 3. Project Implementation

1. Loan Effectiveness

8.5.27 The appropriateness of conditions of effectiveness and their impact on the timely and adequate start up of the project and on the implementation schedule would be examined.

2. Changes in Project Scope

8.5.28 This section would describe the actual achievements and changes in the scope of the project and its physical, financial and institutional components after loan signature and examine their causes, appropriateness and impact on costs and achievement of project goals and objectives. The extent to which these resulted from inadequate project preparation or poor design and whether these could have been avoided would be particularly examined.

3. Implementation Schedule

8.5.29 A comparison would be made between the appraisal and actual implementation schedules for the project as a whole and for its main physical institutional, and financial components. The causes of delay whether they were rooted in design, institutional, financial, or procurement problems and their impact on project costs and benefits would be examined in some depth. It would also be assessed whether the original schedule was realistic and whether it reflected the past experience in the country/sector.

4. Reporting

8.5.30 The extent to which the stipulated reporting requirements of the Bank were adhered to by the Borrower as well as the quality of Bank follow-up would be examined.

5. Procurement

8.5.31 This section would examine whether the executing agency(ies) strictly followed the covenanted procurement procedures and whether any serious problems were encountered in the procurement process. The nature of the problems and whether they arose because of conflict between Bank's Guidelines and national laws and procedures or lack of familiarity of executing agency(ies) with them or restrictive bureaucratic procedures. and Jack of delegation of powers or any other causes would be analysed. How the problems were resolved and whether the Bank could provide timely assistance would be stated. Problems which are noted to be endemic in nature and which could seriously undermine implementation of future Bank projects would require more detailed analysis.

6. Project Costs

8.5.32 Actual and estimated project costs by major equipment, works and services would be recorded in a tabular form as set in appraisal report. The accuracy of recording of costs and the steps that the Bank could have taken at appraisal to improve it would be stated.

8.5.33 To calculate total actual costs in local currency, foreign currency costs of each year should be converted by using exchange rate prevailing in that year. A comparison would be made of actual expenditures with bid prices and costs expected at appraisal (including physical and price contingencies), both at the project level and for each component. The reasons for cost overruns or underruns, such as design and quantity changes, price increases, and currency exchange fluctuations would be examined. In cases of large divergences between actual and expected costs, the adequacy of provisions for physical and price contingencies and the appropriateness of appraisal methodology should be assessed. The source of financing of cost overruns and application of underruns would be explained.

7. Disbursements and Financial Sources

8.5.34 The actual disbursements would be compared with appraisal estimates and reasons for deviations would be noted. A table or graph showing estimated and actual phasing of project and Bank disbursements would be prepared and analysed. The share of the Bank and other sources, of fund in both the project and component costs would be discussed.

8.5.35 Significant delays in Bank and project disbursements since start-up, the reasons for delays, and the effect on project implementation would be examined. The Bank's assistance and role or lack of it in ensuring timely disbursements would be assessed.

8. Compliance with Loan Conditions and Covenants

8.5.36 The status of compliance with the major operational, financial and institutional conditions and covenants should be provided. Where implementation is incomplete or compliance less than fully satisfactory, this section should discuss the impact of non-compliance and identify key constraints as well as prospects for full compliance in the future. Bank's response to non-fulfilment of covenants should be critically examined. In the past PPARs have found that loans with conditions that are vague, unrealistic, excessive in number, and/or require satisfaction simultaneously, are associated with poor performance and the PPAR should comment on the clarity, relevance and realism of major conditions and covenants.

L. Chapter 4. Performance Evaluation

8.5.37 This chapter which is the most important one in the PPAR focusses on the evaluative aspects of the project.

1. Operating Performance

8.5.38 A comparison would be made of the actual operating performance of the project with the estimated, or with tender specifications. For example, for a power generation project the measurable comparison indicators would be power produced in MW or energy generated in KWH, for a fertilizer project it would be the daily or monthly or annual production of required quality of fertilizers, and so on. The reasons for deviation and steps taken by the suppliers, contractors, consultants and the Borrower/executing agency(ies) to put matters right would be discussed. It would be examined whether in retrospect the overall design of the project or of its major components reflects the current state of proven as well as appropriate technology. Taking into account all the factors, an overall assessment of the operating performance and whether the stated objectives were realistic and attainable, would be recorded.

2. Financial Performance

8.5.39 Actual financial results and key ratios such as return on net fixed assets, current ratio, debt service ratio, debt/equity ratio self-financing ratio and level of accounts receivables would be compared with appraisal projections to examine whether the financial targets, including appropriate levels of self-financing of investments, were achieved. The impact of inflation and changes in the exchange rate on the financial results would be assessed. An analysis would be made of the deviations in actual results from appraisal estimates and the underlying causes and whether steps could have been taken earlier to achieve better results. In case of large deviations the validity and appropriateness of appraisal estimates should be assessed.

8.5.40 The financial internal rate of return of the project would be reestimated.¹ The methodology adopted and the benefits and cost streams and assumptions used along with the details of major departures from the appraisal exercise would be indicated. The principal causes, both internal and external, for variations between appraisal and ex-post rates of return would be explained, clearly indicating whether these are because of differences in performance or arise from variations in methodology and assumptions.

8.5.41 An overall assessment of the financial performance including the causes for deviations and an assessment whether the stated objectives were realistic and attainable would be recorded.

3. Economic Performance

8.5.42 The economic internal rate of return of the project would be re-estimated. Upto the year of evaluation, actual costs and benefits would be used while new projections would be made for the remaining useful life of the project, based on the latest available information relating to costs and benefits.² The actual benefit and cost streams (in current prices) and future streams should all be brought to a common year to eliminate the effects of inflation.

8.5.43 The methodology adopted and the benefits and cost streams and assumptions used along with the details of major departures from the appraisal exercise would be indicated. The principal causes, both exogenous and endogenous, for variations between appraisal and ex-post rates of return would be explained, clearly indicating whether these are because of differences in performance or arise from variations in methodology and assumptions.

8.5.44 In projects in sectors such as education, health, water supply and sanitation etc., where an economic internal rate of return was not calculated at appraisal or cannot be re-estimated, a qualitative assessment would be made of the extent to which the

¹ Where financial and/or economic internal rates of return can be re-estimated at post-evaluation, the details would be presented in appropriate appendixes. These appendixes would present a comprehensive evaluation of the rates of return and the underlying assumptions and the methodology adopted in sufficient detail. The sensitivity analysis indicates the key variables used and the underlying rationale and assumptions for using them. If time series data are used in the projections, such statistical data should be included in the appendix as table(s).

² The methodology for EIRR computation should generally be consistent with the Bank Guidelines for EIRR computation at appraisal. Commodity price projections and projections for price escalation/inflation for future years (generally referred to as the manufacturing unit value (MUV) index) made and issued by the World Bank should be used in the EIRR computations, unless there are valid reasons, to make a departure, which should be recorded. For other details, refer to footnote to para. 8.5.40.

cannot be re-estimated, a qualitative assessment would be made of the extent to which the project had achieved its sectoral goals and objectives and whether the benefits are considered sustainable. Cost-effectiveness indicators would be applied to determine whether there were more cost-effective ways at appraisal to deliver specific services or to meet a validated level of demand. In some cases benefit/cost analysis would be the preferred tool. An overall assessment would be made whether in retrospect, the project was worthwhile.

4. Institutional and Social Performance

a. Institutional Development

8.5.45 The degree to which the institution building objectives were addressed and new institutional arrangements put in place, and whether these were in line with the appraisal expectations would be indicated. The degree of success in staffing and training efforts, including counterparts would be assessed. The extent to which the agreed or expected reforms in sector policies and structures were carried out would also be examined.

8.5.46 An important indicator of progressive improvement in institutional capability is the extent to which in-house capability of the executing agency has developed, as demonstrated by a corresponding reduction in foreign technical assistance needed for the design and implementation of subsequent development projects. In this context a qualitative assessment should be made of the extent to which there has been progressive transfer of technology from consultants to their counterparts in the executing agency during the design and implementation phases of Bank-financed projects. Another indicator is the extent to which the executing agency has been able to reduce staff turnover to within manageable limits.

8.5.47 The causes for problems in institutional development and slippages in implementation would be identified. This would include an assessment whether, in retrospect, the diagnosis of institutional problems at preparation and appraisal was correct and whether the solutions were appropriate, realistic and attainable.

b. Management and Organization Effectiveness

8.5.48 The quality of the Borrower's present management and how it compares with that at the time of appraisal and the principal reasons for changes would be assessed. It would include an assessment of changes made to the organizational structure and the reasons and impact thereof. Other factors to be examined would be the issues of development of appropriate long range project and manpower development planning capability; financial systems, budgetary controls and procedures; systems of billing and collection of accounts, and inventory control; internal and external auditing arrangements; systems and procedures for plant operation and maintenance; and, information storage and retrieval systems. The issue of dismantling of over centralization and achievement of greater decentralization would also be examined. The analysis would include an assessment of the factors contributing to the assessed improvements or deterioration.

c. Socio-Economic Impact

8.5.49 To the extent possible and where applicable, the socio-economic impact of the project on poverty alleviation, reduction of income disparities and improvement of the quality, of life of the low-income group and other disadvantaged groups, should be assessed. The employment creation and distribution impact of the project would be examined. The extent to which emphasis in terms of system level and access to services by the poor and women should be examined. In many cases there may be linkages between policy issues such as tariffs, cost recovery, market-related prices, need for government deregulation, etc., and socioeconomic considerations, including "affordability" aspects. Such linkages should be suitably examined and highlighted in the PPAR.

5. Impact on Women

8.5.50 Considerable emphasis is now placed by the Bank Group on this important cross-cutting issue. The extent to which the interests and role of women were considered at the time of programme formulation and implementation and the actual positive and negative impact of the programme on women should be evaluated in this section.

h. Environmental Performance

8.5.51 An assessment of the environmental impact is important. It is recognized that for the older projects where environmental concerns were not given adequate attention, this could pose difficulties. Nevertheless, it should be possible to make a general assessment and for this purpose the PPAR mission would need to have adequate consultation with the Environmental Unit of the Bank before making the field visit, to identify particular issues and aspects which need to be examined.

8.5.52 In those operations where Environmental Impact Assessments were made at appraisal, an examination should be made of the extent to which identified mitigative actions were carried out and how the costs compare with the estimates. The effectiveness of the measures taken and what more needs to be done should be assessed.

7. Performance of Consultants, Contractors, Suppliers and Borrower

8.5.53 It is ordinarily expected that most of these aspects would be adequately covered in the PCR. These sections would largely quote reference to the relevant sections of the PCR while providing any supplementary information considered necessary for making an informed assessment on the performances.

a. Consultants

8.5.54 This section would record an assessment of the consultants' performance relating to project design, revision, construction supervision and initial operations, training of Borrower's staff, etc. The appropriateness of level and quantum of consultancy provided would also be judged.

b. Contractors and Suppliers

8.5.55 This section would record the performance of contractors and suppliers relating to quality of service; adherence to work schedules; quality of equipment and adherence to delivery dates etc. indicating major problems or shortcomings, and whether they could have been avoided.

c. Borrower and Executive Agency

8.5.56 This section would contain an assessment of the technical and managerial competence during implementation, the overall control of the project by the executing agency and indicate whether any cumbersome and complicated decision-making or approval processes hampered the implementation of the project.

8.5.57 The performance of the Borrower and the Executing Agency(ies), to monitor the programme, to report and consult the Bank and the capacity to make mid-course adjustments would be assessed. It would also be assessed whether the. executing agency established a healthy relationship, with a good rapport and an easy flow of communication, with the consultants, contractors and suppliers.

8. Bank Group Performance

8.5.58 The effectiveness of Bank assistance and supervision during project formulation and implementation should be evaluated and discussed. The effectiveness and adequacy of Bank assistance in resolving problems pertaining to matters such as procurement, disbursements, compliance with covenants etc., would be judged. It would be assessed whether the Bank involvement was inadequate, adequate or too much. Attention paid by the Bank Group for assessing the institutional capability within the RMC and for providing appropriate short term and medium term strengthening and development prior to or as a part of the project should be assessed. The Banks efforts in developing local RMC consulting and contracting capability would also be assessed.

M. Chapter 5. Project Sustainability

8.5.59 This chapter would present an assessment of the sustainability of the project over its projected economic life, drawing on the overall assessment of the report. It would analyse whether project benefits are likely to be sustained after funding by the Bank or other financing agencies ceases. Emphasis will be on those specific (endogenous or exogenous) factors contributing to the project sustainability such as the continued

Borrower commitment; macro-economic and sector policy environment; institutional framework and capability; technical viability; financial (including cost recovery systems) and economic viability; environmental viability; social acceptance; and, operation and maintenance facilitation.

8.5.60 This section would be drawing upon issues already discussed in other sections of the report and care would have to be exercised that undue duplication is avoided by suitably referencing rather than reproduction, where appropriate.

N. Chapter 6. Performance Ratings

1. Types of Ratings

8.5.61 At post-evaluation, for each project, the following ratings will be included in the respective PPARs.

- a) Implementation Performance Rating
- b) Bank Performance Rating
- c) Project Outcome Rating

2. The Criteria

8.5.62 Implementation Performance: Efficiency of implementation is already reflected in project outcomes. However, as an important factor affecting project performance and outcomes, its quality at completion needs to be separately assessed. The following component indicators would be considered to judge the Implementation Performance at completion:

- adherence to time schedules
- adherence to cost estimates
- compliance with loan conditions and covenants
- adequacy of supervision and reporting
- satisfactory operations (if applicable)

8.5.63 Bank Performance: Another important factor which influences Project outcomes is the Bank's assistance and performance during all stages of the project cycle. The component indicators for judging the performance would be the following based on Bank's performance at the following stages:

- identification
- preparation assistance
- appraisal
- supervision

8.5.64 Project Outcomes: Overall Project Outcomes will be based on Development Objectives Performance (DOP), which would be judged on a basis which is consistent with the "Impact on Development" criteria included in Bank's format for Supervision Performance Ratings². The assessment would be made on the basis of performance of the following four component indicators:

- relevance and achievement of Project Objectives
- sustainability of the benefits beyond the investment stage, throughout the operational life of the project
- contribution toward an increase in institutional capacity, and
- current rates of return - a qualitative analysis of the costs and benefits should be carried out for programme loans or for projects or components of sectoral projects where the economic IRR is not automatically estimated³

3. Assessment

8.5.65 Using a four-point scale, a separate assessment would be made of the Implementation Performance in form IP 1, Bank Performance in form BP 1 and Project Outcome in form PO 1 (see Appendixes 8.5, 8.6 and 8.7).

8.5.66 It is to be noted that all the three forms show their respective component indicators as well as some selected sub-component indicators within each component indicator for assessing the performance. The assessment is a bottoms-up approach, beginning with an assessment of each of the sub-component indicators on a four

² see Annex 6 of Paper on Bank Group Policy on Portfolio Review and Restructuring, September 1995.

³ Examples of projects where the quantitative benefits are difficult to estimate are those in the sectors such as education, health, rural electrification, and water supply and sanitation or those with components involving the transfer of technology, institutional development and policy reform. For these projects specific criteria for assessing the "level of success" will be identified from the Objectively Verifiable Indicators retained by applying the logical framework approach at evaluation and reassessed at the date of post-evaluation.

point scale and a simple un-weighted average of marks for sub-component indicators is obtained to give the rating for their respective major component indicators. Additional sub-component indicators could included if in the judgement of the evaluation officer the assessment in the special circumstances of the particular programme would be distorted without them.

8.5.67 Once rating for all the component indicators is obtained in this manner, the overall marks for rating of the project would also be obtained by a simple unweighted average of the marks for the- individual component indicators.

8.5.68 The numerical averages would be converted into descriptive ratings in the following manner:

Category HS	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest.

O. Chapter 7. Conclusions and Recommendations

8.5.69 This chapter would summarize the main outcome of evaluation. The conclusions arrived at would be based on the analysis and assessment carried out in the report. It should be divided into three parts for Overall Assessment, Feedback (Lessons Learned) and Recommendations, and Follow-Up-Action.

1. Overall Assessment

8.5.70 This section would be a brief overall assessment of how the project has performed in meeting its objectives and should include and be consistent with its performance ratings in Chapter 6. Other noteworthy features of implementation and Bank performance would also be included.

2. Feedback and Recommendations

8.5.71 The second sub-section of feedback and recommendations should summarize, (quoting reference to the text) only the important lessons, both positive and negative, that are relevant for future operations. These would be disseminated through the

Bank's feedback system within the Bank, and to the Borrowers. Project-specific findings which do not have a general relevance should not be included in this section.

3. Follow-Up Action

8.5.72 In the third sub-section, items requiring project specific follow-up action would be arranged separately for the Bank and the government/executing agency(ies). There would thus be no duplication or repetition between the second and the third sub-sections.

P. Appendixes

8.5.73 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information. The two most important appendixes are those that present details of the EIRR and FIRR, where such evaluations can be done.

8.5.74 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

Q. Attachment

8.5.75 A copy of the Borrower/Executing Agency's comments on the draft report should be attached. All the page numbers should be prefixed with the letter A.

LIST OF APPENDIXES
CHAPTER 8

Number	Title
8.1	Format for Intermediate Audit Report
8.2	Formats for Front and Inside Covers and Presentation of Currency Equivalents
8.3	Table of Contents for PPARs
8.4	Specimen of Basic Project Data Sheet
8.5	Rating Format for Implementation Performance IP1
8.6	Rating Format for Bank Performance BP1
8.7	Rating Format for Project Outcome PO1

APPENDIXES 8.1 & 8.2

FORMAT FOR INTERMEDIATE AUDIT REPORT

FORMATS FOR FRONT AND INSIDE COVERS AND
PRESENTATION OF CURRENCY EQUIVALENTS

(As per specimen in the existing PPAR Guidelines)

APPENDIX 8.3
TABLE OF CONTENTS FOR PPARs

Chapter 1.	Evaluation Summary
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	<ol style="list-style-type: none"> 1. Country Economic Context 2. History of Operations- Bank Group and Other Donors 3. Formulation 4. Project Rationale 5. Objectives and Scope at Appraisal (Logical Framework) 6. Financing Arrangements -Bank and Others 7. Evaluation Methodology and Approach
Chapter 3.	Project Implementation
	<ol style="list-style-type: none"> 1. Loan Effectiveness 2. Changes in Project Scope 3. Implementation Schedule 4. Reporting 5. Procurement 6. Project Costs 7. Disbursements and Financial Sources 8. Compliance with Loan Conditions and Covenants
Chapter 4.	Performance Evaluation
	<ol style="list-style-type: none"> 1. Operating Performance 2. Financial Performance 3. Economic Performance 4. Institutional and Social Performance 5. Women in Development 6. Environmental Performance 7. Performance of Consultants, Contractors, Suppliers and Borrower 8. Bank Group Performance
Chapter 5.	Project Sustainability
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	<ol style="list-style-type: none"> 1. Types of Rating 2. Criteria 3. Assessment
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Appendixes	
Attachment	
	(Reference in text: para. 8.5.8, page 73)

APPENDIX 8.4

SPECIMEN OF BASIC PROJECT DATA SHEET

(As per specimen in the existing PPAR Guidelines)

APPENDIX 8.5FORM IP 1
IMPLEMENTATION PERFORMANCE

Component indicators	Score. (1 to 4)	Remarks
1. Adherence to Time Schedule		
2. Adherence to Cost Schedule		
3. Compliance with Covenants		
4. Adequacy of Monitoring & Evaluation and Reporting		
5. Satisfactory Operations (if applicable)		
TOTAL		
Overall Assessment of Implementation performance		

Explanatory Notes for marking Form IP 1

1. For Time Schedule, the marking would be as follows:

4 marks would be given when implementation delay (difference between the original completion date and the actual completion date) is within 10 percent of the original implementation time as planned at appraisal, and the delay does not exceed three months.

3 marks would be given when implementation delay (difference between the original completion date and the actual completion date) is within 25 percent of the original implementation time as planned at appraisal, and the delay does not exceed six months.

2 marks would be given when implementation delay (difference between the original completion date and the actual completion date) is within 50 percent of the original implementation time as planned at appraisal, and the delay does not exceed nine months.

1 mark would be given when implementation delay (difference between the original completion date and the actual completion date) is more than 50 percent of the original implementation time as planned at appraisal, or the delay exceeds nine months.

2. For Cost Variations, the marking would be as follows:

4 marks would be given when the cost variation is within +/- 10 percent of the appraisal cost estimates.

3 marks would be given when the cost variation is within +/- 25 percent of the appraisal cost estimates:

2 marks would be given when the cost variation is within +/- 50 percent of the appraisal cost estimates.

1 mark would be given when the cost variation is more than +/- 50 percent of the appraisal cost estimates.

3. For Compliance with Covenants, the marking will be based on qualitative judgements as follows:

4 marks would be given where the fulfilment of Covenants is considered to be fully in accordance with the requirements or has exceeded or likely to exceed it, without major shortcomings.

3 marks would be given where the fulfilment of Covenants is or likely to be substantial.

2 marks would be given where the fulfilment of Covenants is or likely to be of only partial and of modest efficacy or impact.

1 mark would be given where the fulfilment of Covenants is of minimal relevance and negligible efficacy or impact.

4. For the adequacy of the Monitoring & Evaluation (M&E) and Reporting the marking will be based on qualitative judgements as follows:

4 marks would be given where the M&E and Reporting are considered to be fully in accordance with the requirements or have exceeded or likely to exceed it, without major shortcomings.

3 marks would be given where the M&E and Reporting are or likely to be substantial.

2 marks would be given where the M&E and Reporting are or likely to be of only partial and of modest efficacy or impact.

1 mark would be given where the M&E and Reporting are of minimal relevance and negligible efficacy or impact.

5. For Satisfactory Operations (where applicable), the marking on the 4-point scale would be done on the basis of sector-specific performance indicators, which would be identified by the Post-Evaluation mission and their relevance and adequacy justified.

Overall Assessment

The Overall Assessment in each case would be the simple un-weighted average of marks for all the component indicators. This will be determined by totalling of rating marks for all the component indicators, and dividing the total by the number of component indicators. The numerical averages will then be converted into descriptive ratings in the following manner:

Category HS	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
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Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated.
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest.

(Reference to text: para: 8.5.65, page 85)

APPENDIX 8.6
FORM BP 1
BANK PERFORMANCE

Component Indicators	Score (1 To 4)	Remarks
1. At Identification		
2. At Preparation of Project		
3. At appraisal		
4. At Supervision		
<u>Overall Assessment of Bankn Performance</u>		

Explanatory Notes for marking Form BP 1

1. At Identification

4 marks would be given where the Bank performance is highly satisfactory at this stage. This will be determined by ensuring that:

- (i) the project is part of the national priorities;
- (ii) the project is integrated within the Public Investment Programme (PIP);
- (iii) recommendations of the Country Strategy Paper (CSP) have been taken into account in the project design;

- (iv) Economic projections and hypothesis have been analysed and well taken into account in the project's logical framework matrix.

3 marks would be given where the Bank performance is satisfactory in most respects. This will be determined by ensuring that:

- (i) the project is part of the national priorities;
- (ii) the project is integrated within the Public Investment Programme (PIP);
- (iii) recommendations of the Country Strategy Paper (CSP) have been taken into account in the project design ;

(iv) Economic projections and hypothesis have been partially analysed or taken into account in the project's logical framework matrix.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined on the basis of:

- (i) the project is part of the national priorities;
- (ii) recommendations of the Country Strategy Paper (CSP) are not taken into account in the project design;
- (iii) Economic projections and hypothesis are analysed or taken into account in the project's logical framework matrix.

1 mark would be given where the Bank performance is generally unsatisfactory.

2. **At Preparation of Project**

4 marks would be given where the Bank performance is highly satisfactory at this stage. This will be determined by ensuring that:

- (i) Project briefs and Matrices have been prepared;
- (ii) a complete desk review is accomplished;
- (iii) all actions and measures taken by the Bank before appraisal are relevant and efficient.

3 marks would be given where the Bank performance is satisfactory in most respects. This will be determined by ensuring that:

- (i) Project briefs and Matrices have been prepared;
- (ii) a complete desk review is accomplished;
- (iii) all actions and measures, taken by the Bank before appraisal are of modest efficacy or impact.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined by ensuring that:

- (i) the desk review has led to few recommendations;
- (iii) No actions or measures have been taken by the Bank before appraisal.

1 mark would be given where the Bank performance is generally unsatisfactory.

3. **At Appraisal**

4 marks would be given where the Bank performance is highly satisfactory at this stage. This will be determined by ensuring that:

- (i) the Project's Matrix has been prepared;
- (ii) the Appraisal Report is of good quality and has dealt with all technical, economic, financial, social, environmental and sustainability issues;
- (iii) Risks and Assumptions have been well analysed;
- (iv) Processing stages of the Appraisal Report have been followed and all observations during Identification and Preparation have been taken into account.

3 marks would be given where the Bank performance is satisfactory in most respects. This will be determined by ensuring that:

- (i) the Project's Matrix has been prepared;
- (ii) the Appraisal report is of good quality;
- (iii) Risks and Assumptions have been partially analysed;
- (iv) Processing stages of the Appraisal Report have been partially followed.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined by ensuring that:

- (i) the Project's Matrix is unsatisfactory;
- (ii) the Appraisal report is unsatisfactory;
- (iii) Risks and Assumptions are not analysed;
- (iv) Processing stages of the Appraisal Report are not followed.

1 mark: for the rest.

4. **At Supervision**

The quality of supervision is assessed on the basis of (i) the time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., (ii) the number of field supervision missions, composition of supervision team, and the quality of the Report which should include an action plan. At this stage, the Bank's performance will be assessed on the basis of the following:

4 marks would be given where the Bank performance is highly satisfactory at this stage: This will be determined by ensuring that:

- (i) time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., is highly satisfactory;
- (i) at least one supervision mission per year of implementation has been launched;
- (iii) Supervision Reports are fully in accordance with the requirements of the Operational Manual;
- (iv) Composition and time duration of the supervision mission are adequate.

3 marks would be given where the Bank performance is satisfactory in most respects. This will be determined by ensuring that:

- (i) time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., is reasonable;
- (ii) one supervision mission per year of implementation has been launched;
- (iii) Supervision Reports are substantially in accordance with the requirements of the Operational Manual;
- (iv) Composition and time duration of the supervision mission are sometimes inadequate.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined by ensuring that:

- (i) time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., is abnormally long;
- (ii) only one or two supervision missions during the implementation period of the project have been launched;
- (iii) Supervision Reports are not in accordance with the requirements of the Operational Manual;
- (iv) Composition and time duration of the supervision mission are totally inadequate.

1 mark: for the rest.

Nota:

A number of factors are important while judging the Bank performance. The need for underpinning policy reforms with prior economic and sector studies has been recognized as such analysis prior to loan negotiations "reinforces the Bank's prescriptive credibility and conviction, promotes effective policy dialogue and often generates a much better understanding of controversial or politically sensitive issues."¹ An assessment of the quality of Bank Group's economic and sector analysis work prior to the development of reforms package is thus very important. The extent to which politico-economic rationale for prereform policy framework and political dimensions of the reforms were analyzed and considered should be assessed. Assessment of the Bank's assistance and role in the design of the project/programme would need to be considered at the Preparation stage. All these aspects would need to be built into the marking for the component indicators for Policy Based Lending "At Identification" and "At Project/ Programme Preparation". The frequency and quality of Bank's policy dialogue, supervision missions and needed follow-up actions would also require to be assessed would similarly need to be built into the marking system. Donor cooperation and coordination aspects during formulation, negotiation and implementation including disbursements also need to be considered at the respective stages.

Overall Assessment

The Overall Assessment in each case would be the simple un-weighted average of marks for all the component indicators. This will be determined by totaling of rating marks for all the component indicators, and dividing the total by the number of component indicators. The numerical averages will then be converted into descriptive ratings in the following manner:

Category HS of	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated.
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest. (Reference to text: para. 8.5.65, page 85)

¹ See OPEV Review of the Results of Operations Evaluation 1992-1993 para.4.3.2

APPENDIX 8.7FORM PO 1
PROJECT OUTCOME

No.	Component Indicators	Score (1 To 4)	Remarks
1	<u>Relevance and Achievement of Objectives*</u>		
i)	Macro-economic Policy		
ii)	Sector Policy		
iii)	physical (incl. production)		
iv)	Financial		
v)	poverty Alleviation & Social & Gender		
vi)	Environment		
vii)	Private sector development		
viii)	Other (Specify)		
2	Institutional Development (ID)		
i)	Institutional Framework incl. restructuring		
ii)	Financial and Management Information Systems including Audit Systems		
iii)	Transfer of Technology		
iv)	Staffing by qualified persons (incl. turnover), training & counter-part staff		

3	Sustainability ***		
i)	Continued Borrower Commitment		
ii)	Environmental Policy		
iii)	Institutional Framework		
iv)	Technical Viability and Staffing		
v)	financial Viability including cost recovery systems		
vi)	Economic Viability		
vii)	Environmental Viability		
viii)	O&M facilitation (availability of recurrent funding, foreign exchange, spare parts, workshop facilities etc.)		
4	Economic Internal Rate of Return ****		
	TOTAL		
	Overall Assessment of Outcome		

Explanatory Notes for Marking on form PO 1

* Relevance and Achievement of Objectives:

4 marks would be given if the relevance of objectives is fully confirmed, the project has achieved or exceeded all its major objectives, and the project has achieved or is likely to achieve substantial development results, without major shortcomings.

3 marks would be given provided the relevance of objectives is generally confirmed, the project has achieved most of its major relevant objectives, and has achieved or is expected to achieve satisfactory development results, with only a-few shortcomings.

2 marks would be given where the project failed to achieve most of its major objectives, has not yielded and is not expected to yield substantial development results, and has significant shortcomings.

1 mark would be given where the project failed to achieve any of its major objectives and has not yielded and is not expected to yield worthwhile development results.

** Achievement of ID Objectives:

4 marks would be given where the achievement of ID objectives is fully in accordance with the project objective or has exceeded or likely to exceed it, without major shortcomings.

3 marks would be given where the achievement of ID objectives is or likely to be substantial.

2 marks would be given where the achievement of ID objectives is or likely to be of only intermediate relevance and modest efficacy or impact.

1 mark would be given where the achievement of ID objectives is of minimal relevance and negligible efficacy or impact.

*** Sustainability:

4 marks would be given where the sustainability of most project achievements and benefits is highly likely to be sustained.

3 marks would be given where the sustainability of most project achievements and benefits is likely to be sustained.

2 marks would be given where the sustainability of most achievements and benefits is uncertain.

1 mark would be given where the sustainability of most achievements and benefits is unlikely.

**** Rate of Return:

4 marks would be given where for a major portion of the investment the EIRR is 10 percent or more, or NPV is positive when flows are discounted at 10 percent; the EIRR is not less than the appraisal estimates; and no major component has failed. Where EIRR is not calculated, the project would be rated as HS where it fully meets the least-cost test.

3 marks would be given where for a major portion of the investment the EIRR is somewhat less than 10 percent (above 8 percent) or NPV is slightly negative when flows are discounted at 10 percent, but there are other unquantified benefits such as institutional development, poverty reduction, environmental benefits etc., or where the least-cost test is substantially met.

2 marks would be given where the EIRR is between four and eight percent or where the least-cost test is met only for some of the major components.

1 mark would be provided where the EIRR is below 4 percent or where the

project is seen to be a technical and economic failure, in the sense that project facilities operate at a very low level of installed capacity, if at all, with little prospect for improvement.

Overall Assessment

The Overall Assessment in each case would be the simple un-weighted average of marks for all the component indicators. This will be determined by totaling of rating marks for all the component indicators, and dividing the total by the number of component indicators. The numerical averages will then be converted into descriptive ratings in the following manner:

Category HS	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated.
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest.

(Reference in text: para. 8.5.65, page 85)

CHAPTER 9. GUIDELINES AND FORMAT FOR PREPARATION OF PROGRAMME PERFORMANCE AUDIT REPORTS (for Police Based Lending).

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9 GUIDELINES AND FORMAT FOR PREPARATION OF PROGRAMME PERFORMANCE AUDIT REPORTS (for Policy Based Lending).

9.1

Objective

s

9.1.1 PPARs are aimed at assessing the efficiency of the Banks lending activities and the effectiveness of the projects/programmes financed. A PPAR is the result of an independent assessment of the specific actions taken by the Bank Group, including an objective statement of the results achieved by the project/ programme compared with expectations at appraisal; a critique of these expectations in the light of Chat comparison; an evaluation of how the Bank could have been more helpful; and a judgement whether in retrospect the programme was worth doing or could have been done better.

9.1.2 A PPAR examines the soundness of the conception and design of the project/programme; the efficiency of implementation and the level of achievement of results compared to objectives set at appraisal; identifies causes and reasons for deviations from set objectives; and draws lessons of experience relevant for improving the efficiency and effectiveness of lending activities. PPARs are prepared for all completed Bank Group, financed programmes for which PCRs are available.

9.2 Scope

9.2.1 The PPAR provides an analytical commentary on and a supplement to the PCR, focussing selectively on issues that merit closer attention. Its preparation begins after a decision on the type of audit has been taken on the PCR Evaluation Note. (see para. 4.3.6).

9.2.2 The PPAR constitutes the data base for all special and impact studies. The verification and up-dating of information during audit fortifies the database and facilitates the identification of areas that require in-depth evaluation studies.

9.3 Preparation of an Issues Paper

9.3.1 The first step in the preparation of a PPAR is the preparation of an Issues Paper. The purpose of this paper is to set out the results of the initial desk review of the PCR regarding the completeness of its coverage and its conformity with the guidelines. The paper also makes recommendations about the major issues requiring examination, the need and timing for a field mission and its composition and justification for consultant support, if required.

9.3.2 Any further steps would be taken on the basis of guidance and instructions provided by the Director OPEV on the Issues Paper. Detailed Guidelines for the Preparation of an Issues Paper are included in Chapter 7.

9.4 Contents and Format of PPARs

A. General

9.4.1 The following sections provide detailed guidelines on the structure and contents of PPARs. These guidelines should be generally followed but minor variations within the overall spirit and objectives could be made, depending on the nature and sector of particular projects.

9.4.2 A PPAR must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary. The reports must present a balanced view of the difficulties or unusual circumstances encountered by those involved in project implementation. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

9.4.3 A PPAR must be self-contained to the extent possible. Repetition of the contents of the PCR must be avoided by making selective references to the PCR for details concerning technical, operational and implementation aspects with which the PPAR concurs. A PPAR should focus mainly on important issues affecting performance, success and sustainability; on drawing lessons from past experience; and on identifying possible remedial measures for improving project/ programme performance. It should also identify problems requiring further detailed studies. The intention is not to criticise, to apportion blame or to lay too much stress on what was done in a certain way in the past and which is done differently now.

9.4.4 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the report, excluding the appendixes, should be around 20 pages, single space, but should never exceed 30 pages.

9.4.5 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of projects/ programmes in different sectors. It should be borne in mind that the information and analyses in the PPARs are subsequently inputted in the computerized SPEI System maintained by OPEV and used in the drafting of the Annual Report on OPEV Activities, The Annual Review of Results of Operations Evaluation, Abstracts of the Project/ Programme Performance Reports, Quarterly Retrospectives, and Special Reports and in considering follow-up actions.

B. Programme Title

9.4.6 The Programme title to be used in PPAR will be the same as given in the original appraisal report or loan agreement or technical assistance.

C. Front and Inside Cover

9.4.7 The formats for the front cover and inside front cover of the PPAR and for the presentation of currency equivalents on the inside front cover are given in Appendix 9.1.

D. Table of Contents

9.4.8 The format for table of contents for full PPARs for policy-based lending is shown in Appendix 9.2.

E. Report Outline

9.4.9 The structure of the PPAR shall be as follows:

Front Cover	
Inside Front Cover (currency equivalents, abbreviations)	
Preface	
Table of Contents	
Basic Programme Data	
Map	
Chapter 1.	EVALUATION SUMMARY
Chapter 2.	BACKGROUND
Chapter 3.	PROGRAMME IMPLEMENTATION AND ACIIEVEMENTS
Chapter 4.	PERFORMANCE EVALUATION
Chapter 5.	PROGRAMME SUSTAINABILITY.
Chapter 6.	PERFORMANCE RATINGS
Chapter 7.	CONCLUSIONS AND RECOMMENDATIONS.
Appendixes	
Attachment	BORROWER/EXECUTING AGENCY COMMENTS

9.4.10 Explanatory notes for the contents of each section 'and sub-section of the report are given in the following section.

F. Preface

9.4.11 This is an introductory statement to the PPAR indicating the programme, purpose, plan and related input references (e.g. the Programme Completion Report, PPAR mission etc.). Particular reference should be made to the review of the Bank files, discussions with representatives of agencies of the Borrower and other institutions and

individuals, and comments received on the draft report. The Preface should not exceed one single-spaced page.

G. Basic Programme Data .

9.4.12 This section presents a summary of key data and information on the loan, the programme, significant events and dates, performance indicators, and financing and disbursement estimates and actuals. Macro-economic data for the country for SALs and sectoral performance data for SECALs both at the time of appraisal and programme completion will be included. Mission particulars and details of contractors, consultants and suppliers and other Bank Group financed programmes and projects in the country are also included.

9.4.13 It is important to ensure that data and information contained in the Basic Programme Data Sheet be consistent with those in the main text of PPARs. The PPAR's Basic Programme Data Sheet should not include any data and information obtained from the PCR if that is not confirmed by the PEM. Estimates of FIRR/ EIRR should be PEM's own assessments or its endorsement of PCR estimates. However, if the PEM does not re-estimate the EIRR/ FIRR for the project or does not endorse the EIRR/ FIRR reestimated by the PCR, it should be specified in the Programme Data Sheet that EIRR/FIRR were "not calculated. "

H. Map

9.4.14 A country or an area map with the location of envisaged and actual programme facilities and areas should be provided. If the map depicts only the programme area but does not present the whole country, it should include an inset map of the country. The statement " Boundaries not necessarily authoritative" should appear below the legend in the map. The map must show (i) the name of the programme, (ii) at least one pair of coordinates on either side to indicate the geographical location, (iii) the North sign, (iv) the scale, and (v) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text.

9.4.15 Where an appropriate map is included in the PCR, no further map is required in the PPAR.

I. Chapter I. Evaluation Summary

9.4.16 The highlights of evaluation should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should enable the reader to grasp the most significant findings and conclusions, both positive and negative. The key features of the methodologies used and the sources of data should be stated.

9.4.17 To ensure a consistency of format between reports and to facilitate data entry in SPE1, the Summary would be presented with separate sub-sections

titled (i) Objectives and Scope, (ii) Implementation Performance including costs, financing and schedule, (iii) Institutional Aspects, (iv) Programme Impact (including the impact of sector and policy reforms), (v) Sustainability, (vi) Conclusions including Performance Ratings, and (viii) Feedback.

J. . Chapter 2. Background

1. Country Economic Context

9.4.18 The programme would be briefly put in its Country economic context, including initial conditions, policies and priorities at the time of the first Bank Group PBL operation in the country. The section highlights the salient economic situation of country, government policies and priorities which have direct or indirect bearing on the programme performance. Baseline data on economic conditions, in general and those affecting the producer-beneficiaries, as well as whether the goods being produced are domestically tradable, exportable, or nontradable goods would be provided. These conditions are usually described in the Appraisal Report and/or the EPCP, at the date of preparation or appraisal.

9.4.19 This section would also provide any basic information on the Executing Agency i.e. its location, ownership, area of operation, any special features and past loans received from Bank Group. The location of the project and its association with other Bank Group projects in the country would be provided.

2. History of PBL Operations- Bank Group and Other Donors

9.4.20 A history and basic content of PBL operations of the Bank Group and other donors will be briefly described. An appendix could be used to provide lists, if considered necessary.

3. Formulation

9.4.21 The thrust of this section would be to highlight the role of Bank Group and the Borrower during programme formulation. It would describe whether the identification, preparation and appraisal of the programme concentrated on the right issues, whether there was meaningful participation of the Borrower and the executing agencies, and whether institutional and managerial issues were adequately addressed. Avoidable delays at different stages of programme processing, their causes and whether those could have been avoided would be discussed.

9.4.22 The economic and sectoral analytical work that formed the basis of the reform programme and the government's involvement in analyzing issues, in designing the programme and in formulating an action plan as well as its commitment as indicated in the development policy letter should be described. The extent to which Borrower ownership of the reform package was achieved should be stated. External assistance, including that from the Bank, in the formulation of the programme should be specified and its quality and

adequacy judged. The role of Bank's policy dialogue in determining the scope and content of the programme and should be recounted very briefly.

4. Programme Rationale

9.4.23 The rationale would briefly describe the need for the programme, the underlying reason for it, and the ultimate goal level objectives. The reason for adopting this mode of lending should be explained in the context of policy initiatives of the government at appraisal and the significance and priority of the programme to have been selected for Bank assistance. The role of the programme to help resolve sector issues and problems and achieve sector goals, including the relationship of the programme to priorities of national development plans would be stated. Any extra-ordinary influences on the programme design such as drought, civil commotions would be pointed out. If the programme is a repeat operation, then evolution of the programme since the first one would be explained.

5. Objetives and Scope at Appraisal (Logical Framework)

9.4.24 Clear articulation of development objectives and indicators of achievement at the preparation stage, and the expected linkages between reform measures and development goals and objectives is crucial for any programme.¹ The Bank uses the Logical Framework (or MPDE - Methodology for Programme Design and Evaluation Matrix) as a planning tool in preparation, and as a management tool in implementation and supervision, of PBL as well as project operations.

9.4.25 This section would specify the main purposes of the programme and its importance to the sector as a whole. It would describe the components and scope of the programme under physical, financial and institutional headings. In addition, it would summarize the logical framework in the text by outlining the major purposes of the programme (e.g., increase in food production, promotion of effective health delivery systems) and describe the principal inputs (Le., specific policy reforms), outputs (e.g., expansion in fertilizer distribution networks, improved cost recovery, etc.), and assumptions. Other investments or actions complementary to the programme envisaged at appraisal would be stated. Changes effected in the scope of the programme during implementation would

¹ para 4.3.3 of the OPEV Review of the Results of Operations Evaluation, 1992-1993 provides a cogent rationale for the formulation of a clear Logical Framework Matrix at the preparation stage of a PBL operation: "The establishment of a conceptual basis for the causal relationships between the inputs and policy changes as well as the effects is essential to ensure the quality of programme design, to provide a firmer basis for policy dialogue and to formulate conditions and covenants. The basis for determining the size of the loan, the costs of adjustments, and the factors which are expected to affect achievement of results or the indicators of impact need to be explicitly addressed at appraisal. A matrix of logical framework besides providing clarity of thinking in programme formulation and sequencing of reforms greatly helps and facilitates subsequent supervision, monitoring and evaluation. ")

also be described. The detailed programme matrix would be provided as an appendix to the report.

6. Financin Arrangements -Bank and Others

9.4.26 This section would include details of the loan amounts and whether it was tranced. The complementary donor financing arrangements and the amounts of governmental financing commitments would also be described.

7. Evaluation methodology and Approach

9.4.27 This section would briefly describe the constraints in the availability and collection of data as well as the sources and methods of primary and secondary data collection, types of interviews conducted, measurement techniques adopted and the evaluative techniques used. In particular the analytical and evaluative methods adopted to attribute benefits to policy reforms and donors should be spelt out (for details of data sources and measurement techniques and attribution of benefits see Appendix 9.3).

K. Chapter 3 Programme Implementation and Achievements

9.4.28 This chapter would describe the implementation performance and achievements of the programme and would supplement where the information in PCR is incomplete or inadequate or inappropriate. The evaluation of impact would however be included only in the Programme Evaluation and Impact chapter. The chapter would be a brief but balanced presentation without unnecessary duplication of the PCR material.

1. Loan Effectiveness

9.4.29 The appropriateness of conditions of effectiveness, and their impact on the timely and adequate start up of the programme and on the implementation schedule would be examined.

2. Implementation Schedule

9.4.30 A comparison would be made between the appraisal and actual implementation schedules for the programme as a whole and for its main policy, institutional, financial and physical components. The main causes of delay whether they were rooted in design, institutional, financial, or procurement problems and their impact on programme costs and benefits would be examined in some depth. It would also be assessed whether the original schedule was realistic and whether it reflected the past experience in the country/sector.

3. Costs of Programme, Disbursements and Use of Counterpart Funds

9.4.31 This section would describe the cost of the total reform package and the planned and actual contribution of the Bank group and other donors and the Government. The amounts disbursed and the planned and actual tranching would be stated. Variations from the appraisal plan should be explained.

9.4.32 This section should also discuss the rationale for earmarking or non-earmarking of counterpart funds and whether the intended development uses for counterpart funds were clearly covenanted. The extent to which counterpart funds were used for the covenanted purposes should also be examined.

4. Logical Framework Approach - Clarity and Completeness of MPDE

9.4.33 This section would comment on the soundness and adequacy of the logical framework.¹ It would assess the clarity and completeness of the MPDE matrix as reflected in the appraisal Report; evidence of its use, including revision or refinement, during implementation; and its usefulness as an aid to post-evaluation. The report should comment on whether the performance indicators identified at the time of programme appraisal in the logframe were appropriate and adequate for measuring the achievement of objectives during implementation and post-evaluation. If necessary, additional indicators which would have served the purpose better should be identified.

5. Consistency with Bank and Country Strategies and Policies

9.4.34 It would be assessed whether the package of reforms reflects a significant and meaningful step toward achieving consistency between the Bank and Country strategies^{2 3} and the underlying policy and institutional framework. The reforms under the

¹ According to sections 2.4 and 2.5 of the Operations Manual, a PBL Logical Framework Matrix should define the Programme or Sector objectives at four levels: Goals, Objective, Outputs, and Activities/ components. In addition, for each of the preceding items Verifiable Indicators, Means of Verification, and Assumptions have to be spelt out. Indicators at Activities/ components level provide a summary of the financing plan. In the design of policy-based loans, the program Outputs typically will describe desired changes in policy. As in the traditional matrix, the Policy Outputs must be specified using indicators that are targeted in terms of Quantity, Quality and Time (QQT). Objectively verifiable indicators of achieving Policy Outputs should be summarized in the Policy Reform Matrix which is a separate document. "

² For example, consistency with the Banks Country Strategy Paper (CSP) documents would be examined.

³ Key RMC policy documents include the Policy Framework Paper and a National Development Plan.

programme should be fully supportive of the agreed sector strategy. Inconsistencies or conflicting policy measures under the programme, if any, would be identified and explained. The conformity of programme with macroeconomic and structural adjustment measures, if any, would also be examined.

6. Consistency with Regional Economic Integration

9.4.35 The promotion of greater regional and sub-regional cooperation is an explicit objective of Bank operations and the subject has received increased emphasis in recent years, especially with the issuance in 1994 of the study, *Economic Integration in Southern Africa*. The report will examine "sector coordination and cooperation" on project investment and policy harmonization in power, transport, telecommunications, river basin management, environmental management, sharing of agricultural technology and research, the regional rationalization of food production, development of the region's key mineral resources and beneficiation, tourism development on a regional scale, and the establishment of a regional network of commercial banking, development finance and capital market institutions. It would also examine the question of "market integration", including tariff reductions and "a vast array of issues involved in the elimination of non-tariff barriers and in achieving greater convergence and stability in fiscal policies, in monetary policies and performance, in inflation targets and in exchange rate and convertibility regimes."¹ The report would analyze the extent to which regional integration objectives were considered and monitored in programme design and implementation.

7. Policy Reform Measures

9.4.36 This section would present the major policy and institutional reforms visualized and undertaken. It would be useful to discuss the economy-wide, structural, sectoral and producer level Activities and Components Undertaken and Inputs Provided as well as Outputs and Verifiable Indicators generally based on the "Means of Verification" outlined in the MPDE. The phasing or sequencing of policy reforms would also be discussed with reference to the MPDE framework.²

¹ PBL operations could also impinge upon regional integration objectives particularly in market integration. For example, policy reforms in one RMC could have an adverse impact on production and movement of tradeable commodities from another.

² Proper sequencing appears to be a major lesson emerging from past post-evaluations of PBL operations. The main finding is that measures to achieve macro-economic stability should precede reductions in trade barriers, and that some phasing in trade barrier reductions has been more successful than attempting a complete reform at the outset.

9.4.37 Indicators of the key goals and objectives of both an aggregate and a structural nature to measure the national and sectoral effects would be employed in a "before-and-after" analysis. Typically these would include subjects such as fiscal reforms and reduction in fiscal deficit¹; control of inflation; relaxations of controls on interest rates and other restrictions on financial institutions; support for creative linkages between formal and informal sectors; monetary policy and financial sector reforms; devaluation of exchange rates in real terms; reduction in trade barriers, restrictions on direct foreign investments and distortion against exports and imports; privatization of public enterprises²; reduction in market exit restrictions; civil service reforms³; and human resource development i.e. education and training for development of technical and managerial capabilities. For SECALs an illustrative list of indicators for an industrial programme is shown in Appendix 9.4.

9.4.38 Two observations would be compared for each of the indicators: one for the "before" period, which would be the annual average for the four-year period immediately preceding loan effectiveness; and the other for the "after" period, which is proposed as the annual average for a four-year period consisting of the last two years of the period of PBL effectiveness and the first two years of the period immediately following the effectiveness period.⁴ Where there is absence of quantitative targets for the indicators, measurement of results or effects would be possible only in terms of direction of change rather than degree.

¹ Economy-wide PBL operations typically specify both expenditure and revenue targets. These may be further specified in terms of expenditure ceilings by sector, and revenue targets by source. A commonly used indicator of revenue performance is the income elasticity of government revenue growth.

² Past lessons of experience suggest that issues to be examined would include whether (i) a supportive economic and policy environment was available or created, (ii) public support was available for sustained privatization, (iii) any special agency was created to execute the programme, (iv) a regulatory agency or framework was put in place before privatization, (v) privatization transactions were transparent, (vi) any environment for enhanced competition was created for market promotion, and (vii) a monopolistic public enterprise was broken up into smaller entities to avoid replacing a public sector monopoly by a private sector one.

³ This would include an assessment of realization of quantitative targets for reduction of civil service and complementary reforms intended to improve the efficiency of civil service such as rationalization of salary structures and establishment of transparent merit-based systems for recruitment, promotion and retention.

⁴ A World Bank OED study: *World Bank Structural and Sectoral Adjustment Operations* (Juge 1992) defined the "after" period as the four years immediately following the end of the adjustment period, but often had to use data from the adjustment period itself. The approach suggested in the text is to straddle part of the adjustment and parts of the post-adjustment period. To the extent that private investment data, or investment data for manufacturing are available, they may be compared with the data for total investment.

9.4.39 Selective primary surveys of producer beneficiaries would significantly strengthen PPARs of PBL operations. This would provide a distinctive contribution (vis-a-vis those of other donors) on the part of the Bank Group to the evaluation of policy-based lending. Appendix 9.5 highlights the rationale and some of the kinds of information and insights that could be gleaned from producer-beneficiary surveys.

9.4.40 Key implementation constraints and the prospects for attainment of the proposed reforms in the future would also be examined.

8. Institutional Performance and Monitoring

a. Borrower and Executive Agency Performance

9.4.41 This section would contain an assessment of the commitment and administrative capacity of the government and key sector institutions to carry out and sustain the proposed reforms, and indicate whether any cumbersome and complicated decision-making or approval processes hampered the formulation, approval and implementation of agreed measures. Some of the indicators of commitment would be the extent to which any of the reform measures were adopted by the RMC before the loan operation was approved; active participation of the RMC in the conceptualization and design of the reforms; extent of consultation with likely affected groups in the design of the program, among other things to identify related policies and factors that could defeat program objectives; compliance with conditions and covenants; and consistent public support to reform measures from higher to lower echelons of the RMC government.

9.4.42 The performance of the Borrower and the Executing Agency(ies), to monitor the programme, to report and consult Bank and the capacity to make mid-course adjustments should be assessed. It would be useful to also discuss the institutional capacity within the country to accomplish various tasks such as sector-specific economic and financial analysis, programme monitoring and formulation of policy advice.

b. Bank Group Performance

9.4.43 The need for underpinning policy reforms with prior economic and sector studies has been recognized as such analysis prior to loan negotiations "reinforces the Bank Group's prescriptive credibility and conviction, promotes effective policy dialogue and often generates a much better understanding of controversial or politically sensitive issues." ¹An assessment of the quality of Bank Group's economic and sector analysis work prior to the development of reforms package is thus very important. The extent to which politico-economic rationale for pre-reform policy framework and political dimensions of the reforms were analyzed and considered should be discussed. The frequency and quality of Bank's policy dialogue, supervision missions and needed follow-up actions would also require to be assessed.

¹ See OPEV Review of the Results of Operations Evaluation, 1992-1993 para.4.3.2

9.4.44 Donor cooperation and coordination aspects during formulation, negotiation and implementation including disbursements should be discussed. Assessment of the design and implementation of the reform package would be discussed in other sections and should not be repeated here.

c. Monitoring:

9.4.45 The adequacy and reliability of the system for monitoring compliance with the reform programme should be assessed. The monitoring apparatus put into place by the government and monitoring performance of the government and the Bank, and their effectiveness should be discussed.

9. Compliance with Loan Conditions and Covenants

9.4.46 The status of compliance with the major conditions and covenants should be provided. This section should also describe whether a negative or a positive list was used to define imports and delays and difficulties in procurement should be explained. Where implementation is incomplete or compliance less than fully satisfactory, this section should discuss the key constraints as well as prospects for full compliance in the future. PPARs of PBL operations have found that loans with conditions that are vague, unrealistic, excessive in number, and/or require satisfaction simultaneously, are associated with poor performance and the report should comment on the clarity, relevance, realism, pace and (sequencing) or phasing of reform conditions and covenants.

L. Chapter 4 Programme Evaluation and Impact

9.4.47 This Chapter would highlight the main achievements and impact of the reform package, taking due account of other contributory factors, without duplicating the contents of the preceding Chapter.

1. Impact of Policy Reforms

9.4.48 Drawing upon the discussions of Activities/ Components, Inputs and Outputs in the preceding chapter, achievement of MPDE "Objectives " and "Goals" will be evaluated and discussed, both qualitatively and quantitatively, with reference to the Verifiable Indicators and Means of Verification in the MPDE. The conformity of the programme with macro-economic and structural adjustment measures, if any, would also be examined.

9.4.49 The report would assess and evaluate whether the package of reforms reflects a significant and meaningful step toward achieving consistency between the agreed sector strategy and the underlying policy and institutional framework. The reforms under the programme should be fully supportive of the agreed sector strategy and inconsistencies or conflicting policy measures under the programme should be identified and explained.

9.4.50 Evaluation of the economy-wide structural, sectoral and producer level impacts would be an important part of this section.¹ The focus should be on current and future sectoral performance. Policy-based loans are not normally amenable to full-fledged cost/benefit analysis but attempt should be made to identify expected benefits accruing from policy and institutional changes undertaken under the programme and to assess them in relation to costs incurred as a result (e.g., social costs of labour retrenchment).

2. Socio-Economic Impact

9.4.51 A major concern of the Bank as well as other donors is the intended and unintended socio-economic impact of the reform measures on specific and targeted beneficiary groups, and on others, in particular the poor. Short-term negative social impact experienced by middle class and poorer groups could often derail an otherwise sound reform process. Bank's paper, "Poverty Alleviation Strategy and Action Programme of November 1992 provides a policy framework to be followed to ameliorate the adverse effects of adjustment programmes on the poorer sections.

9.4.52 Monitoring and evaluation of social dimensions of adjustment is thus a crucial element of post-evaluation reports. The main beneficiaries of improvements in the policy framework should be described, supported by data from sources such as benefit monitoring and evaluation surveys, if available. Likewise, significant adverse impacts of the reform process, if any, should be discussed. The extent to which allocations and expenditures for social sectors have been impacted by the reform process should be analyzed. Adequacy of measures planned at appraisal, or those adopted subsequently, to protect the welfare of the vulnerable groups during the process should be analyzed (for details of some aspects of Social Dimensions of Adjustment that need consideration at Post-Evaluation, see Appendix 9.6).

3. Institutional Impact

9.4.53 This section would focus on the effect of the programme on the capacity and effectiveness of government or private institutions, and the capability of their staff. It would include direct institutional strengthening and impact (e.g., the deliberate transfer of technology through consultants, training activities and studies), as well as indirect benefits and "learning by doing". The extent to which the programme has contributed to the development of capacity in RMCs to fulfill basic accounting and reporting requirements; participate in and independently design reform packages; implement, monitor and make adjustments in the programme; and, sustain reforms beyond the period of PBL operation would be assessed.

¹ Among the macroeconomic indicators that may be discussed in this section would be the balance-of-payments, the external debt, and the fiscal management of the country. In many cases, analytical data may be inadequate and the evaluation may, in large part, entail the best judgement of the evaluator.

4. Impact on Women

9.4.54 Considerable emphasis is now placed by the Bank Group on this important cross-cutting issue. The extent to which the interests and role of women were considered at the time of programme formulation and implementation and the actual positive and negative impact of the programme on women should be evaluated in this section.

5. Environmental Impact

9.4.55 This section should examine the intended and unintended environmental impacts of the programme: The question whether institutional, legal, and regulatory arrangements were adequate to prevent, minimize or control the adverse environmental impact of the reform process should be evaluated. Remedial measures adopted or needed should be mentioned.

9.4.56 In those operations where Environmental Impact Assessments were made, an examination should be made of the extent to which identified mitigative actions were carried out and how the costs compare with the estimates. The effectiveness of the measures taken and what more needs to be done should be assessed.

M. Chapter 5 Programme Sustainability

9.4.57. , ; This chapter would present an assessment of the sustainability of the project over its projected economic life, drawing on the overall assessment of the report. It would analyse whether project benefits are likely to be sustained after funding by the Bank or other financing agencies ceases. Emphasis will be on those specific (endogenous or exogenous) factors contributing to the project sustainability such as the continued Borrower commitment; macro-economic and sector policy environment; institutional framework and capability; technical viability; financial (including cost recovery systems) and economic viability; environmental viability; social acceptance; and, operation and maintenance facilitation.

9.4.58 In case of PBL programmes it is particularly important to assess that the viability of policy, and institutional reforms, and of sectoral progress, specially in the face of inevitable new external shocks, and how well the RMC performs, or is expected to perform, in making additional needed adjustments. The level of policy commitment and the pace of implementation could be affected by changes in political leadership, inadequate institutional capacities, opposition from affected groups, or an unstable economic environment. Availability and sequencing of needed additional resources as a factor influencing achievement of full programme benefits or their sustainability would also be examined.

N. Chapter 6. Performance Ratines

1. Types of Ratines

9.4.59 At post-evaluation, for each programme, the following ratings will be included in the respective PPARs.

- (a) Implementation Performance Rating
- (b) Bank Performance Rating
- (c) Programme Outcome Rating

2. The Criteria

9.4.60 Implementation Performance: Efficiency of implementation is already reflected in programme outcomes. However, as an important factor affecting programme performance and outcomes, its quality at completion needs to be separately assessed. The following component indicators would be considered to judge the Implementation Performance at completion:

- adherence to time schedules
- adherence to cost estimates
- compliance with loan conditions and covenants
- adequacy of supervision and reporting
- satisfactory operations (if applicable)

9.4.61 Bank Performance: Another important factor which influences Project outcomes is the Bank's assistance and performance during all stages of the programme cycle. The component indicators for judging the performance would be the following based on Bank's performance at the following stages:

- identification
- preparation assistance
- appraisal
- supervision.

9.4.62 Programme Outcomes: Overall Programme Outcomes will be based on Development Objectives Performance (DOP), which would be judged on a basis which is consistent with the "Impact on Development Criteria included in Bank's format for Supervision Performance Ratings"¹. The assessment would be made on the basis of performance of the following four component indicators:

- relevance and achievement of Programme Objectives
- sustainability of the benefits beyond the adjustment stage,
- contribution toward an increase in institutional capacity, and .
- a qualitative analysis of the costs and benefits of the programme.

3. Assessment

9.4.63 Using a four-point scale, a separate assessment would be made of the Implementation Performance in form IP 2, Bank Performance in form BP 2 and Programme Outcome in form P02 (see Appendixes 9.7, 9.8 and 9.9).

9.4.64 It is to be noted that all the three forms show their respective component indicators as well as some selected sub-component indicators within each component indicator for assessing the performance. The assessment is a bottom-up approach, beginning with an assessment of each of the sub-component indicators on a four point scale and a simple un-weighted average of marks for sub-component indicators is obtained to give the rating for their respective major component indicators. Additional subcomponent indicators could be included if in the judgement of the evaluation officer the assessment in the special circumstances of the particular programme would be distorted without them.

9.4.65 Once rating for all the component indicators is obtained in this manner, the overall marks for rating of the project would also be obtained by a simple unweighted average of the marks for the individual component indicators.

9.4.66 The numerical averages would be converted into descriptive ratings in the following manner:

Category HS	When overall average score is in excess of 3. In addition, no component indicator rating is 1 or 2.
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¹ see Annex 6 of Paper on Bank Group Policy on Portfolio Review and Restructuring, September 1995.

Category S	When overall average score is in excess of 2, but does not exceed 3. In addition, no component indicator rating is 1 and not more than one component indicator rating is 2.
Category US	When overall average score is in excess of 1, but does not exceed 2. In addition, not more than one aggregate component indicator rating is 1, and not more than three component indicators are rated 2 or below.
Category HUS	The rest.

O. Charter 7 Conclusions and Recommendations

9.4.67 This chapter would summarize the main outcome of evaluation. The conclusions arrived at would be based on the analysis and assessment carried out in the report. It should be divided into three parts for Overall Assessment, Feedback (Lessons Learned) and Recommendations, and Follow-Up-Action.

1. Overall Assessment

9.4.68 This section would be a brief overall assessment of how the programme has performed in meeting its objectives and should include and be consistent with its performance ratings in Chapter 6. Other noteworthy features of implementation and Bank performance would also be included.

2. Feedback and Recommendations

9.4.69 The second sub-section of feedback and recommendations should summarize, (quoting reference to the text) only the important lessons, both positive and negative, that are relevant for future operations. These would be disseminated through the Bank's feedback system to the Borrowers, and within the Bank. Programme-specific findings which do not have a general relevance should not be included in this section.

3. Follow-up Action

9.4.70 In the third sub-section, items requiring programme specific follow-up action would be arranged separately for the Bank and the government/executing agency(ies). There would thus be no duplication or repetition between the second and the third sub-sections.

P. Appendixes

9.4.71 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information.

9.4.72 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

Q. Attachment

9.4.73 A copy of the Borrower/Executing Agency's comments on the draft report should be attached. All the page numbers should be prefixed with the letter A

LIST OF APPENDIXES
CHAPTER 9

Number	Title
9.1	Formats for Front and Inside Covers and Presentation of Currency Equivalents
9.2	Table of Contents for PPARs for Policy-Based Lending
9.3	Data Sources and Measurement Techniques and Attribution of Benefits
9.4	Indicators of Key Goals and Objectives for a Sectoral PBL Operation
9.5	Surveys of "Producer Beneficiaries" of Industrial Secals
9.6	Some Aspects of the Social Dimensions of Adjustment Relevant for Evaluation
9.7	Rating Format for Implementation Performance IP2
9.8	Rating Format for Bank Performance BP2
9.9	Rating Format for Programme Outcome P02

APPENDIX 9.1

FORMATS FOR FRONT AND INSIDE COVERS AND
PRESENTATION OF CURRENCY EQUIVALENTS

(As per specimen in the existing PPAR Guidelines)

APPENDIX 9.2TABLE OF CONTENTS FOR PPARs FOR POLICY BASED LENDING

Chapter 1.	Evaluation Summary
Chapter 2.	Background
	1. Country Economic Context
	2. History of PBL Operations- Bank Group and Other Donors
	3. Formulation
	4. Programme Rationale
	5. Objectives and Scope at Appraisal (Logical Framework)
	6. Financing Arrangements -Bank and Others
	7. Evaluation Methodology and Approach
Chapter 3.	Programme Implementation and Achievements
	1. Loan Effectiveness
	2. Implementation schedule
	3. Costs of Programme, Disbursements and Use of Counterpart Funds
	4. Logical Framework Approach - Clarity and Completeness of MPDE
	5. Consistency with Bank and Country Strategies and Policies
	6. Consistency with Regional Economic Integration
	7. Policy Reform Measures
	8. Institutional Performance and Monitoring
	9. Compliance with Loan Conditions and Covenants
Chapter 4.	Programme Evaluation and Impact
	1. Impact of Policy Reforms
	2. Socio-Economic Impact
	3. Institutional Impact
	4. Impact on Women
	5. Environmental Impact
Chapter 5.	Programme Sustainability
Chapter 6.	Performance Ratings
	1. Types of Rating
	2. Criteria
	3. Assessment
Chapter 6.	Conclusions and Recommendations
Appendixes	
Attachment	
(Reference to text: para 9.4.8, page 109)	

APPENDIX 9.3

DATA SOURCES, MEASUREMENT TECHNIQUES AND ATTRIBUTION OF BENEFITS

E1. Data sources and measurement techniques. The three main data sources are: (i) Bank Group and RMC officials; (ii) secondary data, including statistics; and (iii) primary data. sources for information on "producer-beneficiaries."

(i) Bank Group staff and RMC officials. Full use needs to be made of these sources, especially RMC officials, in obtaining relevant evaluative information. "**Key informant interviews**" would be used to gather information from these sources. Guidance on conducting such interviews is included in the companion paper, Guidelines and Methodology for Impact Evaluations. Key informant interviews would be a major source of information for a number of the detailed "factors to be evaluated". Much of this information can be gathered as part of a PPAR mission. Some additional key informant information may need to be gathered during selected follow-up missions in connection with primary data collection.

(ii) Secondary . Data Collection. This would include statistics compiled by the Executing Agency or RMC. Some data, e.g., that for Objective and Goal indicators should be available in national and international publications available at Bank headquarters, although very recent data would need to be requested from the RMC or gathered at the time of a mission. Secondary data also includes various relevant program documents, reports and records prepared by both the Bank Group and by the RMC.

(iii) Primary Data Collection. This would take place in the countries selected for gathering information from producer-beneficiaries of SALs and/or SECALs. The measurement techniques would utilize several "**rapid, low-cost data collection methods.**" These would include "Mini-surveys" designed to obtain systematic information, including quantitative information, from a relatively small, but systematically selected sample of respondents; and "Group interviews" of both a larger "community" type and a smaller "focus group" type.

The above-mentioned measurement techniques will be employed to elicit responses concerning the effects of SECAL operations along the lines suggested in Appendix 11.3. As noted there, associations of industrialists, of small and medium enterprises, and of artisans, may provide good sources for interviewing, or lists from which samples can be drawn for interviewing purposes. Such organizations may be willing to organize group interviews.

Each measurement technique has its own strengths, limitations and requirements in terms of preparation, cost, time and need for skilled interviewers. These issues are summarized in the companion paper, Guidelines and Methodology for Impact Evaluations.

One point worth highlighting about these techniques is that some questions may not lend themselves very well to one technique or another (for example, questions intended to elicit views regarding policy or regulatory changes may be difficult to pose in a large group setting). However, overlap in the questions posed by different instruments is to be encouraged since consistency of responses will add to the confidence that can be placed in the results and will contribute to the task of attribution of benefits.

Regardless of the measurement technique, decisions with respect to type and size of sample will be required. One of several "probability" sampling methods are to be preferred since their use will minimize selection bias and permit an estimate of sampling error. While large samples are not necessarily required for valid probability sampling, constraints on time, logistics and resources may nonetheless dictate one of several non-probability or "informal" sampling methods. However, even with "informal" approaches, there is a body of experience that can be drawn upon in order to minimize sampling bias)⁴

It is recommended that OPEV contract with a local social science research or survey organization to undertake the primary data collection activity. An annotated roster of local research capabilities should be maintained for this purpose. Successful use of such capacity will require the preparation of explicit, clear terms-of-reference by OPEV.

B. Assessment of Attribution of Benefits.

In the context of evaluation, attribution refers to assigning cause-and-effect relationships to the observed or evaluated phenomena. In evaluating PBL operations, it is important to divide attribution into two components of (i) attribution of changes in socio-economic magnitudes to policy reforms designed to impact on them; and (ii) attribution of policy reforms to assistance provided by a particular donor (ADB).

Attribution of socio-economic changes. The quantity and quality of empirical evidence will rarely permit a precise assignment or attribution of observed effects in socio-economic magnitudes to policy changes. Even with good data, it is a complex matter methodologically to attribute effects on broad economic magnitudes such as GDP, sectoral value added, or investment to specific policy changes. The complexity arises from the need to separate out the influence of external, or "exogenous-," factors on the socio-economic magnitudes. In effect, in order to ascertain the influence of the policy reforms, one must be able to estimate what would have been the case, or the "counterfactual" path of the economy if the reforms had not taken place. With sufficient data and the application of quantitative statistical and econometric methodologies, attribution can be determined with a reasonable degree of confidence. In view of the demands of a rigorous approach to assessing attribution of economy-wide PBL operations to socio-economic magnitudes, it is suggested that the ADB

⁴ An excellent discussion (f probability and non probability sampling methods, as well as of the issue of sample size, is contained in Conducting Mini Surveys in Developing Countries, by Dr. Krishna Kumar (Washington, D. C: Agency for International Development, A.I.D. Program Design and Evaluation Methodology Report No. 15, December 1990), pp. 27-41. The author discusses the advantages and limitations of four methods of probability sampling and four methods of informal sampling.

join with other donors who have co-financed structural adjustment in a given country in a joint evaluation effort.¹

Even in the absence of data-intensive econometric analysis, defensible informed judgements about attribution can often be made. These will need to be based on evidence drawn from all sources for a given country and PBL operation, including documents reviewed, key informant interviews, trends suggested by secondary data, and the results of primary data collection from producer-beneficiaries. While this will not be sufficient to infer causality in a scientific sense, by drawing on multiple sources of empirical findings and assessing their consistency or lack thereof, a process of "triangulation," it should be possible to draw defensible inferences, or plausible associations about attribution. A basic starting point should be a critical examination of the descriptions of objectives and goals, and associated measurable indicators and assumptions in the PBL Logical Framework, or MPDE Matrix. A further key to being able to infer attribution will be a thorough grasp of the chronological sequences of (1) the implementation of specific policy measures; and (2) changes in the relevant socio-economic magnitudes. BOX A outlines such an approach.

¹ A full analysis would attempt to determine: (1) the "counterfactual" path of the economy if no reform had been undertaken; (2) the path with reforms the RMC might have put in place without external support; (3) the likely future path of the economy with the PBL support of the donors; and (4) file optimal" counterfactual path of the economy under a programme that eliminated all policy distortions. For a description of an evaluative effort along these lines employing a range of analytical and statistical techniques, including vector autoregression techniques and small simulation models, see USAID Working Paper No. 157, Center for Development Information and Evaluation, Methodological Approaches in the Evaluation of Economic Reforms in the Context of Adjustment (Washington, D. C.: March 1994), esp. pp. 57-65.

BOX A
ATTRIBUTION IN EVALUATIONS OF POLICY-BASED LENDING OPERATIONS

The "Before-and-After" Method

- The most straight-forward approach to attribution in evaluations of PBL operations, or for that matter, of any development activity, is the so-called "before-and-after" method. One application of this method is to measure indicators of the key development objectives and goals of the operation over a period of three or four years before the start of the operation, and for a similar period beginning near or at the end of the operation. In the case of a typical industrial SECAL these indicators include:
 - growth of GDP
 - growth of industrial or manufacturing value added
 - share of industrial value added in GDP
 - share of manufactured exports in total country exports
 - share of country manufactured exports in all manufactured exports from developing countries
 - ratio of investment (public and private) to GDP
 - rate of inflation
 - real exchange rate and real rate of interest
- Some SECALs (e.g., in their Logical Framework matrices) may also include:
 - growth of industrial employment
 - reduction in balance of payments trade account deficit
 - indicators of growth in efficiency or productivity
 - changes in rate of industrial capacity utilization

A Modified Before-and-After Approach

- The "before-and-after" approach by itself cannot separate out the effects of other, "external" factors that could influence the kinds of indicators listed above. These can include:
 - Changes in world markets beyond the control of the country that affect the prices of major imports or exports;
 - Drought or other serious weather-induced impacts on agricultural production and markets;
 - Civil disturbances in neighboring countries that interfere with important trading relationships or stimulate large inflows of refugee populations.
- Therefore, a careful analysis of trends and sequences in economic, social and political factors likely to influence SECAL objective and goal indicators is important, as is a critical assessment of the validity of the "assumptions" of the Logical Framework (MPDE) Matrix.
- Advantage should also be taken of previous evaluations and research, including comparative studies of country experience with structural adjustment. They can suggest factors, based on a range of experience, that have been associated with successful adjustment. This experience formed the basis for the "Sequence Model for Sectoral Policy-Based Lending" described in BOX A.
- Finally, the insights obtained from other sources of information, including **key informant and group interviews and mini-surveys** can shed further light on attribution issues. Ideally, there should be opportunity for iteration between methods of data collection. For example, review of secondary data and key informant interview results may suggest important questions to be asked in mini-surveys and group interviews.

Attribution of policy changes to ADB. Barring the exceptional case where it can be demonstrated that ADB advice and support were indispensable to a particular measure being adopted, precise attribution of a policy reform or set of reforms to an ADB-supported PBL operation is not feasible. It would require extricating ADB's role from the joint influence that all donors supporting the reforms may have had, from the weight of public opinion in the country, and the inclinations of RMC government officials regarding alternative policy courses. However, it would be useful to attempt to:

- reconstruct the role the ADB played with RMC officials, the country's private sector, and other donors; and
- assess whether ADB's actions were appropriate in light of the RMC's economic, political and social conditions, and the participation and goals of other donors.

On the basis of this information, an evaluation could infer whether ADB support was likely to have increased the probability of sound policy decisions, and full and sustained policy implementation. A key consideration would be the extent to which the ADB contributed to the "internalization" of the policy reform process and programme in the RMC. For example, what role did it play in helping the RMC:

- carry out the necessary process of consultation and discussion with key sectors of the society in preparation for the reform, process;
- present, clearly and comprehensively, the rationale for the change in policies and what could be expected in the short run and longer run;
- openly establish its commitment to the new policy course; and
- develop the capacity to monitor and maintain the momentum of the process through necessary additional action of justifiable course corrections.¹

(Reference in text: para. 9.4.27, page 113)

¹ Drawn from Section VI, "The Issue of Institutional Attribution," in USAID, Methodological Approaches to the Evaluation of Economic Reforms in the Context of Adjustment, o.cit, pp. 54-56.

APPENDIX 9.4.

**INDICATORS OF KEY GOALS AND OBJECTIVES
FOR A SECTORAL PBL OPERATION**

The following indicators are typically measured to assess the effects of industrial SECALs. The focus here will be on the industrial sector although a similar approach could be applied to other sectors, such as agriculture. It will be noted that the proposed indicators are of both an aggregate and a structural nature. They are based on national and sectoral data that are gathered in most countries on a regular basis:¹

- (1) average annual growth of real Gross Domestic Product (GDP);
- (2) average annual growth of real value added (VA) in manufacturing;
- (3) share of manufacturing VA in GDP;
- (4) share of manufacturing in total country exports;
- (5) share of country's manufacturing exports in global manufacturing exports from developing countries;
- (6) ratios of total and public and private industrial investment to GDP.
- (7) While it is not as widely available, there is usually some information available on the rate of industrial capacity utilization, which is directly relevant to the objectives of most industrial SECALs. In addition, changes in certain macro-economic indicators that measure the effectiveness of basic structural adjustment measures supported by economy-wide SALs should also be reported:
- (8) the rate of inflation;
- (9) the "real" exchange rate (nominal rate adjusted for inflation); and
- (10) the "real" rate of interest (prevailing rate adjusted for inflation).

(Reference in text: para. 9.4.37, page 116)

¹ The approach is based on the previously cited World Bank OED study, op.cit., Chapter 7. The treatment in the text above uses manufacturing as a "proxy" for "industry," partly for reasons of greater data availability as well as the fact that manufacturing enters into international trade much more than the other components of "industry" (construction and utilities).

APPENDIX 9.5.

SURVEYS OF "PRODUCER-BENEFICIARIES" OF INDUSTRIAL SECALS**BOX B****Who are "Producer-Beneficiaries" of Industrial SECALS?**

- They are, in the first instance, the owners of industrial enterprise of all sizes and in all sub-sectors, who will be affected in one way or the other by an industrial SECAL.
- They are also the employees of industrial enterprises, whose livelihoods will also be affected by an industrial SECAL.
- Finally, even though they may not have been explicitly considered at the time of PBL preparation, they are also the owners and workers in micro-enterprise, typically found in the informal sub-sector of industry, generally outside the scope of many, but not all, policies and regulations affecting industry.

Why do we need to know more about and from producer-beneficiaries?

- In spite of the insights we are able to glean from existing completion reports, audits and 'evaluations, questions and issues remain, particularly regarding frequently observed "lack of supply response" to structural adjustment measures supported by industrial SECALS.
- Research and evaluation in other fields has shown that the participants and beneficiaries often have valuable insights and the seeds of possible solutions to problems confronted by program and project interventions; there is no reason why this should not be the case here.
- Associations of industrial enterprises, including of small and medium enterprises and artisans, are potential sources of candidates for interviewing, or for lists of enterprises from which to draw a sample for interviewing.

What are the questions that should be asked?

- The precise questions will depend on the nature of the SECAL and the country and sector economic and cultural contexts, but it is possible to delineate some types of questions that should be asked:
 - (1) Questions bearing on capacity utilization - what the current rate of capacity utilization is; what the highest and lowest remembered rates were; what accounts for the differences; what the causes of low capacity utilization are (e.g., reduction of market demand in the first instance, lack of access to working capital, lack of access to raw materials and spares, obsolete machinery and equipment, undependable or poor quality infrastructure services, scarcity of critical skilled worker categories, etc.).
 - (2) What measures, including policy and regulatory changes, might be taken to relieve bottlenecks and in what sequence? (See Box A, especially Section III-B, for examples.)

BOX B (continued)

(3) Questions bearing on expansion of capacity - what would lead to a decision to invest in an expansion of plant and equipment?; what obstacles would have to be overcome?

(4) What measures, including policy and regulatory changes, would need to be taken to lead to a decision to expand investment?

(5) At least a small, "purposive sample," of informal sector entrepreneurs should also be surveyed and asked the same questions. This is important to do, because, among other reasons, there is an indication in the evaluation literature that at least in one country where formal sector employment contracted in response to reforms associated with policy-based lending, growth in employment in the informal sector more than compensated for the contraction in the formal sector.¹

What sources and measurement techniques should be used to find answers to these questions

Briefly, the recommended approach will be to utilize two or three relatively "low cost, rapid data collection methods:"

-- **Mini-surveys** that employ structured questionnaires that are administered to small, but "purposively selected" samples of respondents; and

-- **Group interviews** of two types: (1) larger, so-called "community interviews;" and (2) smaller, so-called "focus group interviews" where a moderator encourages and guides inter-action among the participants, led by a guide of questions (which the leader of the community interview also follows).

(Reference in text: para. 9.4.39, page 117)

¹ This is a finding of a case study of USAID and other donor (including the Bank Group)-supported industrial policy reforms in Senegal (A.I.D. Economic Policy Reform Programs in Africa: A Synthesis of Findings from Six Evaluations, December 1991). Similarly, the Bank Group PPAR prepared by OPEV for the Senegal: Structural Adjustment Programme I (March 1992) reports a study indicating that employment in the Senegalese informal sector doubled between 1985 and 1990, with much of the growth resulting from firms that fled the constraints and bureaucracy of the formal sector (pp. 22-23). However, as the USAID case study points out, "many individuals suffered because they were unable to gain an informal sector job to replace the job they lost in the formal sector" (p.18).

APPENDIX 9.6

**SOME ASPECTS OF THE SOCIAL DIMENSIONS OF ADJUSTMENT
OF RELEVANCE FOR EVALUATION**

This Appendix discusses the three important aspects of the Social Dimensions of Adjustment that could be taken into account in an evaluation of a Policy-Based Lending Operation. The extent to which each of these is applicable will depend on the specific country situation and lending operation. The chapter on "Poverty Reduction and Accelerated Growth with Equity" in the African Development Report 1995 provides a significant review of empirical evaluative research on the social effects of adjustment efforts in Africa and on attempts to ameliorate adverse effects of adjustment programmes. It also needs to be pointed out that Bank Group efforts directed at the alleviation of poverty, especially after the issuance of the Bank Group Policy Paper, Poverty Alleviation Strategy and Action Programme in November 1992, have tended to become stand-alone operations, not integral parts of PBL operations.

(i) Effect of PBL operations on the poor. Efforts are already underway in a number of countries to develop better information on poverty through the aegis of the World Bank led Special Program for Africa (SPA). The direction if not the degree of effects on the poor of Bank Group PBL operations can be suggested by taking advantage of the results of previous research on the social impact of PBL. This research, some of which has employed rather complex econometric models and methods, has traced differences in the impact of adjustment to: .

-- differences in the "initial conditions" of the country prior to adjustment in terms of the relative participation of different social groups (e.g., rural and urban groups) in different productive activities and the consumption baskets of different groups; and

-- differences in the design of the adjustment or PBL packages.¹

Specifically, the results of this research have shown that:

- If the poor are net producers rather than net consumers of tradable goods, a macroeconomic reform package dominated by "expenditure-switching" policies, such as a devaluation in the real exchange rate, will have a better impact on the poor than those dominated by "expenditure-reducing" policies (Le., cutting back public expenditures to reduce the fiscal deficit).
- Since rural populations in most countries (especially in Africa) are dominated by net producers of tradable goods, the adverse effects of adjustment reforms on the rural population have tended to be offset by positive income effects, so that on balance, the rural

¹ These and the immediately following observations are drawn largely from the previously cited OED World Bank study, op. cit., Chapter 6, "The Social Impact of Adjustment," particularly pp. 111-112, and p. 117.

population has benefited, and rural-urban income inequality has declined in most countries (although to the extent that the rural poor participate less in exportable crop production, income inequality within rural areas appears to have gone up in some countries, even though the absolute incomes of most rural groups has increased).

- Conversely, the short-run effects of adjustment policies on urban populations appears more often to have been adverse, although there is no clear evidence that the urban poor have suffered disproportionately more than the urban population as a whole. In fact, direct adverse effects have probably been most strongly felt by urban middle classes because they have been major consumers of formerly subsidized public goods and services, and because they have tended to be employed in the formal sectors, which have often contracted during adjustment. While the poor may have suffered indirectly from the contraction of the formal sector, to the extent that employment in the informal sector expanded more than employment contracted in the formal sector, for which there is some evidence, the urban poor as a whole may still have benefited in net terms.¹

- Finally, some countries have managed to increase or maintain public expenditures in the social sectors, or increase their efficiency, or both; in these cases, social indicators (e.g., such health status indicators as infant mortality rates and educational attainment indicators as literacy, enrolment and completion rates) have been maintained or improved in spite of overall expenditure reductions. This dimension is explored in more depth in the next section.

(ii) Effect of PBL operations on social expenditures that benefit the poor.

- To begin with, expenditure reductions need not necessarily impact on such sectors as health and education. Among twenty developing countries undergoing structural adjustment, nine countries managed to increase social sector expenditures as a percentage of GDP in the three years immediately following adjustment as compared with the three years just before adjustment (five of the nine were African countries: Ghana, Kenya, Tunisia, Uganda and Zimbabwe).²

- Secondly, even if aggregate expenditures on health and education must be cut, there is scope in a number of countries for better tail of expenditures on the poor within the two sectors. For example, a reallocation of reduced total expenditures within the sectors to primary and preventive health care, and to basic education, respectively, need not adversely affect the poor (or at least, the adverse impact can be mitigated) since they would be expected to benefit more than proportionately from expenditures directed to these sub-sectors.

-- As of 1992 when the World Bank conducted its review of structural adjustment evaluations, there was no systematic information available on changes in the composition of

¹ See footnote no.21 under Box C for the source of this observation and further discussion.

² Drawn from analysis undertaken by the OED, World Bank, Op. cit., pp. 113-114.

expenditures within such social sectors as health and education that would permit drawing conclusions on this. question. This is important since it has been observed that such restructuring of social expenditures "is at least as important . . . if not more important than increases in total expenditure in the social sectors."¹

- Monitoring and analysis of the composition of social sector expenditures, with special reference to their impact on the. poor, is thus an area where the Bank Group, working together with RMCs, could make an important, distinctive contribution to work on the Social Dimensions of Adjustment.

(iii) Special programs employed to address adverse impact of adjustment programs on the poor and vulnerable.

- In view of the short-term negative social impact that some middle class and poorer groups often experience during structural adjustment, special programs intended to alleviate this impact can be important to preventing resentment and opposition to adjustment, leading to ultimate derailment. As reported in the Review of the Results of Operations Evaluation 1992-93 recently prepared by OPEV:

In the IRP in Zambia, the ERP in Uganda, the PSFERP in Chad and the ISAP in Kenya no steps were taken at appraisal to minimize the negative social impact or provide a social safety net for the vulnerable. In Kenya, the Government much later in 1993 rejected the entire contemporary reform package because of its adverse impact. On the other hand programme design of the ISAP in Tunisia by the inclusion of a scheme of assistance to the impacted groups alleviated their hardships and enhanced the chances of programme sustainability. In the other programme countries also poverty alleviation schemes are now under consideration or implementation. It is crucial for the success and sustainability of adjustment programmes that their social dimensions are fully studied at appraisal and adequate action and safeguards to minimize the costs incorporated in the programme. (para 4.3.9)

- There are three broad categories of special programs that have been supported by various countries and donors:

(i) Single-sector programs, administered by one executing agency, that exclusively target those adversely affected. Types of programs in this category include:

- Severance payments to retrenched civil servants.
- Retraining programs.
- Credit schemes.
- Resettlement programs.

(ii) Multi-sector programs, administered by several agencies, that exclusively target the adversely affected. An example is the "PAMSCAD" Program in Ghana ("Programme of Actions to Mitigate the Social Costs of Adjustment").

¹ OED, World Bank, op. cit., p. 114, para. 6.25.

(iii) Programs that benefit the chronically poor as well as those adverse affected by adjustment. Examples of such programs include:

- Employment-intensive public works construction and/or maintenance programs.
- Nutritional support programs for children and pregnant mothers.
- Targeted food subsidy programs.
- Micro-enterprise finance programs.

• Several findings and lessons have emerged from evaluations of such programs that should be kept in mind in future design efforts and evaluations:¹

• A general conclusion is that for such programs to succeed, they must have:

- clear objectives related to identified target groups;
- the firm commitment and complete involvement of the host government;
- proper donor coordination; and
- an implementing agency with appropriate resources and experience in running such programs.

• It should be kept in mind that most of these special programs are essentially compensatory in nature and limited in their coverage of affected people; they are useful instruments as long as they accompany, but are not substitutes for more fundamental reforms and investments, such as restructuring government expenditures and giving more attention to human resource development.

• The Bank Group have embarked on a program of Poverty Alleviation projects undertaken in the context of structural adjustment and policy-based lending. In particular, two projects were submitted for approval to the Board of Directors in recent years that contain many of the features discussed in foregoing sections. The proposals were for loans to finance poverty alleviation projects in Zambia and Uganda, submitted to the Board in November 1992 and

¹ The USAID Center for Development Information and Evaluation has completed two reviews of experience with these programs, one on programs where the World Bank was the lead external donor, Compensatory Social Programs and Structural Adjustment: A Review of Experience, April 1992, and the other where USAID was the main source of external assistance, Programs for Mitigating Adverse Impacts During Adjustment: The A.I.D Experience, May 1994, both by David Kingsbury. Both studies are summarized in USAID Evaluation Highlights No. 18, February 1994, "Compensatory and Social Safety Net Programs: Findings from Two Studies." Some of the World Bank experience is also summarized in OED, World Bank, on. cit., pp. 114-117.

July 1993, respectively. Both projects were designed to focus on the credit needs of small and micro-enterprise, including targeting of women entrepreneurs. The Zambia project was to have had a Project Mid-Term Review in December 1994, and the Uganda project is to have a Mid-Term Review in December 1995. OPEV collaboration with the operational departments iii mid-term reviews of these projects might be desirable, in view of their significance for poverty alleviation and the social dimensions of adjustment.

(Reference in text: para. 9.4.52, page 119)

APPENDIX 9.7FORM IP 2
IMPLEMENTATION PERFORMANCE

Component Indicators	Score (1 to 4)	Remarks
1. Adherence to Time Schedule		
2. Adherence to Cost Schedule		
3. Compliance with Covenants		
4. Adequacy of Monitoring & Evaluation and Reporting		
5. Satisfactory Operations (if applicable)		
TOTAL		
Overall Assessment of Implementation Performance		

Explanatory Notes for marking Form IP 2

1. For Time Schedule, the marking would be as follows:

4 marks would be given when implementation delay (difference between the original completion date and the actual completion date) is within 10 percent of the original implementation time as planned at appraisal, and the delay does not exceed three months.

3 marks would be given when implementation delay (difference between the original completion date and the actual completion date) is within 25 percent of the original implementation time as planned at appraisal, and the delay does not exceed six months.

2 marks would be given when implementation delay (difference between the original completion date and the actual completion date) is within 50 percent of the original implementation time as planned at appraisal, and the delay does not exceed nine months.

1 mark would be given when implementation delay (difference between the original completion date and the actual completion date) is more than 50 percent of the original implementation time as planned at appraisal, or the delay exceeds nine months.

2. For Cost Variations, the marking would be as follows:

4 marks would be given when the cost variation is within +/- 10 percent of the appraisal cost estimates.

3 marks would be given when the cost variation is within +/- 25 percent of the appraisal cost estimates.

2 marks would be given when the cost variation is within +/- 50 percent of the appraisal cost estimates.

1 mark would be given when the cost variation is more than +/- 50 percent of the appraisal cost estimates.

3. For Compliance with Covenants, the marking will be based on qualitative judgements as follows:

4 marks would be given where the fulfilment of Covenants is considered to be fully in accordance with the requirements or has exceeded or likely to exceed it, without major shortcomings.

3 marks would be given where the fulfilment of Covenants is or likely to be substantial.

2 marks would be given where the fulfilment of Covenants is or likely to be of only partial and of modest efficacy or impact.

1 mark would be given where the fulfilment of Covenants is of minimal relevance and negligible efficacy or impact.

4. For the adequacy of the Monitoring & Evaluation (M&E) and Reporting the marking will be based on qualitative judgements as follows:

4 marks would be given where the M&E and Reporting are considered to be fully in accordance with the requirements or have exceeded or likely to exceed it, without major shortcomings.

3 marks would be given where the M&E and Reporting are or likely to be substantial.

2 marks would be given where the M&E and Reporting are or likely to be of only partial and of modest efficacy or impact.

1 mark would be given where the M&E and Reporting are of minimal relevance and negligible efficacy or impact.

5. For Satisfactory Operations (where applicable), the marking on the 4-point scale would be done on the basis of sector-specific performance indicators, which would be identified by the Post-Evaluation mission and their relevance and adequacy justified.

Overall Assessment

The Overall Assessment in each case would be the simple un-weighted average of marks for all the component indicators. This will be determined by totalling of rating marks for all the component indicators, and dividing the total by the number of component indicators. The numerical averages will then be converted into descriptive ratings in the following manner:

Category HS	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
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Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated.
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest.

(Reference to text: para: 9.4.63, page 122)

APPENDIX 9.8FORM BP 2
BANK PERFORMANCE

Component Indicators	Score (1 to 4)	Remarks
1. At Identification		
2. At Preparation of Project		
3. At appraisal		
4. At Supervision		
<u>Overall Assessment of Bank Performance</u>		

Explanatory Notes for marking Form BP 2**1 At Identification**

4 marks would be given where the Bank performance is highly satisfactory at this stage. This will be determined by ensuring that:

- (i) the project is part of the national priorities;
- (ii) the project is integrated within the Public Investment Programme (PIP);
- (iii) recommendations of the Country Strategy Paper (CSP) have been taken into account in the project design;
- (iv) Economic projections and hypothesis have been analysed and well taken into account in the project's logical framework matrix.

3 marks would be given where the Bank performance is satisfactory in most respects. This will be determined by ensuring that:

- (i) the project is part of the national priorities;
- (ii) the project is integrated within the Public Investment Programme (PIP);
- (iii) recommendations of the Country Strategy Paper (CSP) have been taken into account in the project design;

- (iv) Economic projections and hypothesis have been partially analysed or taken into account in the project's logical framework matrix.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined on the basis of:

- (i) the project is part of the national priorities;
- (ii) recommendations of-the Country Strategy Paper (CSP) are not taken into account in the project design;
- (iii) Economic projections and hypothesis are analysed or taken into account in the project's logical framework matrix.

1 mark would be given where the Bank performance is generally unsatisfactory.

2. **At Preparation of Project**

4 marks would be given where the Bank performance is highly satisfactory at this stage. This will be determined by ensuring that:

- (i) Project briefs and Matrices have been prepared;
- (ii) a complete desk review is accomplished;
- (iii) ail actions and measures taken by the Bank before appraisal are relevant and efficient.

3 marks would be given where the Bank performance is satisfactory in most respects. This will be determined by ensuring that:

- (i) Project briefs and Matrices have been prepared;
- (ii) a complete desk review is accomplished;
- (iii) ail actions and measures taken by the Bank before appraisal are of modest efficacy or impact.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined by ensuring that:

- (i) the desk review has led to few recommendations;
- (iii) No actions or measures have been taken by the Bank before appraisal.

1 mark would be given where .the Bank performance is generally unsatisfactory.

3. **At Appraisal**

4 marks would be given where the Bank performance is highly satisfactory at this stage. This will be determined by ensuring that:

- (i) the Project's Matrix has been prepared;
- (ii) the Appraisal Report is of good quality and has dealt with all technical, economic, financial, social, environmental and sustainability issues;
- (iii) Risks and Assumptions have been well analysed;
- (iv) Processing stages of the Appraisal Report have been followed and all observations during Identification and Preparation have been taken into account.

3 marks would be given where the Bank performance is satisfactory in most respects. This will be determined by ensuring that:

- (i) the Project's Matrix has been prepared;
- (ii) the Appraisal report is of good quality;
- (iii) Risks and Assumptions have been partially analysed;
- (iv) Processing stages of the Appraisal Report have been partially followed.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined by ensuring that:

- (i) the Project's Matrix is unsatisfactory;
- (ii) the Appraisal report is unsatisfactory;
- (iii) Risks and Assumptions are not analysed;
- (iv) Processing stages of the Appraisal Report are not followed.

1 mark: for the rest.

4. **At Supervision**

The quality of supervision is assessed on the basis of (i) the time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., (ii) the number of field supervision missions, composition of supervision team, and the quality of the Report which should include an action plan. At this stage, the Banks performance will be assessed on the basis of the following:

4 marks would be given where the Bank performance is highly satisfactory at this stage. This will be determined by ensuring that:

- (i) time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., is highly satisfactory;
- (ii) at least one supervision mission per year of implementation has been launched; .
- (iii) Supervision Reports are fully in accordance with the requirements of the Operational Manual;
- (iv) Composition and time duration of the supervision mission are adequate.

3 marks would be given where the Bank performance is satisfactory in most respects: This will be determined by ensuring that:

- (i) time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., is reasonable;
- (ii) one supervision mission per year of implementation has been launched;
- (iii) Supervision Reports are substantially in accordance with the requirements of the Operational Manual;
- (iv) Composition and time duration of the supervision mission are sometimes inadequate.

2 marks would be given where the Bank performance is satisfactory only at a few stages but is largely deficient. This will be determined by ensuring that:

- (i) time duration for processing the project documentation, bidding, contracts for acquisition of goods and services, disbursement requests, etc., is abnormally long;
- (ii) only one or two supervision missions during the implementation period of the project have been launched;
- (iii) Supervision Reports are not in accordance with the requirements of the Operational Manual;
- (iv) Composition and time duration of the supervision . mission are totally inadequate.

1 mark: for the rest.

Nota:

A number of factors are important while judging the Bank performance. The need for underpinning policy reforms with prior economic and sector studies has been recognized as such analysis prior to loan negotiations "reinforces the Bank Group's prescriptive credibility and conviction, promotes effective policy dialogue and often generates a much better understanding of controversial or politically sensitive issues."⁵ An assessment of the quality of Bank Group's economic and sector analysis, work prior to the development of reforms package is thus very important. The extent to which politico-economic rationale for pre-reform policy framework and political dimensions of the reforms were analyzed and considered should be assessed. Assessment of the Bank's assistance and role in the design of the project/programme would need to be considered at the Preparation stage. All these aspects would need to be built into the marking for the component indicators for Policy Based Lending "At Identification" and "At Project/ Programme Preparation". The frequency and quality of Bank's policy dialogue, supervision missions and needed follow-up actions would also require to be assessed would similarly need to be built into the marking system. Donor cooperation and coordination aspects during formulation, negotiation and implementation including disbursements also need to be considered at the respective stages.

Overall Assessment

The Overall Assessment in each case would be the simple un-weighted average of marks for all the component indicators. This will be determined by totalling of rating marks for all the component indicators, and dividing the total by the number of component indicators. The numerical averages will then be converted into descriptive ratings in the following manner:

Category HS	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated.
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest.

(Reference to text: para. 9.4.63, page 122)

⁵ See OPEV Review of the Results of Operations Evaluation 1992-1993, nara.4.3.2

APPENDIX 9.9FORM PO 2
PROJECT OUTCOME

No.	Component Indicators	Score (1 to 4)	REMARKS
1	Relevance and Achievement of Objectives*		
i)	Macro-economic Policy		
ii)	Sector Policy		
iii)	physical (incl. production)		
iv)	Financial		
v)	poverty Alleviation & Social & Gender		
vi)	Environment		
vii)	Private sector development		
viii)	Other (Specify)		
2	Institutional Development (ID)		
i)	Institutional Framework incl. Restructuring		
ii)	Financial and Management Information Systems including Audit Systems		
iii)	Transfer of Technology		
iv)	Staffing by qualified persons (incl. turnover), training & counter-part staff		

3	Sustainability ***		
i)	Continued Borrower Commitment		
ii)	Environmental Policy		
iii)	Institutional Framework		
iv)	Technical Viability and Staffing		
v)	Financial Viability including cost recovery systems		
vi)	Economic Viability		
vii)	Environmental Viability		
viii)	O&M facilitation (availability of recurrent funding, foreign exchange, spare parts, workshop facilities etc.)		
4	Economic Internal) Rate of Return ****		
	TOTAL		
	<u>Overall Assessment of Outcome</u>		

Explanatory Notes for Marking on form PO 2

* Relevance and Achievement of Objectives:

4 marks would be given if the relevance of objectives is fully confirmed, the project has achieved or exceeded all its major objectives, and the project has achieved or is likely to achieve substantial development results, without major shortcomings.

3 marks would be given provided the relevance of objectives is generally confirmed, the* project has achieved most or its major relevant objectives, -and has achieved or is expected to achieve satisfactory development results, with only a few shortcomings.

2 marks would be given where the project failed to achieve most of its major objectives, has not yielded and is not expected to yield substantial development results, and has significant shortcomings.

1 mark would be given where the project failed to achieve any of its major objectives and has not yielded and is not expected to yield worthwhile development results.

** Achievement of ID Objectives:

4 marks would be given where the achievement of ID objectives is fully in accordance with the project objective or has exceeded or likely to exceed it, without major shortcomings.

3 marks would be given where the achievement of ID objectives is or likely to be substantial.

2 marks would be given where the achievement of ID objectives is or likely to be of only intermediate relevance and modest efficacy or impact.

1 mark would be given where the achievement of ID objectives is of minimal relevance and negligible efficacy or impact.

*** Sustainability:

4 marks would be given where the sustainability of most project achievements and benefits is highly likely to be sustained.

3 marks would be given where the sustainability of most project achievements and benefits is likely to be sustained.

2 marks would be given where the sustainability of most achievements and benefits is uncertain.

1 mark would be given where the sustainability of most achievements and benefits is unlikely.

**** Rate of Return:

4 marks would be given where for a major portion of the investment the EIRR is 10 percent or more, or NPV is positive when flows are discounted at 10 percent; the EIRR is not less than the appraisal estimates; and no major component has failed. Where EIRR is not calculated, the project would be rated as HS where it fully meets the least-cost test.

3 marks would be given where for a major portion of the investment the EIRR is somewhat less than 10 percent (above 8 percent) or NPV is slightly negative when flows are discounted at 10 percent, but there are other unquantified benefits such as institutional development, poverty reduction, environmental benefits etc., or where the least-cost test is substantially met.

2 marks would be given where the EIRR is between four and eight percent or where the least-cost test is met only for some of the major components.

1 mark would be provided where the EIRR is below 4 percent or where the project is seen to be a technical and economic failure, in the sense that project facilities -operate at a very low level of installed capacity, if at all, with little prospect for improvement.

Overall Assessment

The Overall Assessment in each case would be the simple un-weighted average of marks for all the component indicators. This will be determined by totalling of rating marks for all the component indicators, and dividing the total by the number of component indicators. The numerical averages will then be converted into descriptive ratings in the following manner:

Category HS	Highly Satisfactory, when overall average score is in excess of 3 ($3 < R < 4$). Ratings between 1 or 2 for component indicators should be stated.
Category S	Satisfactory, when overall average score is in excess of 2, but does not exceed 3 ($2 < R < 3$). Ratings between 1 or 2 for component indicators should be stated.
Category US	Unsatisfactory, when overall average score is in excess of 1, but does not exceed 2 ($1 < R < 2$).
Category HUS	Highly Unsatisfactory, when the overall average does not exceed 1 and includes the rest.

(Reference in text: para. 9.4.63, page 122)

CHAPTER 10. GUIDELINES AND FORMAT FOR PREPARATION OF
IMPACT EVALUATION REPORTS

CHAPTER 10**TABLE OF CONTENTS****10. GUIDELINES AND FORMAT FOR PREPARATION OF IMPACT EVALUATION REPORTS**

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10 GUIDELINES AND FORMAT FOR PREPARATION OF IMPACT EVALUATION REPORTS

10.1 Objectives and Scope

10.1.1 The objective of impact evaluation studies is to measure direct and indirect long-term development impact or influence of Bank Group financed projects on the economy of Borrowers and/ or certain target groups. In addition, the impact study should also adequately cover the impact of Bank assistance on promoting appropriate sector and related policy reforms and adjustments, which were considered necessary for fuller achievement of project/ programme benefits and from the viewpoint of effective transfer of resources to RMCs. Impact evaluations are distinct from the PPARs in that these evaluations deal with the actual performance of projects several years after their completion, at a time when the projects have become fully operational and when their full impact can be measured.

10.1.2 Impact studies may cover individual projects. These also include evaluations covering a large range of projects in different sectors in a country, or take the form of sector reviews involving re-examination of several projects in a sector, but in different countries. In the former case, the impact study will examine whether the different sectoral objectives of the Bank Group financed projects were mutually supportive and consistent with the overall development objectives in the country while in the latter case it would indicate the extent of sectoral consistency in the Bank Group financed projects in different countries.

10.2 Timing

10.2.1 Optimal timing of an impact evaluation is very important for arriving at sound and credible conclusions. Several considerations need to be balanced against each other in deciding on timing. To begin with, a project should have some record of operational experience before an impact evaluation is undertaken. Only after some operational experience can much confidence be placed in an assessment of sustainability of impacts. Secondly, the timing of the appearance of impacts will vary from one type of project and one type of impact to another. For example, the timing of agricultural production and income impacts will vary depending on the gestation period for the commodity. Some health and education projects may have longer gestation periods before the appearance of ultimate indicators of impact, but it may be possible to identify relatively reliable proxy indicators in these cases, which can be measured earlier than the ultimate indicators. Finally, there are issues of cost and methodological complexity, which tend to increase as the period of time lengthens between a project's last disbursement and the timing of an impact evaluation.¹

¹ A methodological complication that tends to become more serious with the passage of time is the increasing difficulty of netting out the influence of non-project factors on impact.

10.2.2 Taking these various considerations into account, the recommended timing for an impact evaluation will be three to five years after the last disbursement. It may even be feasible to dovetail an impact evaluation with a PPAR mission for a subsequent project in the country. This period will have to have a certain degree of flexibility, on the basis of case to case conditions and experience.

10.3 Definitions and Methodological Issues

10.3.1 Identification of impacts and significant impacted groups are critical steps. For this purpose, a detailed explanation of Data Sources and Measurement Techniques and Attribution of Benefits is included in Appendix 10.1, and Examples of Ideal and Proxy Indicators are included in Appendix 10.2.

A. Definitions

10.3.2 An "impact" may be defined as a result or outcome of a project or intervention that can be identified as far up the "cause-and-effect" chain (or sequence) to which the intervention contributes as possible, and still be traced back to that intervention. An impact evaluation will not only measure impacts but will also identify the factors responsible for impacts; i.e., the causes to which impacts can be attributed.

10.3.3 In evaluation of development activities "impact" is often used to refer to the impact of development on the socio-economic status or level of well-being of people, who constitute the ultimate ends of development efforts. Thus, an evaluation of "people-level impact" would assess the impact of a development intervention on groups of people, both the intended beneficiaries of the intervention and non-beneficiaries who may have been unintentionally affected, either positively or adversely. Indicators of people-level impact include income, employment, mortality or morbidity, longevity, literacy, etc. In other cases, the term "impact" may apply to magnitudes that affect human welfare more indirectly. For example, project impact at the Goal level might be stated in terms of agricultural production; consumption or --use of public utilities (e.g., KWH consumed or telephone calls made per day); reduction in the rate of deforestation or some other form of environmental degradation; or even reduction in a balance of payments trade account deficit¹. Impact is thus defined to include relatively direct and indirect impacts on human welfare.

10.3.4 The definition of impact should be informed in a major way by the expectations and perceptions of the intended beneficiaries themselves. Their views should be assessed at the project design stage when framing impact goals, and their perceptions of impact should be elicited again during evaluation.

¹ A linkage to some higher level national goal more directly related to human welfare, such as "economic growth with equity," would be expected in the "Assumptions" column of the Logical Framework or MPDE Matrix in these cases.

B. Intended and Un-intended Impacts on Major Groups of Beneficiaries

10.3.5 Assessment of impacts constitutes the core of an impact evaluation. A sound identification of impacts at the preparation stage requires a thorough understanding of the logic of the project and construction of a coherent Logical Framework Matrix that clearly describes inputs, outputs, objectives and goals, along with associated objectively verifiable indicators, sources of data and an assessment of critical assumptions and risks. When these steps have been performed with care at the project preparation stage, they provide an invaluable management tool at the implementation stage, both for the Executing Agency and the Bank Group, and they greatly facilitate tracing successive cause and effect relationships at the stage of ex-post or impact evaluation. As pointed out in the Report of the Task Force on Project Quality, these steps constitute the "key attributes of a good quality project. "

10.3.6 An MPDE Matrix that has been carefully prepared at the project preparation stage (or a reconstructed retrospective one¹) will help guide the identification of impacts and of "impacted groups, " as well as specifying indicators of impact. Well done supervision mission reports, PCRs and PPARs may provide indications of impacts and impacted groups that were not anticipated at the time of project preparation. Impact evaluation will nevertheless require additional empirical measurement.

10.3.7 One of the unique methodological challenges of impact evaluation is that of attribution; that is, whether and how to attribute the changes experienced by people to a given intervention. Impact may not be expected or measurable for a number of years after the last disbursement for a project, a situation not uncommon among, for example, health and education projects. However, as the length of time increases between the last disbursement and impact evaluation, it can become more difficult to attribute impact to the project, owing to the increased significance of influences external to the project.

10.3.8 This problem can be mitigated through quasi-experimental or statistical methods that attempt to "control" for non-project influences on impact variables. Project interventions that focus on particular geographic areas of a country, such as certain districts, interventions be evaluated using a quasi-experimental approach if sufficient data are available on other non-assisted districts that are in other key respects similar to the assisted districts.² For example, changes in health status in districts that have been the focus of a Bank Group-assisted health project can be compared with changes in the same indicators in similar non-assisted, or "control groups," or-districts in this case (see Appendix 10.1, Box D for further details).

¹ Based on data in the appraisal analysis and other country and sector documents for projects and programmes where an MPDE matrix was not prepared at appraisal.

² By "key respects" is meant other characteristics that could influence impact. For example, in a health project focused on certain districts, the non-assisted "control" districts should have roughly similar ratios of rural to urban population as the assisted districts.

C. Key Steps in Impact Assessment

10.3.9 The key steps in impact assessment are: (i) identification of impacted groups; (ii) selection of measurable, objectively verifiable indicator of impacts (both "ideal" and "proxy; "); (iii) setting targets, or expected change in impact indicators to be achieved at one or more points during the operational life of the project (typically after the last disbursement from a Bank Group loan); and (iv) measuring baseline levels of the impact indicators before or at the time of project preparation.

1. Selection of Impacted Groups

10.3.10 The particular type of project being evaluated will often define, or clearly imply, one or more groups of intended beneficiaries. Such groups should be clearly identified in the MPDE Matrix at the project preparation stage. For on-going projects where such groups are vaguely identified; it is imperative to improve the level of information on them during supervision, mid-term review and project completion missions.¹ Other groups may have a cross-cutting significance in Bank Group policy and strategy, so that impacts on them should be measured for all or most projects. (for examples of impacted groups, see Appendix 10.3)

2. Selection of measurable indicators of impacts

10.3.11 The selection of an impact indicator or indicators as well as the method of measurement are important choices that often involve a trade-off between what would be ideal and what is feasible. The first place that measurable impact indicators should be specified is in the MPDE Matrix at the project preparation stage, or, for on-going projects, appraisal data can be complemented during launching, supervision, mid-term or even PCR missions (by means of Operational Directives issued by the Strategic Planning and Operational Policy Department). These may be refined over the course of implementation, and new indicators may be identified during subsequent monitoring and evaluation.

10.3.12 In addition, beneficiaries themselves should, as part of the evaluation, assess impact. In so doing, they may propose impact indicators quite different from those considered important by external evaluators.

10.3.13 Another major consideration is level of indicator: national, regional, household or individual. The type and scope of the project as well as time and resource constraints will influence choice. Some types of projects may include project impacts in terms of indicators at all four of these levels; for example, an agricultural or environmental project.

¹ This can be done through Operational Directives issued by Strategic Planning and Operational Policy Department.

10.3.14 Indicators may be further grouped as "ideal" and "proxy." The former comprise the most comprehensive and meaningful measure from a conceptual point of view, while the latter will typically be easier and cheaper to collect. The latter are also likely to be measurable sooner than the "ideal" indicator (see, for example, the examples for Education. sector in Appendix 10.2). A good, well-defined proxy indicator should nonetheless have a strong correlation with an ideal indicator. Even though a particular proxy indicator may not be as comprehensive as the ideal, consistent changes over time in several proxy indicators should track fairly closely with changes in the ideal indicator. Also, some proxy indicators may be less subject to mis-interpretation by a survey or interview respondent than the "ideal" indicator.

10.3.15 Some examples of "ideal" and "proxy" impact indicators for "incomes and living standards", "health and nutritional status", "education", "agro-industrial tea plantation", "status of women" and "environment" are included in Appendix 10.2, Box B. The main point is that proxy measures can typically be measured easier and more cheaply than the ideal indicator(s), and that a combination of proxy measures can come close to the "ideal" in terms of measuring impact. The actual combination of impact indicators chosen for measurement will depend on the nature of the project, the cultural context, the resources and time available for measurement, and the timing of the evaluation. Also, even if impact targets have not been achieved, the direction of impact can be measured nonetheless by measuring trends in proxy or ideal indicators. Finally, it bears reiterating that the project beneficiaries may well have sound insights on useful proxy indicators.

3. Data Collection

10.3.16 The availability of bench mark data for measuring impact is a necessary condition to measure the development impact of the project. It is therefore important that operational departments provide for collection of base line data and parameters during feasibility studies; incorporate this information, to the extent available, in appraisal reports; and finally ensure collection of such data during implementation and PCR preparation. Similarly OPEV should ensure collection of data relevant for impact measurement during the preparation of PPARs.

10.4 Preparation of an Issues Paper

10.4.1 Like the PPARs, every impact evaluation is to be preceded by the preparation of an Issues Paper. The purpose of this paper is to (i) set out, in some detail the basis of selection of the subject, sector and country, as applicable, (ii) highlight all relevant issues relating to the topic and those recommended for study, (iii) discuss the suitability of the timing of study, and (iv) explain the methodology to be adopted, in the context of availability of data and impact indicators, and methods of selection and collection of further data and information - it should also state the likely agencies to be involved in collection of data and information and likely costs. The paper also makes recommendations about the need and timing for a field mission and its composition and justification for consultant support, if required.

10.4.2 After approval of Director, OPEV, the Issues paper is circulated to all concerned operational departments within the Bank for soliciting comments. A revised paper incorporating the comments received is prepared for approval of Director, OPEV and any further steps would be taken on the basis of his guidance and instructions on the revised Issues Paper. Issues Papers should be structured generally in line with the detailed Guidelines for the Preparation of Issues Paper, included in Chapter 7.

10.5 Contents and Format of Impact Evaluation Reports.

A. General

10.5.1 The following sections provide detailed guidelines on the structure and contents of Impact Evaluation Reports. These guidelines should be generally followed but minor variations within the overall spirit and objectives could be made, depending on the nature and sector of particular projects.

10.5.2 An Impact Evaluation Report must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. - If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary and the reports must present a balanced view of the performance. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

10.5.3 Impact Evaluation Reports must be self-contained to the extent possible. Unnecessary repetition of the full contents of the previous reports must be avoided by making appropriate references. The reports should focus mainly on analysis of selected and important sector and country related policy issues which are important for improved project implementation and fuller achievement of benefits and from the point of view of effective transfer of resources to the RMCs. Impact Evaluations will not only measure impact but will also identify the factors responsible or the causes to which impact or lack of it could be attributed. Important positive and negative lessons of general relevance for future operations should be clearly identified.

10.5.4 An Impact Evaluation Report should focus on and adequately cover the impact of Bank assistance on promoting appropriate sector and related policy adjustments, which are considered necessary for fuller achievement of project/ programme benefits and from the point of view of effective transfer of resources to RMCs.

10.5.5 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the report, excluding the appendixes, should be around 20 pages, single space, but should never exceed 30 pages.

10.5.6 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of each evaluation. It should be borne in mind that the information and analyses in these reports may be subsequently used in the drafting of the Annual Report on OPEV Activities, the Annual Review of Results of Operations Evaluations, Abstracts of the Project/ Programme Performance Reports, Quarterly "Retrospectives" and other Special Reports and in considering the follow-up actions.

B. Report Title

10.5.7 Approval for the Report title to be used will be obtained in the Issues Paper and no changes should be made thereafter.

C. Front and Inside Cover

10.5.8 The standard evaluation report formats would be used for the front cover and inside front cover of Impact Evaluation Reports and for the presentation of currency equivalents on the inside front cover.

D. Table of Contents

10.5.9 The format for table of contents for Impact Evaluation Reports is shown in Appendix 10.4).

E. Report Outline

10.5.10 The structure of the Report shall be as follows:

Preface

Table of Contents

Basic Project/ Programme Data Map

Chapter 1. EVALUATION SUMMARY

Chapter 2. BACKGROUND

Chapter 3. PROJECT/ PROGRAMME OPERATIONS AND ACHIEVEMENTS

Chapter 4. IMPACT ASSESSMENT

Chapter 5. KEY ISSUES

Chapter 6. SUSTAINABILITY OF OPERATIONS

Chapter 7. CONCLUSIONS AND RECOMMENDATIONS.

Appendixes

10.5.11 Explanatory notes for the contents of each section and sub-section of the report are given in the following sections.

F. Preface

10.5.12 This is an introductory statement indicating the very broad lever objectives and scope of the study. It should also indicate the main input references (e.g. the PPARs; sector policy and country strategy papers; studies and reports of other major donor institutions such as the World Bank; Impact Evaluation Mission etc.). Particular reference should be made to the review of the Bank files, discussions with representatives of agencies of the Borrower and other institutions and individuals, and comments received on the draft report. The Preface should not exceed one single-spaced page.

G. Basic Data

10.5.13 This section presents a summary of key data and information on the loans and the projects and programmes under review, significant events and dates, performance indicators, and financing and disbursement estimates and actuals. For Impact Evaluations of individual projects, the basic data sheet should be similar to those in the project PPARs. For Impact Evaluation of Policy-Based Lending or Sector Policy Reviews, the basic data sheet should be generally similar to that for PPARs for Policy Based Lending and should invariably include appraisal and completion stage macro-economic data for the sector and country or area covered in the evaluation.

10.5.14 The Reports Basic Data Sheet should not include any data and information obtained from the PCRs or the PPARs if that is not confirmed by the Impact Evaluation Mission (IEM). Estimates of FIRR/ EIRR should be IEM's own assessments or its endorsement of PCR/ PPAR estimates. However, if the IEM does not re-estimate the EIRR/ FIRR for the project(s) or does not endorse the EIRR/ FIRR re-estimated by the PCR/ PPAR, it should be specified in the Report Data Sheet that EIRR/ FIRR were "not calculated. "

H. Map

10.5.15 A country or an area map with the location of envisaged and actual project/programme facilities and areas should be provided. If the map depicts only the project/programme area but does not present the whole country, it should include an inset map of the country. The statement " Boundaries not necessarily authoritative" should appear below the legend in the map. The map must show (i) the name of the project/programme, (ii) at least one pair of coordinates on either side to indicate the geographical location, (iii) the North sign, (iv) the scale, and (v) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text.

I. Chapter 1. Evaluation Summary

10.5.16 The highlights of Impact Evaluation should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should enable the reader to grasp the most significant findings and conclusions, both positive and negative. The key

features of the methodologies used and the sources of data should be stated.

10.5.17 To ensure a consistency of format between reports and to facilitate data entry in SPEI, the Summary would be presented with separate sub-sections titled (i) Introduction, (ii) Objectives and Strategy of Operations under review, (iii) Cost, Financing and Time Frame, (iv) Operations and Achievements, (v) Institutional Aspects, (vi) Impact of Operations (including a focused assessment of promotion of relevant sector and other macro-economic policy reforms), (vii) Environmental Aspects, (viii) Sustainability, (ix) Conclusions, and (x) Feedback.

J. Chapter 2. Background

1. Introduction

10.5.18 This section will briefly describe the objective of the Study. The basis on which the choice of a topic for impact evaluation had been made and how it is relevant to the Bank Group's operations in the future will be described.¹ Appropriateness of, timing of the Study should also be indicated.²

2. Sector and Country Economic Context

10.5.19 The operations under review would be put in their country and sectoral context. The initial conditions, policies and priorities at the time of the first Bank group's operation and their evolution since then in the sector and the country/ area covered by the Impact Evaluation would be briefly described. Linkages between various projects financed by the Bank Group in the sector and area concerned, including those in other relevant sectors even if unrelated to the subject of the Impact Study, should also be discussed in this section. This would include brief discussion of the base line data on country and sector, as appropriate.

¹ The choice of topic for an impact evaluation involves methodological as well as policy considerations. It is in the first place essential that there is enough record of experience and data and that it indicates that a more in-depth examination of impact would shed light on significant issues. The next essential requirements is that the sectors/ sub-sectors and country/ region reflect Bank Group's on-going and future emphases where there is strong likelihood of further future operations. In some cases the studies may be undertaken in response to special requests from the board of Directors.

² see paras. 10.2.1 and 10.2.2

3. History of Operations and Assistance - Bank Group and Other Donors

10.5.20 A history and basic content of related past operations of the Bank Group and other donors will be briefly described. An appendix could be used to provide lists, if considered necessary.

10.5.21 Salient features of project/ programme preparation and formulation and Bank appraisal(s) of the operation(s) under review will also be included.

4. Sector/ Country Strategy Objectives at Appraisal

10.5.22 This section would specify the main purpose of the Bank's operation(s) under review and the expected linkages between the operation(s) and the development goals and objectives in the MPDE format. In case of Sector Policy Reviews, the extent to which a Bank strategy existed and how it actually evolved in the operations as well as its consistency with the RMC development plans and strategies would also be described.

5. Financing Arrangements

10.5.23 This section would include details of loan amounts and disbursements for operations covered by the Study. The complementary donor financing arrangements and the amounts of governmental financing commitment would also be described. An appendix could be used to include details.

10.5.24 This section would also discuss the adequacy of donor coordination.

6. Evaluation Methodology and Approach

10.5.25 This section would briefly describe the choice of the sources and methods of primary and secondary data collection and the constraints in availability of data and how the latter influenced the choice. The details would include the types of interviews conducted, measurement techniques adopted and the evaluative techniques used. In particular the selection and identification of impacted groups and measurable indicators and analytical and evaluative methods adopted to attribute benefits to policy reforms and donors should be spelt out (for details of Data Sources and Measurement Techniques and Attribution of Benefits, see Appendix 10.1)

K. Chapter 3. Project/ Programme Operations and Achievements

1. Implementation

10.5.26 This section should include a discussion of the implementation periods and slippages and their causes in the projects and programmes reviewed.

2. Operational and Technical

10.5.27 Far greater returns on investments can be obtained from preserving, rehabilitating and maintaining existing facilities. Similarly software support to improve the quality and coverage of existing services can be a cost-effective substitute for costly hardware and infrastructure provision, particularly in social sectors such as health, water supply and sanitation and education. The report should examine the performance and assess whether these aspects were adequately considered in project/ programme design and formulation.

10.5.28 The extent to which the operations under review have contributed to technology transfer, if any, would be discussed. An assessment should be made whether the choice of technology was appropriate to the needs of the country and could be sustained in the given country environment of factors such as existing technology levels, institutional capabilities and availability of requisite human resources and technical skills for operation and maintenance of the assets created.¹ Elicitation of the views of beneficiaries on alternative technological approaches is an essential instrument for both project preparation and impact evaluation.

10.5.29 In operational aspects, the focus should be on the efficiency of capacity utilization of the productive assets (or services) financed by the Bank, together with a discussion of the principal technical, policy and other issues which have contributed to variance from appraisal projections; and on possible remedial measures. Particular attention should also be given to assessment of the efficacy of operations and maintenance, and in suggesting measures for improving the overall operational efficiency of the projects.

3. Conditions and Covenants

10.5.30 The impact study should adequately cover the performance regarding compliance with loan conditions and covenants, their relevance and appropriateness and covenants and what additional covenants and measures could have been considered during appraisal of operations under review for achieving the underlying objectives of the operations. The key constraints in achieving satisfactory compliance with covenants need to be identified. In this context the Study should also examine the efficacy of Bank monitoring of the RMC's/ executing agency's performance in regard to compliance with loan covenants.

¹ It should be examined whether an appropriate technology was selected by making a choice of technology between capital-intensive modern technologies or some intermediate stage technologies or the alternatives of affordable, less costly traditional or indigenous technologies. The illustrative list of issues relating to choice of technology to be examined in Sector Policy Reviews for Health, Water Supply and Sanitation and Education sectors is included in Appendix 13.2

4. Financial and Economic

10.5.31 An important indicator of improving financial performance of the executing agency (particularly in the case of public sector services in the health, education, electric power, gas, telecom and water supply and sanitation sectors) is the ability to finance, from internal cash generation, recurrent expenses for sustained operation and maintenance after external financing comes to an end, and a reasonable proportion of development expenditures for future, projects. Appropriate level of user fees also contribute to an increase in the economic efficiency of investments.¹

10.5.32 Progressive improvements in cost recovery mechanisms would indirectly contribute to improved financial performance of executing agencies through the government's ability to provide adequate budgetary resources for meeting O & M. The converse of this would clearly have negative implications for the financial performance of executing agencies. The structure and level of user fees and the extent to which these were augmented to increasingly meet a larger proportion of recurrent / capital costs of services provided by the public sector would be examined in the Study. Similarly, the affordability of user fees, particularly for the poor and vulnerable groups, would be examined.

10.5.33 Although the ex-post economic internal rate of return (EIRR) is typically not a direct measure of impact on human welfare, it does provide, when it can be calculated, a unique summary measure of a project's contribution to the economy.

10.5.34 Availability of actual data on costs and benefits is greater at this stage than at completion of operation. It is therefore possible to make a more realistic assessment of the contribution of Bank-financed projects (covered by the Impact Study, and also of other Bank-financed projects in the sector concerned, where feasible), both to the country's economy and to the sector concerned. The re-estimated EIRR for individual projects covered by the Study must be presented in the Study report, together with the principal reasons for variance from appraisal and PPAR projections. Such variance analysis should consider major external and domestic factors and particularly those arising from adverse policy environment in which the projects and programmes may have operated.

10.5.35 If the EIRR cannot be calculated, as is often the case in social sector projects, such as health and education, an attempt should be made to verify ex-post that the most cost-effective, or least-cost, alternative was selected. In the absence of cost data on alternative approaches intended to yield the same benefit, a conclusion will necessarily be qualitative, but can nonetheless be based on informed technical judgement of experts in the Bank or in other specialized development institutions with a presence in the

¹ An illustrative list of issues relating to Recurrent Costs and User Fees to be examined in Sector Policy Reviews for the Health, Water Supply and Sanitation and the Education sectors is included in Appendix 13.2.

region.¹ Bank Group and other donor experience in such fields as Agricultural Development, and Water Supply and Sanitation confirm the importance of selecting an approach that is appropriate, affordable and acceptable to the beneficiary population.

4. Bank Performance

10.5.36 The effectiveness of Bank assistance and supervision during project/programme formulation and implementation should be evaluated and discussed. The emphasis would be on the effectiveness of Bank strategy and operations in the country in the light of experience in operations under review. Attention paid by the Bank Group for assessing the institutional capability within the RMC and for providing appropriate short term and medium term strengthening and development prior to or as a part of the project/programme should be assessed.

10.5.37 In addition for impact evaluation of PBL operations and Sector Policy Reviews, this section will assess the totality of Bank Group's contribution to RMC's development. Bank's Group's instruments and roles in contributing to the achievement of strategic objectives determined in Country Strategy Papers and Sector Policy Papers would be examined. This would include a review of the economic and sector work; policy dialogue; the various aspects of portfolio management (e.g. identification and design of projects and programmes, implementation supervision and follow up); technical assistance and training for institutional strengthening; studies and seminars; performance evaluations; and Bank Group's role in aid mobilization and coordination with other donors to the RMC.

L. Chapter 4. Impact Assessment

1. Policy Reforms

10.5.38 Where the operations under review include components of major policy and institutional reforms, this section would present their status and impact. The report would assess and evaluate whether the package of reforms in the operations under review reflects a significant and meaningful step toward achieving consistency between the agreed sector strategy and the underlying policy and institutional framework of both the Bank and the Borrower. Inconsistencies or conflicting policy measures within the operations under

¹ Among these institutions are the following:

- WARDA: West African Rice Development Association
- IITA: International Institute for Tropical Agriculture
- FAO: U.N. Food and Agricultural Organization
- WHO: World Health Organization
- UNICEF: United Nations International Children's Education Fund
- UNESCO: U.N. Educational, Scientific and Cultural Organization
- ITU: International Telecommunications Union
- UPDEA: Union of Producers and Distributors of Electrical Energy
- UADE: African Union of Distributors of Water (Eau)
- AEP Database: African Energy Program Database (financed by ADF)

review or with other PBL programmes should be identified and explained. In case of sector reviews it would indicate the extent to which projects/ programmes achieved the sectoral reform objectives.

10.5.39 The evaluation of the economy-wide structural, sectoral and producer level impacts would be an important part of this section for PBL programmes or sector reviews. The focus would be on current and future sectoral performance and expected benefits and costs related to policy reform measures undertaken under the sector policies.

2. Socio- Economic Impact and Poverty Alleviation

10.5.40 To the extent possible and where applicable, the socio-economic impact of the, project/ programme on poverty alleviation, reduction of income disparities and improvement of the quality of life of the low-income group and other disadvantaged groups, should be assessed. The extent to which emphasis in terms of system level and access to services by the poor and women was provided should be examined.¹ In many cases there may be linkages between policy issues such as tariffs, cost recovery, market-related prices, need for government deregulation, etc., and socio-economic considerations, including "affordability" aspects. Such linkages should be suitably examined and highlighted in the study report.

3. Institutional

10.5.41 This section . should contain a brief assessment of the administrative capacity of the government or key sector institutions to formulate, design and implement projects. In case of impact assessment of PBL programmes, the effort will be to assess the capacity to carry out and sustain the proposed reforms, and indicate whether any complicated decision-making or approval processes within the government hampered the formulation, approval and implementation of agreed measures.

10.5.42 The focus should be on the extent to which the Borrower and executing agency (ies) accepted ownership² and whether Bank assistance has helped develop and improve the organizational structure, systems and procedures, and technical and managerial capability of the executing agency to formulate, design, implement and operate development projects. An assessment should be made of the efficacy of in-house or external staff training and development programs that may be in place, or those needed in the short to medium term.

¹ A detailed description of issues to be examined in Sector Policy Reviews for the Health, Water Supply and Sanitation and the Education Sectors is included in Appendix 13.2

² Manifested through provision of adequate budgetary resources for recurrent cost support and maintenance, the assignment of qualified technical and management staff, and establishment of a sound structure for operations and maintenance (both governmental and non-governmental, including communal, as appropriate).

10.5.43 An important indicator of progressive improvement in institutional capability is the extent to which in-house capability of the executing agency has developed, as demonstrated by a corresponding reduction in foreign technical assistance needed for the design and implementation of subsequent development projects. In this context a qualitative assessment should be made of the extent to which there has been progressive transfer of technology from consultants to their counterparts in the executing agency during the design and implementation phases of Bank-financed projects. Another indicator is the extent to which the executing agency has been able to reduce staff turnover to within manageable limits.

10.5.44 An assessment of the financial management and control, efficacy of internal and external auditing arrangements, and the overall financial status of the executing agency should be made to determine to what extent Bank assistance has contributed improvements in financial performance, if any.

10.5.45 The institutional capability of Executing Agency to implement an effective project benefit monitoring and evaluation system, not only during the implementation phase but also during project operations, together with its ability to produce project completion reports and to carry out ex-post evaluation, should be assessed.

10.5.46 The extent to which development and provision of services by non-profit NGOs or private business enterprises was encouraged should also be examined)¹

4. Environmental

10.5.47 An assessment of the environmental impact is important. It is recognized that for the older projects where environmental concerns were not given adequate attention, this could pose difficulties. Nevertheless, it should be possible to make a general assessment and for this purpose the impact study mission would need to have adequate consultation with the Environmental Unit of the Bank before making the field visit, to identify particular issues and aspects which need to be examined.

10.5.48 In those operations where Environmental Impact Assessments were made, an examination should be made of the extent to which identified mitigative actions were carried out and how the costs compare with the estimates. The effectiveness of the measures taken and what more needs to be done should be assessed.

5. Women in Development

10.5.49 Considerable emphasis is now placed by the Bank Group on this important cross-cutting issue. The extent to which the interests and role of women were considered at the time of programme formulation and implementation and the actual positive

¹ An illustrative list of issues relating to private sector participation in the Health, Water Supply and Sanitation, and Education sectors is included in Appendix 13.2.

and negative impact of the programme on women should be evaluated in this section.

M. Chapter 5. Key Issues

10.5.50 This chapter should discuss the critical issues arising from the Study. Although such issues would most likely have been referred to earlier, their importance for the achievement and sustainability of benefits and/or for their broader implications warrants a more focused and detailed discussion and succinct presentation. This chapter will focus on more fundamental issues which need to be addressed on a longer term basis both by the RMC and by the Bank.

10.5.51 A project or programme-specific issue which has been satisfactorily addressed during project implementation or after its completion is no longer an issue. Therefore there is no need to present it as an "issue" in this chapter unless it is, considered likely to rise again during the operating phase or it has broader implications for other projects. Careful drafting of the study report is required in order to avoid repetition in this chapter of issues previously discussed.

N. Chapter 6. Sustainability of Operations

10.5.52 This chapter of the Study report would present an assessment of the sustainability of Bank-financed projects/programmes under review over their projected economic life, drawing on the overall assessment of the impact study. It would analyse whether project benefits are likely to be sustained after end of funding by the Bank or other financing agencies. Emphasis will be on those specific (endogenous or exogenous) factors contributing to the project sustainability such as organizational, institutional and financial capabilities (management, technical experts, cost recovery schemes; maintenance and replacement systems). In addition an assessment of the prospects of continued Borrower commitment to a healthy policy environment and reform process and efficient and timely conduct of operations and maintenance and whether or not they are supportive to project sustainability would be examined.

O. Chapter 7. Conclusions and Recommendations

10.5.53 This chapter would summarize the main outcome of evaluation. The conclusions arrived at would be based on the analysis and assessment carried out in the report. It should be divided into three parts for Overall Assessment, Feedback (Lessons Learned) and Recommendations, and Follow-Up-Action.

1. Overall Assessment

10.5.54 The overall assessment should be brief but capture the overall conclusion of the report.

10.5.55 In case of impact evaluation of individual projects or programmes, the Impact Evaluation report would include the reassessment of the rating assigned. Such rating assessment would be carried out in accordance with the provisions in the Guidelines and Format for Preparation of PPARs (sections 8.5.61 to 8.5.68 for project PPARs and sections 9.5.59 to 9.5.66 for PPARs for policy-based lending)

2. Feedback and Recommendations

10.5.56 The second sub-section of feedback and recommendations should summarize, (quoting reference to the text) only the important lessons, both positive and negative, that are relevant for future operations. These would be disseminated through the Bank's feedback system to the Borrowers, and within the Bank. Project/ programme-specific findings which do not have a general relevance should not be included.

3. Follow-up Action

10.5.57 At the stage of Impact Evaluation when project operations are ongoing for a number of years, one would ordinarily expect very few project/programme specific items for follow-up action. The few that still need to be highlighted would be included in this third sub-section, arranged separately for the Bank and the government/executing agency(ies).

P. Appendixes

10.5.58 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information.

10.5.59 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

LIST OF APPENDIXES
CHAPTER 10

Number	Title
10.1	Data Sources and Measurement Techniques and Attribution of Benefits
10.2	Examples of Ideal and Proxy Impact Indicators
10.3	Illustrative Impacted Groups
10.4	Table of Contents for Impact Evaluation Reports

APPENDIX 10.1**DATA SOURCES AND MEASUREMENT TECHNIQUES AND ATTRIBUTION OF BENEFITS FOR IMPACT EVALUATIONS****A. Data sources and measurement techniques.**

A combination of data sources and measurement techniques is recommended for several reasons:

- Some impact indicators are better measured by a particular data source and measurement technique.
- Measuring a combination of "proxy" impact indicators may be as, or more, cost-effective than the more costly and time-consuming methods required to measure "ideal" impact indicators. This will tend to require a combination of data sources and measurement techniques.
- Employing several data sources and measurement techniques is also useful in assessing attribution of impacts.

BOX A
IMPACT INDICATORS: AGRO-INDUSTRY WOMEN AND ENVIRONMENT

Aero-Industrial Tea Plantation (a Retrospective Logical Framework Matrix example)

- (1) Growth of plantation, tea factory and allied (e.g., in marketing) employment.
- (2) Project clinic data on mortality and morbidity rates, as well as indicators like immunization coverage, hospital referrals, etc.
- (3) Electricity and water connections to project houses, consumption trends for these services, and user charges paid.
- (4) National data on tea imports and tea production.

Status of Women (see text above and below for discussion of sources)

- (1) Levels and changes in women's income, savings and/expenditures.
- (2) Changes in women's and girls literacy rates.
- (3) Changes in total fertility rate.
- (4) Length of women's working day.
- (5) Access to child support services, such as work-site creches.
- (6) Taking "non-traditional" roles or occupations.
- (7) Having access to technical assistance.
- (8) Having ownership or control of assets.
- (9) Women's participation in decision-making.

Environmental Impact Indicators

- (1) Spread and prevalence of disease related to environment or pattern of land use (e.g., onchocerciasis).
- (2) Level and nature of use of soil or water contaminating material (e.g., pesticides).
- (3) Quantity, quality and accessibility of water for domestic and productive use.
- (4) Access to resources essential to livelihood (e.g., trees, grasses, fish).
- (5) Depth of soil and level of soil productivity; rate of topsoil loss to erosion.
- (6) Pattern of land use (e.g., area under cultivation, fallow or forest).
- (7) Quality or intensity of land use (e.g., cropping frequency or forest cover quality).

Measurement Techniques

The following discussion of measurement techniques is organized by source of data: (1) project officials -Bank Group and RMC-; (2) published secondary data; and (3) primary data sources from beneficiaries, affected non-beneficiaries and project sites. The focus of the discussion will be on so-called "**rapid, low-cost**" data collection methods (or measurement techniques). These techniques fall in a range between more casual methods of data collection and analysis, such as conversations with concerned individuals, on the one hand, and highly format methods, on the other hand, such as cross-sectional and longitudinal sample surveys, censuses and experiments that can take six-to-nine months or more to complete. The so-called rapid, low-cost methods are not casual, however. They require systematic advance preparation and trained investigators. Especially when used in combination, they can provide a relatively accurate and reliable empirical foundation for an impact evaluation. There are five major types of rapid, low-cost methods:

- **Key informant interview.** In-depth discussion conducted by an interviewer or evaluator (ideally including a note-taker) with a knowledgeable person in order to obtain data, opinions and perspectives on a project. An interview guide listing main topics and issues to be covered is recommended.
- **Community interview.** Community, village or other basis for group meetings open to all members in which a team of two or more evaluators seek group views on a project, following an interview guide. Community interviews can also provide a source of community level statistical data.
- **Focus group interview.** Participants (limited in number to 8 or 10 to facilitate discussion) discuss ideas, issues and information among themselves under the general guidance of a moderator (who should have some training in the technique). The underlying premise is that group interaction has synergistic effects on participants, producing better information and insights than individual interviews. Examples of groups that would lend themselves to the focus group interview approach include farmer cooperative members, credit scheme participants, members of a local small manufacturers or artisans association, mothers who utilize the services of a local primary health care clinic, parents of students at a local primary school, a group of primary school teachers, etc. Box B suggests some of the unique advantages of the focus group interview approach.

BOX B

SOME ADVANTAGES OF THE FOCUS GROUP INTERVIEW

- In an impact evaluation of a child survival program, focus groups were found to have provided a "wealth of information and insight that could not have been easily obtained with other methodologies."
- For example, surveys can obtain statistical data regarding vaccination coverage, but focus groups "provided the range of different reasons that mothers gave for not vaccinating their children, for having only partial vaccinations, or for having children vaccinated later than they should."
- With regard to oral rehydration therapy, focus groups "provided surprising information about mothers' notions concerning the causes and cures of diarrhea in infants, about the different treatments they use, and about their perceptions of project-supplied oral rehydration salts and other health services."

"Mini"-survey. A mini-survey differs from a large random sample survey that is rigorously representative in a statistical sense in three major ways: it (1) focusses on only a few variables; (2) uses a relatively small sample size (but still employing various techniques to obtain as much representativeness as possible, *whether probability or "informal, " non probability, sampling methods are used*); and (3) permits more flexibility to interviewers in the field. Mini-surveys do provide the advantage of permitting kinds of comparative quantitative analysis not available with other rapid, low-cost methods.

- **Direct observation.** Systematic observation of features at a physical location such as a project site. This might include physical facilities, degree of utilization of facilities, extent of market activity, etc. For example, observations could be made of **numbers** of visits per day to local clinics or family planning centers; rate of use of utilities, such as telephone calls per day or energy or water consumption; types of commodities being exchanged in a market; etc. Direct observation is usually combined with key informant or community interviews.

Type and size of sample.

Regardless of the measurement technique, decisions with respect to type and size of sample will be required. One of several "probability" sampling methods are to be preferred since their use will minimize selection bias and permit an estimate of sampling error. While large samples are not necessarily required for valid probability sampling, constraints on time, logistics and resources may nonetheless dictate one of several non-probability, or "informal" sampling methods. However, even with informal methods there is a body of experience that can be drawn upon in order to minimize sampling bias.¹

Sources of data.

- (1) Project officials. The primary mode of data collection from project officials would be **key informant interviews** of Bank Group staff and RMC officials. Such interviews during a PPAR mission would contribute significantly to an impact evaluation, particularly to the assessment of "factors bearing on sustainability of impacts. " Such interviews will also help to define primary data collection requirements (see (3) below).
- (2) Secondary data sources, such as local, regional or national household surveys, and other nationally or internationally published data may provide relevant impact information (their defining characteristics should be consistent with baseline data and projections provided by the logical framework matrix).
- (3) Beneficiaries and project sites. Except in the unlikely event that needed impact data are already being collected, primary data collection in the form of direct observation of project sites and elicitation of information from beneficiaries (and affected non-beneficiaries) will be essential for an impact evaluation. Several of the rapid, low-cost data collection methods described above have a role to play here. It is useful in this connection to refer to the impact indicator examples in Box B and Box C on previous pages. Those indicators that lend themselves to quantitative comparisons (generally those near the top of each list in each of the five areas

¹ An excellent discussion of probability and non probability sampling methods, as well as of the issue of sample size, is contained in Conducting Mini Surveys in Developing Countries, by Dr. Krishna Kumar (Washington, D. C: Agency for International Development, A.I.D. Program Design and Evaluation Methodology Report No. IS, December 1990), pp. 27-41. The author discusses the advantages and limitations of four methods of probability sampling and four methods of non probability or informal sampling.

covered by the boxes) should be measured by **mini-surveys** if more rigorous sample survey data are not already available. However, well-designed and administered **community and focus group interviews** conducted by local researchers or NGOs can provide valuable and insightful cross-checks on a number of the indicators reported by surveys. Measurement of some indicators can be provided or supplemented by direct observation (e.g., availability of public goods and services at affordable cost - for example, average energy consumption, potable water consumption or access at affordable cost, basic preventive drugs; quality and relevance of instructional materials). Some will require review of records and key informant interviews (e.g., several of the nutritional status indicators by reviewing records and interviewing officials at clinics). Some indicators of a qualitative and possibly sensitive nature (e.g., school management, women's participation in decision-making) may only be measurable through a focus group interview led by a skilled moderator. The skip requirements for interviewers and survey investigators are important considerations that receive some additional attention in Box C below.

BOX C
SKILL REQUIREMENTS FOR INTERVIEWERS AND SURVEY
INVESTIGATORS¹

- A good understanding of the subject matter on the part of the interviewer or investigator is desirable for all the methods.
- Training or experience in conducting group discussions is important for both types of group interview approaches (community and focus group).
- Proficiency in the local language is essential for the group interviewers.
- Formal training and experience in conducting surveys, such as that given statisticians, economists and sociologists, is required for at least one survey investigator.

Participation of "impacted groups" in an impact evaluation through the larger community interview and/or the smaller focus group interview is highly desirable. Participation:

- provides a key source of information on unintended impacts and impacted groups;
- yields significant insights on affordable and acceptable choices of technology; and
- is indispensable in obtaining insights on impact when baseline and other information is deficient at the project preparation stage.

¹ Drawn from Krishna Kumar, op. cit.

B. Assessment of attribution.

The quantity and quality of empirical evidence will rarely permit a precise assignment, or attribution of observed impacts to Bank Group projects. On occasion, a "quasi-experimental design" approach can be approximated if the nature of the project and data availability permit, as in the case of a health project). However, experience in the field of ex-post evaluation of development projects has shown that by drawing on several sources of empirical information and assessing their consistency or lack thereof, a process known as "triangulation," it is possible in many instances to make defensible inferences about attribution. Box D provides some additional discussion of attribution.

BOX D
ATTRIBUTION IN IMPACT EVALUATION

The attribution of socio-economic changes to possible causal factors, including the project intervention of a particular donor, constitutes a significant methodological challenge for impact evaluation. The precise assignment of degree of causality that can be provided by a controlled laboratory experiment is not possible.

- A first approximation to attribution is to employ the "before-after" approach. This requires baseline data on impact indicators to compare with impact results.
- The problem with this approach is that it does not take into account external or "exogenous" influences on impact indicators that cannot be attributed to the project.
- One way of attempting to take into account the influence of external influences, so as to be able to measure the net impact of the project is to control for such influences by the use of statistical methods (e.g., multiple regression analysis) or quasi-experimental design.
 - For example, data on the incidence of diarrheal diseases in an area that has been the site of a potable water supply project can be compared with the same data for another area that has not been the site for such a project, but is in other relevant ways similar to the project area (Le., similar levels of other health services, of basic environmental conditions, etc.), including being affected by the same external or exogenous influences (e.g., a serious meningitis outbreak).
 - To take an example from agriculture, data on changes in production and incomes for an area that has been the site of an irrigation project can be compared with the same data for an area that has not had such a project, but is in other relevant respects similar (e.g., in terms of agro-ecological conditions, pre-project crop mix and land tenure structure and population density), and has been subject to the same external influences (e.g., significant drought or flooding; world price fluctuations for major export crops).
- It will not always be possible to establish a "control" group, owing to inadequacy of available data or because there is no valid control group from a conceptual point of view (for example, if the project is nationwide in scope). However, even in this case, a careful comparison of quantitative and qualitative empirical evidence from several sources on trends over time in impact indicators and in likely external or exogenous influences can establish at least the direction of attribution and perhaps some sense of the extent to which an impact or impacts can be attributed to a project intervention. The marshalled evidence establishes a plausible association that can be defended before informed observers and stakeholders.
- This process of comparing several sources of evidence in order to come to a conclusion about attribution has been termed "triangulation." For example, impact evaluations of maternal and child health care projects have come to strong conclusions when:
 - (1) trends in infant and child mortality and/or morbidity rates have shifted down significantly after projects became operational; and
 - (2) responses to key informant and focus group interviews consistently and convincingly described impacts of project interventions.

(Reference in text: paras. 10.3.1, 10.3.8 & 10.3.15, pages 157 & 158)

APPENDIX 10.2
EXAMPLES OF IMPACT INDICATORS

BOX A
EXAMPLES OF IMPACT INDICATORS¹

Indicators of Impact on Incomes and Living Standards

(Published annual sources of nationwide data include the World Bank, World Development Report, and UNDP, Human Development Report)

Ideal: Changes in real household income.

Proxy:

- (1) Changes in total agricultural production (Le., marketed production and household consumption).
- (2) Changes in levels and types of expenditure (e.g., on education and health).
- (3) Changes in quality of housing: number of rooms; type of walls, roofing and floor.
- (4) Selected durable consumer goods (radio, bicycle, fan, etc.).
- (5) Proportion of household children in school.
- (6) Access to major utilities: electricity; potable water and sanitary facilities (measures can include proportion of dwellings connected, or, preferably, rate of consumption, such as KWH of power)
- (7) Availability and quality of accessible public goods (roads, schools, health centers).²

Indicators of Health and Nutritional Status

(WHO and UNDP publications are relevant sources of nationwide data)

Ideal: (1) Infant and child mortality and morbidity rates.

(2) Child weight for height ratio, where below 80% indicates wasting.

Proxy:

- (1) Height for age, where below 90% indicates stunting.
- (2) Proportion of children weighing less than 2.5 kg. at birth.
- (3) Weight for age in relation to international or local standards.
- (4) Length for age of babies.
- (5) Incomes and expenditures of women, who are more likely to spend on children's nutrition.

Educational Impact Indicators

(UNESCO and UNDP publications are relevant sources of nationwide data)

Ideal: Change in proportion of students entering occupational fields matched to schooling.

Proxy:

- (1) Change in student knowledge and skill levels (measured by standardized test scores).
- (2) Change in student attendance and graduation (completion and drop-out) rates.
- (3) Improvement in classroom management by teachers and resource management by principals (measurable, for example, by Ministry inspection reports).
- (4) Quantity and relevance of instructional materials.
- (5) Change in student enrolment rates.

¹ Drawn in part from the previously cited draft paper by the Operations Evaluation Department, World Bank, Expanding OED's Program of Impact Evaluations, July 1993, Annex C. The indicators have been modified, and the categorizations into "ideal" and "proxy" have been added.

² Depending on the scope of the project, these last two types of indicators may in particular be external to the project, i.e., dependent on the actions of other parties not under the control of the Executing Agency.

Box B below gives some further examples of impact indicators for an agro-industrial tea plantation project; the status of women, and environmental impact. These examples include more in the way of indirect impacts, as well as examples where there is not as clear a distinction as in Box A between "ideal" and "proxy" indicators.

BOX B
SOME EXAMPLES OF IMPACT INDICATORS FOR
AGRO-INDUSTRY. WOMEN AND ENVIRONMENT

Agro-Industrial Tea Plantation (a Retrospective Logical Framework Matrix example)

- (1) Growth of plantation, tea factory and allied (e.g., in marketing) employment.
- (2) Project clinic data on mortality and morbidity rates, as well as indicators like immunization coverage, hospital referrals, etc.
- (3) Electricity and water connections to project houses, consumption trends for these services, and user charges paid.
- (4) National data on tea imports and tea production.

Status of Women

- (1) Levels and changes in women's income, savings and/or expenditures.
- (2) Changes in women's and girls literacy rates.
- (3) Changes in total fertility rate.
- (4) Length of women's working day.
- (5) Access to child support services, such as work-site creches.
- (6) Taking "non-traditional" roles or occupations.
- (7) Having access to technical assistance.
- (8) Having ownership or control of assets.
- (9) Women's participation in decision-making.

Environmental Impact Indicators

- (1) Spread and prevalence of disease related to environment or pattern of land use (e.g., onchocerciasis).
- (2) Level and nature of use of soil or water contaminating material (e.g., pesticides).
 - (3) Quantity, quality and accessibility of water for domestic and productive use.
- (4) Access to resources essential to livelihood (e.g., trees, grasses, fish).
- (10) Depth of soil and level of soil productivity; rate of topsoil loss to erosion.
- (11) Pattern of land use (e.g., area under cultivation, fallow or forest).
- (12) Quality or intensity of land use (e.g., cropping frequency or forest cover quality).

The agro-industrial case comes from an actual project example. The indicators shown in the Box relate to specific Goals from the Retrospective Logical Framework Matrix for the project.

For the status of women, indicators begin with those that could be captured in statistical surveys, such as income and expenditure patterns, and literacy and fertility rates, to topics such as participation in decision-making that would require astute use of interviewing techniques as well as the employment of women interviewers. Even information on income and expenditure patterns of women, or on fertility rates, can be very difficult and

sensitive to obtain in some cultural settings. In the former case, more easily observable proxy indicators, such as types of cloth in the household, could be a reasonable indicator of expenditure patterns. The validity of such a measure would, of course, depend on the cultural setting. As for fertility rates, the now widely available Demographic and Health Surveys (known as DHS Surveys); provide fairly detailed and periodically updated data on fertility and . several other demographic and health indicators, especially for women and children, in a-number of African countries.¹

In the case of environment, the indicators begin with those that have an obvious direct bearing on human welfare, such as disease related to environment use, and move on to those with more indirect (but real) impacts, such as cropping intensity.

(Reference in text: paras. 10.3.1, 10.3.7 and 10.3.14 & 15, pages 157 & 158)

¹ Fertility rates are defined as the number of children a woman would bear if she lived to the end of her childbearing years and bore children at each age in accordance with prevailing age-specific fertility rates.

APPENDIX 10.3

ILLUSTRATIVE IMPACTED GROUPSIllustrative Project-Specific Impacted Groups

- Primary school aged children in a basic education project.
- Small artisans in cottage industry in a rural area development project.
- Recently trained skilled workers obtaining higher paying jobs that utilize their new skills.
- Infants and children. ages 0-5, and mothers, benefiting from a primary health care project.
- Small farmers benefiting from an irrigation project.
- Wage laborers benefiting from higher earnings on a tea estate project.

Illustrative Impact Groups with Cross-Cutting Significance

- Women, whether or not they are intended beneficiaries.
- Impacts on landless laborers should be assessed in agricultural projects, whether or not they were intended beneficiaries.
- In other cases, a significant impacted group (e.g., informal sector "micro" entrepreneurs) might be identified through interviewing as part of the evaluation process itself.

(Reference in text: para. 10.3.10, page 159)

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(Reference to text: para. 10.5.9, page 162)

CHAPTER II.

GUIDELINES AND FORMAT FOR PREPARATION OF
COUNTRY PROGRAMME EVALUATION REPORTS

CHAPTER 11

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11 GUIDELINES AND FORMAT FOR PREPARATION OF COUNTRY PROGRAMME EVALUATION REPORTS

11.1 Objectives and Scope

11.1.1 With a view to achieve greater accountability, transparency and Board oversight, the Task Force on Project Quality in its report of April 1994 recommended that OPEV undertake an independent evaluation of Country Programmes to take a retrospective view of the Bank Group's experience in individual countries. The Country Programme Evaluations (CPE) are expected to assess the totality of the Bank Group's contributions to a RMC's development, including an assessment of the achievement of country assistance strategy objectives agreed to between the RMC Government and the Bank, and also include a review of the various Bank instruments and roles in achieving the strategic objectives.

11.1.2 In contrast to the Country Portfolio Review Paper prepared by the Country Operations Departments, which focuses on the current portfolio of the Bank Group's programme in a given country, a CPE would take a retrospective view of the Bank Group's experience in the country.

11.1.3 One of the major tasks of a CPE would be to distinguish the nature of the Bank Group's contributions from those of other major donors to the country, and to compare its effectiveness in mobilizing aid resources for, and contributing to the development of the member country with the effectiveness of other donors. The emphasis would be on the effectiveness of Bank assistance strategy and programming in the country in the light of experience with activities actually funded, rather than on the history of Bank country relations or on internal Bank resource management and process issues.

11.2 Timing and Resources

11.2.1 A program of CPEs will be drawn up keeping in view the availability of resources and a regional balance. Availability of documents, including PCRs and PPARs, as well as CSPs, will be one criterion for country selection. Another criterion will be the size of the country's portfolio in relation to the total portfolio of the Bank Group.

11.2.2 The evaluation would be a combination of (1) a desk review of available documents; (2) interviews with relevant Bank Group officials; and (3) a field visit to interview key country officials and representatives of other major donors. Documents for desk review will include CSPs, CPRs, PCRs, PPARs, and statistical data covering the six year period.

11.2.3 In gathering relevant data, special attention should be given to seeking pertinent data in the form of research, studies, surveys and other relevant reports from the other key donors in the country - both multilateral (UNDP, World Bank, UN

agencies) and bilateral.¹ (In several cases, especially for multilateral agencies, relevant data will be available in regional offices located in Abidjan.)

11.2.4 A CPE of the type envisioned is estimated to require 14-to-16 weeks from a relatively senior OPEV expert, including a 2-to-3 week visit to the member country. The OPEV expert will need assistance from consultant experts. The total person-weeks, including 4 weeks for each of two consultants, and an additional 2 person-weeks for finalization of the report, one Country Program Evaluation would thus require about 24-to-26 person-weeks.

11.3 Preparation of an Issues Paper

11.3.1 Like all other evaluation reports, every CPE is to be preceded by the preparation of an Issues Paper. The purpose of this paper is to (i) set out, in some detail the scope of study and the basis of selection of the country, (ii) highlight all relevant issues relating to the topic and those recommended for special attention during the study, (iii) discuss the suitability of the timing of study, and (iv) explain the methodology to be adopted, in the context of availability of data and impact indicators, and methods of selection and collection of further data and information.

11.3.2 Preliminary results of a review of the available relevant evaluation material of the Bank Group as well as other multi-lateral institutions and key donors should also be explained. The paper should examine and indicate the extent to which additional desk work could substitute data and information collection in the field.

11.3.3 The paper would also include recommendations about the need and timing for a field mission and its composition and justification for consultant support, if required.

11.3.4 After approval of Director, OPEV, the Issues paper is circulated to all concerned operational departments within the Bank for soliciting comments. A revised paper incorporating the comments received is prepared for approval of Director, OPEV and any further steps would be taken on the basis of his guidance and instructions on the revised Issues Paper.

11.3.5 Issues Papers should be structured generally in line with the detailed Guidelines for the Preparation of Issues Paper included in Chapter 7.

¹ The Batik Group has reciprocal data exchange agreements with a number of these agencies.

11.4 Contents and Format of Country Programme Evaluation Reports

A. General

11.4.1 The following sections provide detailed guidelines on the structure and contents of Country Programme Evaluation Reports. These guidelines should be generally followed but minor variations within the overall spirit and objectives could be made, depending on the nature and sector of particular projects (also see para 11.4.5).

11.4.2 The Evaluation Report must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary and the reports must present a balanced view of the performance. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

11.4.3 The Reports must be self-contained to the extent possible. Unnecessary repetition of the full contents of the previous reports must be avoided by making appropriate references. The reports should focus mainly on analysis of selected , and important sector and country related policy issues which are important for improved effectiveness of Bank assistance strategy and programming in the country and fuller achievement of benefits and from the point of view of effective transfer of resources to the RMCs. Important positive and negative lessons of general relevance for future operations should be clearly identified.

11.4.4 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the report, excluding the appendixes, should be around 20 pages, single space, but should never exceed 30 pages.

11.4.5 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of each evaluation. It should be borne in mind that the information and analyses in these reports may be subsequently used in the drafting of the Annual Report on OPEV Activities, the Annual Review of Results of Operations Evaluations, Abstracts of the Project/ Programme Performance Reports, Quarterly "Retrospectives" and other Special Reports and in considering the follow-up actions.

B. Report Title

11.4.6 Approval for the Report title to be used will be obtained in the Issues Paper and no changes should be made thereafter.

C. Front and Inside Cover

11.4.7 Standard evaluation report formats will be used for the front cover and inside front cover of the Country Programme Evaluation Reports and for the presentation of currency equivalents on the inside front cover.

D. Table of Contents

11.4.8 The format for Table of Contents for Country Programme Evaluation Reports is shown in Appendix 11.1.

E. Report Outline

11.4.9 The structure of the Report shall be as follows:

Preface

Table of Contents

Basic Country Data

Map

Chapter 1.

EVALUATION SUMMARY

Chapter 2.

INTRODUCTION AND BACKGROUND

Chapter 3.

COUNTRY ECONOMIC CONTEXT

Chapter 4.

HIGHLIGHTS OF EVOLUTION OF BANK GROUP ASSISTANCE

Chapter 5.

QUALITATIVE DIMENSIONS OF NET RESOURCES PROVIDED BY THE BANK GROUP

Chapter 6.

DEVELOPMENT POLICY AND STRATEGY

Chapter 7.

RMC's COMMITMENT, ECONOMIC MANAGEMENT AND IMPLEMENTATION

Chapter 8.

BANK GROUP PERFORMANCE

Chapter 9.

BANK GROUP'S CONTRIBUTION TO SUSTAINED DEVELOPMENT IN RMC

Chapter 10.

CONCLUSIONS AND RECOMMENDATIONS

Appendixes

11.4.10 Explanatory notes for the contents of each section and subsection of the report are given in the following section.

F. Preface

11.4.11 This is an introductory statement to the Report indicating its purpose briefly. A reference should be made to the review of the Bank files and reports, discussions with representatives of agencies of the Borrower and other institutions and individuals, and comments received on the draft report. The Preface should not exceed one single-spaced page.

G. Basic Country Data

11.4.12 This section presents a summary of key data and information on the country's most recent economic indicators as well as those at the beginning of the review period. Mission particulars are also included.

11.4.13 Macro-economic data for the country for SALs and sectoral performance data for SECALs both at the time of appraisal and programme completion will be included. It is important to ensure that data and information contained in the Basic Country Data Sheet be consistent with those in the main text of the Report..

H. Map

11.4.14 A country map should be provided. The statement "Boundaries not necessarily authoritative" should appear below the legend in the map. The map must show (i) at least one pair of coordinates on either side to indicate the geographical location, (ii) the North sign, (iii) the scale, and (iv) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text.

I. Chapter 1. Evaluation Summary

11.4.15 The highlights of evaluation should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should include the main findings and recommendations as well as key features of methodology and sources of data. The summary should be presented in a manner which would enable the reader to grasp the most significant findings and conclusions, both positive and negative.

J. Chapter 2. Introduction and Background

11.4.16 This section will briefly describe the objective of the Study. The basis on which the choice of country for evaluation had been made and how it is relevant to the Bank Group's operations in the future will be discussed. Appropriateness of timing of the study would also be indicated (see para.11.2.1). Similarly, the data sources and the methodology adopted would be described.

11.4.17 A history and basic content of related past operations of the Bank Group and other donors will be briefly described. An appendix could be used to provide lists, if considered necessary.

K. Chapter 3. Country Economic Context

11.4.18 The Country Programme Evaluation would take a retrospective view of the Bank Group's experience in the country over the last 6 years only. This section will, therefore, describe the initial conditions, policies and priorities prior to, the review period and the state of the country's economy at the commencement of the review period.

This would include the brief discussion of base line data up to the beginning of the review period.

L. Chapter 4. Highlights of Evolution of Bank Group Assistance

11.4.19 This section will be a chronological continuation of the country economic context during the six year review period and will similarly include a brief discussion of the base line data. Factual information pertaining to the economic and sector work; policy dialogues; various aspects of portfolio management; technical assistance and training for institutional strengthening; studies and seminars; performance evaluations; and, Bank Group's role in mobilizing and coordinating with other aid agencies and countries would be presented. The country assistance strategy objectives agreed to between the RMC government and the Bank through the successive Economic Prospects and Country Programming (EPCP) documents (now discontinued) and Country Strategy Papers (CSPs) would be described.

M. Chapter 5. Quantitative Dimensions of Net Resources Provided by the Bank Group:

11.4.20 This section will include a brief descriptive data of the level and concessionality of net resource transfers provided by the Bank Group to the member country in relation to country needs; the country's own development resource mobilization efforts (public and private); net official flows from other donors; and foreign private flows during the 6 year period under evaluation, the main source of information being the respective EPCPs and CSPs.¹ The discussion will be structured within the following sub-headings.

1. Resource Needs of the Country

11.4.21 The level and concessionality of net resource transfers provided by the Bank Group to the RMC in relation to its resource needs and resource gap (as analysed in EPCPs, World Bank documents, Country Economic Memoranda, and similar other documents) for the review period will be discussed.

2. Resource Mobilization

11.4.22. This will include a discussion of the Bank Group's net resource transfers relative to the country's own development resource mobilization efforts during the, review period as indicated by private and public savings ratios, level of 'tax effort', and effectiveness of finance intermediation as assessed in EPCPs and relevant World Bank and IMF documents.

¹ "Net" resource transfers are defined as gross flows or disbursements less payments of principal and interest.

3. Net External Resource Flows

11.4.23 The Bank Group's net resource transfers relative to the availability of external resources through official multilateral and bilateral donors as well as through foreign private flows (direct foreign investment and other private flows) should be analysed in this section.

N. Chapter 6. Development Policy and Strategy

11.4.24 This section will review and analyse the development policy and strategies adopted by both the RMC government and the Bank Group during the review period.

1. Bank Group Portfolio of Projects and Programmes in RMC

11.4.25 In the first place, the consistency of the development policy and strategy as noted in EPCPs and CSPs will be compared with the actual portfolio of projects and programmes undertaken with the assistance of Bank Group.

2. Bank Group's Cross-Cutting Policies, Strategies, Guidelines and Major Studies

11.4.26 Also assessed will be the consistency of Bank Group's country assistance strategy and portfolio with reference to global Bank Group policies, strategies and guidelines, specially the cross cutting issues such as Environment, Women in Development, Poverty Alleviation and Private Sector Development and the major sector policy papers. The consistency of strategy and portfolio should also be assessed in terms of the Banks Regional Economic Integration Objectives, as set out, for example, in the 1994 Bank Group Study on Economic Integration in Southern Africa.

3. Development Policies and Strategy of RMC

11.4.27 Finally, the consistency of RMC development policies and strategies as articulated by the Government with those pursued by the Bank Group in the country, as reflected in the first instance by two successive Economic Prospects and Country Programming documents, as well as the Bank Group cross-cutting and sectoral policy papers in force over the period.

O. Chapter 7. RMCs Commitment; Economic Management and Implementation

11.4.28 This section will include a review of the RMCs development commitment, economic management and implementation performance as related to the Bank Group's projects and programs, including the country's "ownership" of policy reforms and projects. Several characteristics and indicators will be reviewed in assessing commitment or ownership. The assessment of the following indicators should be possible by a

comparison of actual performance with the assumptions of the Logical Framework Matrix:

- (a) Timely budgeting of local contributions of qualified staff and other recurrent costs for operations and maintenance to project or program management and financing.
- (b) Timely implementation of accepted conditionalities (e.g., conditions for loan effectiveness; legal and financial covenants).

11.4.29 The following indicators are particularly germane to Policy Based Lending operations, but can be relevant in varying degree to project operations as well:

- (i) Degree of initiative, taken by the RMC in formulating and implementing the operation;
- (ii) Extent of consensus and conviction among key policy makers regarding the nature of the problem, crisis or issues, and the measures that need to be taken;
- (iii) Public expression of will by top leadership in the form of statements and actions before or at the beginning of the program; and
- (iv) Steps taken to build consensus among the public.

P. Chapter 8. Bank Group Performance

11.4.30 This section will assess the Bank Group's performance in country. The main emphasis would be on an analysis of the main factors (among those enumerated in the following sections) that have had a bearing on the contributions (or lack thereof) of the Bank Group's activities to development in the country. It will include an assessment of the quality of (i) policy dialogue (how major issues and concerns were addressed and resolved)¹; (ii) of efforts and achievements in mobilization of external aid resources (e.g., through co-financing) from other sources and in coordination of programmes with those of other aid donors²; (iii) of programming and project identification work; (iv) of advice on program and project preparation, appraisal and design; (v) and, of

¹ The quality of policy dialogue is identified in the Report of the Task Force on Project Quality as one of the issues to be covered in five year reviews. While the Bank Group will not necessarily be taking a lead role in macro-economic policy dialogue, for example, it should be engaging in dialogue on a continuing basis with RMCs regarding policies that impinge upon the developmental effectiveness of its portfolio.

² While it is the RMC's responsibility to coordinate external aid resources, the Bank Group must do its part to ensure that the resources it provides are complementary to those contributed from other sources.

implementation supervision and follow-up. It will also assess the support provided through technical assistance, studies, training and institutional strengthening, if any. The extent and quality of post evaluation work and feedback will also be evaluated.

11.4.31 An important aspect to be examined in the above analysis would be to compare Bank group's effectiveness in mobilizing aid resources for and contributing to the social and economic development of RMC with that of other major donors to the country in same or in complementary sectors.

11.4.32 It will be important in assessing attribution to distinguish the qualitative as well as quantitative dimensions of the Bank Group's contributions from those of other major donors to the country.

11.4.33 Assessment of attribution of the Bank Group's contribution to sustained development of the country will necessarily involve judgement, informed as much as possible by available PPARs and special evaluations, as well as by "**key informant interviews.**" Coming to a judgement on the Bank Group's effectiveness relative to that of other donors is not straightforward nor does it lend itself to rigorous quantitative analysis. The challenge will be to elicit as informed, balanced and unbiased judgements as possible.

11.4.34 In examining Bank Group's performance, the role, effectiveness and impact of Bank Group's in-country presence, if any, through Regional or Country Offices (or other means, such as a project-funded person in a UNDP Resident Representative Office or in a national central ministry, such as Finance), including effectiveness in aid mobilization and coordination should also be assessed.

Q. Chapter 9. Bank Group's Contribution to Sustained Development in RMC

11.4.35 Unlike the preceding section, this section analyses the evaluative information, at macro-economic and relevant sectoral and sub-sectoral levels, on outcomes and sustainability of Bank lending programmes on the achievement of Bank Group country assistance strategy objectives and targets. It would also include an assessment of the impact of exogenous factors and of the realism of key assumptions made about them (with particular reference to the quality and use of Logical Framework Matrices in this regard).

11.4.36 To the extent possible, on-going and nearly completed operations should be assessed for their achievements or likely achievements, as well as completed operations. Specific attention should be given to how these achievements compare with those of other major donors to the country in the same or complementary sectors (see sections 10.3.7 and 10.3.8 and Appendix 10.1 for discussion of issues of attribution).

R. Chapter 10. Conclusions and Recommendations

1. Conclusions

11.4.37 Clear conclusions will be presented in this section regarding (i) contributions (or lack thereof) of Bank Group to RMC's sustained development; (ii) effectiveness of Bank Group relative to other major donors for the RMC; and, (iii) effectiveness of Bank Group in mobilization of external aid resources and coordination with other donors.

2. Recommendations

11.4.38 Recommendations will be split in two parts. The first part will cover recommendations relating to future Bank Group's country assistance strategy in the RMC. The second part will include recommendations pertaining to Bank Group's global policies, strategies, and guidelines including those relating to cross cutting issues.

S. Appendixes

11.4.39 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information.

11.4.40 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

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Number

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- Chapter 2. Introduction and Background
- Chapter 3. Country Economic Context
- Chapter 4. Highlights of Evolution of Bank Group Assistance
- Chapter 5. Quantitative Dimensions of Net Resources Provided by the Bank Group:
 - 1. Resource Needs of the Country
 - 2. Resource Mobilization
 - 3. Net External Resource Flows

- Chapter 6. Development Policy and Strategy
 - 1. Bank Group Portfolio of Projects and Programmes in RMC
 - 2. Bank Group's Cross-Cutting Policies, Strategies, Guidelines and Major Studies
 - 3. Development Policies and Strategy of RMC

- Chapter 7. RMCs Commitment, Economic Management and Implementation
- Chapter 8. Bank Group Performance
- Chapter 9. Bank Group's Contribution to Sustained Development in RMC
- Chapter 10. Conclusions and Recommendations
 - 1. Conclusions
 - 2. Recommendations

Appendixes

(Reference in text: para. 11.4.8, page 191)

CHAPTER 12. GUIDELINES AND FORMAT FOR PREPARATION OF
LENDING PROCESS EVALUATION REPORTS

CHAPTER 12TABLE OF CONTENTS**12. GUIDELINES AND FORMAT FOR PREPARATION OF LENDING PROCESS EVALUATION REPORTS**

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12 GUIDELINES AND FORMAT FOR PREPARATION OF LENDING PROCESS EVALUATION REPORTS

12.1 Objectives

12.1.1 The Task Force on Project Quality stressed the importance of quality of lending and the need to have a continuing assessment of the effectiveness of lending, including the appraisal process. Evaluation of Lending Process would concentrate on the quality and objectivity of the project at the stages of identification, preparation and appraisal, and implementation, and how performance at each stage relates to the project's ultimate development objectives performance- be it prospective (for ongoing operations) or actual (for completed operations). The evaluations would limit the risk of political or other lending pressures and thus alleviate one of the Board's main concerns.

12.2 Scope and Timing

12.2.1 Evaluation of Lending Process will be ordinarily comprise:

(i) assessment from PPARs, of Lending Process Quality (LPQ) of the project at the three stages of lending process, namely Identification, Preparation and Appraisal, and Implementation. Also, compilation of Development Objectives Performance (DOP) Ratings, from Post-Evaluation Performance Ratings in PPARs, and assessment of correlations between LPQ and DOP,

(ii) assessment from Appraisal Reports, of LPQ at the two stages of Identification and Preparation and Appraisal of ongoing operations, approved two years prior to the evaluation year,

(iii) for ongoing operations which had already been assessed in the preceding year for LPQ at the Identification and Preparation and Appraisal stages (item ii above), assessment of the LPQ at the Implementation stage and an assessment of prospective DOP. Also establishing correlation between an operation's LPQ ratings and prospective DOP ratings, and,

12.3 Preparation of an Issues Paper

12.3.1 The first step in the preparation of a Lending Process Evaluation Report is the preparation of an Issues Paper. The purpose of this paper is to set out the results of the initial desk review of the available documents. The paper also makes recommendations about the major issues requiring examination, the need and timing for a field mission and its composition.

12.3.2 Any further steps would be taken on the basis of guidance and instructions provided by the Director OPEV on the Issues Paper. Issues Papers should be structured generally in line with the detailed Guidelines for the Preparation of Issues Paper, included in Chapter 7.

12.4 Methodological Issues

12.4.1 Systematic empirical assessment of the lending process requires identification of measurable indicators for DOP and LPQ. These are described in the following sections.

A. Development Objectives Performance

12.4.2 For completed operations, the DOP would be compiled from the "Post-Evaluation Performance Rating" (PEPR) assigned to each PPAR by OPEV. The PEPR is a weighted aggregate of sub ratings of (i) Achievement of Objectives, (ii) Sustainability, (iii) Internal rate of return, (iv) Overrun on planned costs, and (v) Overrun on estimated duration, in which the latter two elements are indicators of implementation performance. An appropriate indicator of DOP would be an adjusted PEPR, net of these two components, and comprise only the following elements with their respective weights.

Weight

- Achievement of Objectives and Output.	30
- Sustainability of Benefits.	25
- Internal Rate of Return.	15
Total	70

12.4.3 Each of these elements are to be rated on the four-point scale and a weighted aggregate average is determined to arrive at the DOP.

12.4.4 For on-going operations, an assessment of DOP would typically need to be prospective in nature. Such an assessment, similar to, the assessments in Bank Group's Supervision Reports and the Country Portfolio Review Reports, would be composed of an assessment of : (i) "Likelihood of achieving Project Objectives", (ii) "Likelihood that benefits will be realized and sustained beyond the investment stage", (iii) "Likely contribution toward an increase in institutional capacity", and (iv) "Current rate of return". Each of the components would again be rated on the four-point scale but, unlike the actual DOP, the overall assessment of prospective DOP would be the unweighted average of the four components.

12.4.5 The Bank group has been increasingly emphasizing the importance of the cross-cutting policy objectives of poverty alleviation, Women in Development, Environment and Participation of Beneficiaries. Incorporation of such objectives into the Bank Group's approach to DOP performance is not possible until measurable indicators as well as relative weights to be assigned to different aspects are

identified. However, viewing these as means of development, these considerations would be taken into account as influences, on project quality, at the Preparation/Appraisal stage.

B. Lending Process Quality

12.4.6 Evaluation of the quality of lending process will comprise:

- (a) quality of the Lending Process at the Entry, or Identification, stage of the operation (Le., up to inclusion in the Lending Programme),
- (b) quality of Lending Process at the Preparation and Appraisal stage (i.e., up to Board approval of the Appraisal Report), and
- (c) quality of Lending Process at the Implementation stage (i.e., up to, submission of the PCR).

12.4.7 For each of the three above-mentioned stages of the lending process a number of component indicators is to be rated on the four-point scale. The aggregate quality rating for a given lending process stage would be the simple average of the components.

12.5 The Rating Scale

12.5.1 The four-point scale (see para. 5.2.1) would be used for rating all stages (and their component elements) of the Lending Process (including PCRs as the last element in the Implementation Stage). Ratings could be then aggregated in various ways:

(i) Aggregation of ratings within a given operation or project, to get an overall rating for the project, and from the project to the sector or entire portfolio. Thus, it would be possible to conclude, for example, that "X" percent of all projects in the Health Sector were found to be "Satisfactory," and with an average rating of "Y" (say, "2.8," or whatever).

(ii) Aggregation of ratings within a given lending process stage or component element, across projects, so as to obtain, for example:

- a portfolio-wide rating of the quality of risk analysis (as a sub-element of the Appraisal Stage); or

- a portfolio-wide rating of the Appraisal Stage of the Lending Process.

12.5.2 Thus, it would be possible to conclude that "A" percent of Risk Analyses in the portfolio were found to be "Marginally Satisfactory," and that all Risk Analyses had an average rating of "B". Conclusions could likewise be drawn about the rating of the Appraisal (or Identification, or Implementation) Stage as a whole.

12.5.3 The adoption of a four-point scale would not obviate the need for a narrative discussion of the ratings, however. An explanation as to why specific ratings were assigned is essential to a better understanding of the quality of the lending process and how it might be improved.

12.6 Contents and Format of Lending Process Evaluation Reports

A. General

12.6.1 The following sections provide detailed guidelines on the structure and contents of Reports of Evaluation of Lending Process. These guidelines should be generally followed but minor variations within the overall spirit and objectives could be made, depending on the nature and sector of particular projects.

12.6.2 The Report must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary and the reports must present a balanced view of the performance. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

12.6.3 The Evaluation Reports must be self-contained to the extent possible. Unnecessary repetition of the full contents of the previous reports must be avoided by making appropriate references. The reports should focus mainly on analysis of selected and important sector and country related policy issues which are important for improved project implementation and fuller achievement of benefits and from the point of view of effective transfer of resources to the RMCs. Important positive and negative lessons of general relevance for future operations should be clearly identified.

12.6.4 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the report, excluding the appendixes, should be around 20 pages, single space, but should never exceed 30 pages.

12.6.5 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of each evaluation. It should be borne in mind that the information and analyses in these reports may be subsequently used in the drafting of the Annual Report on OPEV Activities, the Annual Review of Results of Operations Evaluations, Abstracts of the Project/ Programme Performance Reports, "Retrospectives" and other Special Reports and in considering the follow-up actions.

B. Report Title

12.6.6. Approval for the Report title to be used will be obtained in the Issues Paper and no changes should be made thereafter.

C. Front and Inside Cover

12.6.7 Standard formats for evaluation reports would be used for the front cover, inside front cover and the currency equivalents on the inside front cover of the Lending Process Evaluation Reports.

D. Table of Contents

12.6.8 The format for table of contents for Lending Process Evaluation Reports is shown in Appendix 12.1.

E. Report Outline

12.6.9 The structure of the Report shall be as follows:

Preface	
Table of Contents	
Basic Data	
Map	
Chapter 1.	EVALUATION SUMMARY
Chapter 2.	INTRODUCTION AND BACKGROUND
Chapter 3.	LENDING PROCESS QUALITY AND DOP OF PPARs
Chapter 4	LPQ OF RECENT APPRAISAL REPORTS AT IDENTIFICATION AND PREPARATION AND APPRAISAL STAGES
Chapter 5	LPQ AT THE IMPLEMENTATION STAGE AND ASSESSMENT OF PROSPECTIVE DOP OF ONGOING OPERATIONS
Chapter 6.	CONCLUSIONS AND RECOMMENDATIONS.

Appendixes

12.6.10 Explanatory notes for the contents of each section and sub-section of the report are given in the following sections.

F. Preface

12.6.11 This is an introductory statement indicating the very broad level objectives and scope of the study. It should also indicate the main input references (e.g. the ARs, PCR, PPARs; Supervision and Country portfolio Reports, sector policy and country strategy papers; studies and reports of other major donor institutions such as the World Bank; Evaluation Mission etc.). Particular reference should be made to the review of the Bank files, discussions with representatives of agencies of the Borrower and other institutions and individuals, and comments received on the draft report. The Preface should not exceed one single-spaced page.

G. Basic Data

H. Map

12.6.12 An area map should be provided. The statement "Boundaries not necessarily authoritative" should appear below the legend in the map. The map must show (i) at least one pair of coordinates on either side to indicate the geographical location, (ii) the North sign, (iii) the scale, and (iv) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text.

I. Chapter 1. Evaluation Summary

12.6.13 The highlights of the Evaluation Report should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should enable the reader to grasp the scope, methodology and the most significant findings and conclusions, both positive and negative.

12.6.14 The summary will include its findings on Lending Process Quality at different stages and, where applicable, Development Objectives Performance. It will note the relationship between lending performance quality and development objectives performance both for completed and ongoing operations, and bring out noteworthy features and trends of results by country, sector and project cycle stages (such as identification, preparation and appraisal and implementation).

J. Chapter 2. Introduction and Background

12.6.15 This section will briefly describe the objective and scope of the study and linkages with the previous evaluations of quality of lending process. The basis on which the choice of the scope of evaluation had been made and how it is relevant to the Bank Group's operations in the future will be discussed.¹ Appropriateness of timing of the Study should also be indicated.

K. Chapter 3. Lending Process Quality and DOP of PPARs

1. Scope

12.6.16 This section will describe the scope -of evaluation i.e. the countries, sectors and years of preparation of the lot of PPARs covered by the evaluation.

2. Assessment of Lending Process Quality

(a) Component Indicators

12.6.17 Lending process quality will be assessed on the basis of an assessment of the following component indicators for each of the process stages of Identification, preparation and Appraisal, and Implementation.:

¹ The essential requirement is that the sectors/sub-sectors and country/region reflect Bank Group's on-going and future emphases where there is strong likelihood of further future operations. In some cases the studies may be undertaken in response to special requests from the Board of Directors.

(1) Identification.

12.6.18 Four key component elements of the Project Identification Report will be separately assessed:¹

(i) Quality of use of enhanced CSP CPR and/or other country and sector analysis work.

(ii) Clarity of Development Objectives as stated in the text of the Report, and, if available, in the Identification Stage Matrix.

(iii) Explicit Statement of Unresolved Issues and Proposed Plans of Action to Resolve Them at the Preparation/Appraisal Stage. Operations Manual notes that "it is very important to identify the unresolved issues at the earliest stage of project identification in order that measures be taken to resolve them during subsequent stages of the project cycle." Such issues can include technical issues (e.g., choice of technology to be used); financial issues (e.g., local currency availability and plan to address); institutional issues (e.g., executing agency management capacity weaknesses and plan to address/strengthen); environmental issues (e. g., deforestation and soil erosion and plan to address); and economic policy issues (e.g., need to eliminate utility rate subsidies).

(iv) Clarity of Assumptions, and their Logical Coherence, particularly in linking Outputs to Objectives (as stated in the Report text and/or Identification stage Matrix).²

(2) Preparation and Appraisal.

12.6.19 Preparation and appraisal can be viewed as two distinct stages of the lending process but as it also reflects the quality of the preparation stage, the basic document to be reviewed is the Appraisal Report (AR). The following four major component elements (and some sub-elements) will be used to assess quality at this stage.³

¹ The basic document to be reviewed will be the "Project Identification Report," and, if prepared, the Project Brief and the Identification Stage MPDE Matrix (see Operations Manual Section 4.3, read with Annexes 1 and 2).

² Another formulation of these relationships, noted in the Operations Manual, is that the "Outputs plus the Assumptions/Risks at that level produce the necessary and sufficient conditions for achieving the Project Objective." Similarly, the "Project Objective plus Assumptions/Risks at that level describe the critical conditions for achieving the Sector Goal." (O.M. section 5.3, p.5)

³ The reference point would be the Format and Guidelines for Preparation of Appraisal Reports (F&G for ARs) (see Operations Manual, Section 6.3, Annex).

(i) Extent to which previous relevant experience, as reflected in such documents as Supervision Reports, PCRs, and PPARs, has actually been taken into account in project design, in implementation and disbursement schedules, etc. and would include, for example, a comparison of "Performance of Similar Projects in the Country" with "Implementation Plan and Expenditure Schedule"¹.

(ii) Clarity and Completeness of Project Description:

- Clarity and Coherence of Statements of Goals, Objectives Outputs and Activities, and Associated Assumptions and Risks.²
- Evidence of Incorporation of Cross-Cutting Concerns Regarding Participation of Beneficiaries, the Role of Women, Impact on the Poor and Environmental Impacts.³

(iii) Monitoring, Supervision and Evaluation Plans, including provision for the collection of baseline data and assignment of continuing monitoring, internal and external audit and supervision responsibilities through the life of the project.⁴

(iv) quality of Technical, Financial, Economic and Institutional Analyses:

- Technical/Economic Analysis: Were technical alternatives quantified to find least-cost approaches?⁵
- Economic Analysis: Were economic values estimated for costs and benefits and was sensitivity analysis employed in testing plausible alternative assumptions regarding economic parameters?⁶
- Financial/Institutional Analysis: Analysis of institutional and financial risks, including capacity of RMC to finance recurrent costs, to budget, control and account for use of funds, and to effectively implement, manage and maintain project construction and operation.⁷

1 See F&G for ARs, sections 1.4 and 5.3.

2 See F&G for ARs, sections 4.1 to 4.4.

3 See F&G for ARs, sections 4.7, 4.8 and 6.2, as well as "Project Appraisal: Objectives, Responsibilities and Scope." (O. M. section 6.1, paras. 45-55)

4 See F&G for ARs, section 5.5.

5 See F&G for ARs, sections 6.1 and 6.3 and O.M. section 6.1, para. 29.

6 See F&G for ARs, sections 6.2 and 6.3, as well as OM section 6.1, paras 19-37.

7 See F&G for ARs, sections 5.1 to 5.3 and 5. 6, as well as OM section 6.1, paras 38-44

(3) Implementation

12.6.20 Key documents to be reviewed are periodic Supervision Reports of on-going operations; and the "Review of On-Going Projects" (or Operations) section (as well the annexed "Project Performance Criteria" forms) of Country Portfolio Review (CPR) Reports.¹ Critical elements of these documents that should be reviewed in order to assess the quality of implementation include:

(i) Number, Frequency and Skills-mix of Field Missions undertaken and reflected in Reports, including whether a Launching Mission was undertaken.²

(ii) Completeness of Reports, especially whether "Project Performance" was rated (according to the eighteen criteria listed in the "Supervision Summary" of the Supervision Report and in the "Project Performance Criteria" forms annexed to the CPR Report), accompanied by supporting narrative explanation and evidence (e.g., Financial Statements in the case of an assessment of financial performance) in the main text.³

(iii) Assessment of continued validity of critical assumptions, or risk factors, especially those at the Outputs Level that are critical for realization of the Development Objectives of the operation.

(iv) Reporting on Follow-up Actions taken in response to current or previous Reports.

(b) Rating Assessment

12.6.21 Using the four-point rating scale, a separate lending process quality report in format LPQ1 (see Appendix 12.2) will be prepared for each

¹ The extent to which the quality of the Implementation Stage of the lending process can be evaluated will in the short run depend heavily on information available from Supervision Reports, but later when the new format CPR Reports become available, these too should provide a significant source of implementation stage information.

² The Launching Mission and its purpose are discussed in O.M. section 8.4, paras 11-12 (1 July 1993), and section 8.6, para 13 (1 September 1989). The May 1995 paper, Bank Group Policy on Portfolio Review and Restructuring, indicates that Country Portfolio Reviews and associated missions would normally take place every two-to-three years, with reviews taking place more frequently in countries with poor or declining portfolio performance (para 3.6). The paper also reaffirms the requirement that Supervision Missions should take place on an annual basis, but cautions that "Country Portfolio Review missions will not be taken as substitutes for regular supervision missions and vice versa" (para 3.8).

³ The paper, Bank Group Policy on Portfolio Review and Restructuring, calls for the performance of each project to be graded annually, based on benchmarks established in the project appraisal report and on eighteen "Project Performance Criteria" (para 3.6). These criteria, which are identical to those required for Supervision Reports, are reproduced in an Annex to the Policy Paper.

project/programme, indicating rating for each of the component and sub-component indicators of the - lending process stages of Identification, Preparation and Appraisal, and Implementation.

12.6.22 Sub-component indicators will be weighted equally and the total quality rating for the component indicator will be arrived on the basis of the simple average of the ratings for its sub-components. In a similar manner, the rating for each of the process stages namely Identification, Preparation and Appraisal, and Implementation will be computed on the basis of a simple unweighted average of its component indicators.

12.6.23 Brief narrative explanation as to why specific ratings were assigned would be provided in the remarks columns.

12.6.24 The rating format LPQ1 will form the basis, for preparation of additional rating formats LPQ 2 to LPQ 4 (see Appendix 12.2) for the entire cohort, separately for each of the stages, namely, Identification, Preparation and Appraisal and Implementation. Each of these formats will be arranged by country, and within each country by sector:

12.6.25 A final composite rating of LPQ for each country portfolio, based on individual operations ratings, will be prepared in format LPQ5 (see Appendix 12.2). This would be used to analyse and compare country portfolio performance between different RMCs, and to assess the overall performance of the Bank Group's portfolio. It could, in addition, help in making sectoral comparisons. It will also provide the basis for establishing correlations of DOP rating with LPQ rating at each of the stages (see para. 12.6.28), as well as further analysis.

3. Assessment of Development Objectives Performance

12.6.26 Ratings of DOP for completed operations will be derived from PEPRs - assigned in PPARs, by removing the factors representing implementation performance. The DOP rating is based on a weighted average of ratings already assessed in PPARs for Achievement of Objectives and Output, Sustainability of Benefits, and Internal Rate of Return (see para. 12.4.2 for details).

12.6.27 Formats DOP 1 and DOP 2 will record the DOP ratings for each factor as well as the composite weighted rating assigned to individual operations (see Appendix 12.3): In DOP 1 the operations will be arranged by country/sector while in DOP 2, the same would be arranged by year of approval. These two rating statements will help in making an analysis of Development Objectives Performance of completed projects by country or sector.

4. Relationship between Lending Process Quality and Development Objectives Performance

12.6.28 Simple correlation coefficients should be calculated for the following:

- (a) Summary ratings of Identification Stage Quality on DOP.
- (b) Summary ratings of Preparation and Appraisal Stage Quality on DOP.
- (c) Summary ratings of Implementation Stage Quality on DOP.

12.6.29 The basic hypothesis of the evaluation is that quality of the lending process in each of the three above-mentioned stages is associated with development objectives performance. The hypothesis would need to be examined critically; it may or may not be confirmed in every case.

12.6.30 It would be useful to construct a "scatter diagram" for each of the comparisons to determine which operations and countries depart furthest from the hypothesized relationship between lending process quality and development performance. These cases of significant departure could be candidates for case studies that could include interviews with relevant Bank Group staff, and possible field visits.

12.6.31 Simply identifying significant departures from the expected relationship might give clues as to the reasons for the departure. It would then be necessary to further investigate one or more operations in greater depth in such cases. This could be done through additional review of documents and interviews, to the extent possible, with staff associated with the operations in question, in order to identify reasons why the hypothesis was not confirmed.

L. Chapter 4. Lending Process Quality of Recent Appraisal Reports at Identification and Preparation and Appraisal Stages.

1. Scope

12.6.32 This section will describe the year of approval and number of operations, countries and sectors covered in the evaluation. In case all the appraisal reports approved in a year are not selected, the reasons on the basis for adopting a selective approach would be mentioned.

2. Assessment of Lending Process Quality

12.6.33 Component and sub-component indicators and the basis for assessing lending process quality at different stages are described in paras. 12.6.17 to 12.6.20.

12.6.34 Using the four-point rating scale, a separate lending process quality report in format LPQ1 will be prepared for each project/programme, indicating rating for each of the component and sub-component indicators of the lending process stages of Identification and Preparation and Appraisal.

12.6.35 Sub-component indicators will be weighted equally and the total quality rating for the component indicator will be arrived on the basis of the simple average of the ratings for its sub-components. In a similar manner, the rating for each of the process stages namely Identification and Preparation and Appraisal will be computed on the basis of a simple unweighted average of its component indicators.

12.6.36 Brief narrative explanation as to why specific ratings were assigned would be provided in the remarks columns.

12.6.37 The rating format LPQ1 will form the basis, for preparation of additional rating formats LPQ 2 and LPQ 3 for the entire cohort, separately for each of the two stages of Identification and Preparation and Appraisal. Each of these formats will be arranged by country, and within each country by sector:

12.6.38 A final composite rating of LPQ of Appraisal Reports for each country portfolio, based on individual operations ratings, will be prepared in format LPQ5. At this stage, no assessment would be available for the Implementation stage, and as such there will be no entries in the Implementation column of LPQ5.

3. Analysis

12.6.39 The lending process quality upto the Identification and Preparation and Appraisal stages in the cohort of appraisal reports would be analysed in this section. LPQ5 reports would be used to analyse and compare quality of lending process upto the stage of preparation of appraisal reports between different RMCs, and to assess the overall performance of the Bank Group's portfolio at this stage. The principal causes for deviations and areas of strengths and weaknesses for countries or groups of countries would be identified. In subsequent years, these LPQ5 reports will also provide the basis for establishing correlations of DOP rating with LPQ rating at each of the stages (see para. 12.6.44), as well as further analysis.

M. Chapter 5. Lending Process Quality at the Implementation Stage and Assessment of Prospective DOP of Onoin Operations

1. Scope

12.6.40 This evaluation of LPQ at the Implementation stage and assessment of prospective DOP will cover only those operations where LPQ of ARs, at the Identification and Preparation and Appraisal stages, was evaluated in the preceding year. This section will quote reference to the previous year's evaluation and describe the year of

approval and number of operations, the countries and sectors covered in the evaluation. If a selective approach is adopted and all the operations approved in a particular year are not included, the reasons and the basis for it would be stated.

2. Assessment of Lending Process Quality

12.6.41 Component indicators and the basis for assessing lending process quality at the Implementation stage is described in para. 12.6.20.

12.6.42 A Lending Process Quality report of the Implementation stage will be prepared for each project/programme in Formats LPQ1 and LPQ4. These would include the rating for each of the components and of the Implementation stage. The aggregate quality rating would be the simple average of the components. The entries in LPQ4 would be arranged by country, and within it by sector.

12.6.43 Brief narrative explanation as to why specific ratings are assigned would be provided in the remarks column.

12.6.44 The LPQ4 reports with LPQ rating at the Implementation stage and the LPQ2 and LPQ3 reports prepared during the preceding year to provide LPQ ratings of the same operations at the Identification and Preparation and Appraisal stages (see para. 12.6.39) would then be collated and merged in .format LPQ5, to provide a final composite rating. LPQ5 would be used to analyse and compare country portfolio performance between different RMCs, and to assess the overall performance of the Bank Group's portfolio. It could, in addition, help in making sectoral comparisons.

3. Prospective Development Objectives Performance

12.6.45 The assessment of DOP at this stage, for ongoing projects, will essentially be prospective in nature. It would be based on an assessment of the following four component elements:

- (i) Likelihood of achieving Project Objectives;
- (ii) Likelihood that benefits will be realized and sustained beyond the investment stage;
- (iii) Likely contribution toward an increase in institutional capacity; and
- (iv) Current rate of return.

12.6.46 A Project matrix prepared during appraisal provides a complete summary of the project; a precise framework for the aspects to be examined and the indicators and means of verification to be used during supervision; and to provide a clear picture of the evolution of the project during its life. The matrix is regularly updated during supervision and should provide the basis for assessment of the component elements

mentioned above.

12.6.47 The rating would be compiled for each operation in format DOP3 (see Appendix 12.4). The overall prospective DOP for each operation will be the unweighted average of the four component elements, assessed on the four point scale. The ratings would be supported by a narrative discussion as well.

12.6.48 The rating format DOP3 will form the basis, for preparation of summary rating formats DOP4 and DOP5 (see Appendix 12.4) for the entire cohort, arranged by country/sector and year of approval, respectively.

4. Relationship. between Lending Process Quality and Prospective Development Objectives Performance.

12.6.49 Using the LPQ and DOP ratings, simple correlation coefficients would again be calculated for testing the hypotheses that quality of lending process at each of the process stages of identification, preparation and appraisal and implementation has an influence on development objectives performance (for a detailed description, see paras. 12.6.28 to 12.6.31)

12.6.50 In subsequent years, it would be possible to compare the ratings on Development Objectives Performance of on-going operations as reported in CPR Reports with the Lending Process Quality ratings for the same operations.¹

N. Chapter 6. Conclusions and Recommendations

12.6.51 This section of the report will be divided in two sub-sections. The first on "Overall Assessment" will include the findings of the report on lending process quality at different stages, the development objectives performance, and the relationship between the two. The section would, in addition, bring out noteworthy features and trends of results by country, sector and project cycle stages.

12.6.52 The second sub-section will include recommendations arising from the findings of the Report which would help improve the quality of future lending processes. Where appropriate, recommendations for change in Bank policies and procedures should also be made.

¹ For example, by 1997, "Impact on Development" ratings should start appearing in Country Portfolio Review, Reports for operations approved in 1994. If such operations would have been subject to a "Quality of Lending Process" review in 1996, it would be possible to assess their prospective DOP in 1997 and compare it with CPR ratings.

O. Appendixes

12.6.53 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information.

12.6.54 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

LIST OF APPENDIXES
CHAPTER 12

Number	Title
12.1	Table of Contents for Lending Process Evaluation Reports
12.2	Rating Formats for Evaluation of Lending Process Quality
12.3	Rating Formats for Evaluation of Development Objectives Performance
12.4	Rating Formats for Prospective Development Objectives Performance

APPENDIX 12.1TABLE OF CONTENTS OF LENDING PROCESS EVALUATION REPORTS

- Chapter 1. Evaluation Summary
- Chapter 2. Introduction and Background
- Chapter 3. Lending Process Quality and DOP of PPARs
1. Scope
 2. Assessment of Lending Process Quality.
 3. Assessment of Development Objectives Performance
 4. Relationship between Lending Process Quality and Development Objectives Performance.
- Chapter 4. Lending Process Quality of Recent Appraisal Reports at Identification and Preparation and Appraisal Stages.
1. Scope
 2. Assessment of Lending Process Quality
 3. Analysis
- Chapter 5. Lending Process Quality at the Implementation Stage and Assessment Of Prospective DOP of Ongoing Operations
1. Scope
 2. Assessment of Lending Process Quality
 3. Prospective Development Objectives Performance
 4. Relationship between Prospective Development
 5. Objectives Performance and Lending process Quality
- Chapter 6. Conclusions and Recommendations
- Appendixes

(Reference in text: para. 12.6.8, page 207)

APPENDIX 12.2RATING FORMATS FOR EVALUATION OF LENDING PROCESS QUALITY (LPQ)RATING FORMAT LPQ1

Loan No.: _____ Name of Project: _____
 Country: _____ Sector: _____

<u>Component Indicator</u>	<u>Rating</u>	<u>Remarks</u>
<u>Quality of Identification</u>		
ID-1	_____	_____
ID-2	_____	_____
ID-3	_____	_____
ID-4	_____	_____
Average	_____	_____
<u>Quality of Preparation & Appraisal</u>		
PA-1	_____	_____
PA-2	_____	_____
PA-3	_____	_____
PA-4	_____	_____
Average	_____	_____
<u>Quality of Implementation</u>		
IM-1	_____	_____
IM-2	_____	_____
IM-3	_____	_____
IM-4	_____	_____
Average	_____	_____
Overall Average	_____	_____

Notes:

1. This statement will be prepared for each project reviewed and will form the basis for the preparation of statements LPQ2 to LPQ5.
2. The following are the explanatory notes and scope of the acronyms for component indicators used in the tables above.

COMPONENT INDICATOR	Scope
---------------------	-------

Quality of Identification

ID-1=	Quality of Use of Country Programming Work (CSP, CPR, other studies).
ID-2=	Clarity of Development Objectives.
ID-3	Explicit Statement of Unresolved Issues and Proposed Plans of Action to Resolve Them at the Preparation/Appraisal Stage.
ID-4=	Clarity of Assumptions and their Logical Coherence.

Quality of Preparation and Appraisal

PA-1=	Incorporation of Previous Relevant Experience.
PA-2	Clarity and Completeness of Project Description. This component indicator would be assessed on the basis of a simple unweighted average of its sub-component indicators (see text para. 12.6.19 (ii) in the text)
PA-3=	Quality of Technical, Financial, Economic and Institutional Analyses.
PA-4=	Provision for Monitoring and Evaluation, including baseline data. This component indicator would be assessed on the basis of a simple unweighted average of its sub-component indicators(see text para. 12.6.19 (iv) in the text)

Quality of Implementation

IM-1=	Skills-mix, number and Frequency of Field Missions (incl. Launching Mission).
IM-2=	Quality and completeness of Reports (esp., Performance Criteria and Supporting Narratives and Evidence)
IM-3 =	Assessment of Critical Assumptions.
INf-4=	Follow-up Actions.

3. A four-point scale is to be used for Lending Process Evaluation. The four points would be defined as follows:
 - (i) 4. = Highly Satisfactory. No issues.
 - (ii) 3 = Satisfactory with minor issues. .
 - (iii) 2 = Unsatisfactory with major problems.
 - (iv) 1 = Highly Unsatisfactory.
4. The same scale would be used for rating all stages (and their component elements) of the Lending Process (including PCRs as the last element in the Implementation Stage).
5. Using the four-point rating scale, a separate lending process quality report in format LPQ1 will be prepared for each project/programme, indicating rating for each of the component and sub-component indicators of the lending process stages of Identification, Preparation and Appraisal, and Implementation.
6. Sub-component indicators will be weighted equally and the total quality rating for the component indicator will be arrived on the basis of the simple average of the ratings for its sub-components. In a similar manner, the rating for each of the process stages namely Identification, Preparation and Appraisal, and Implementation will be computed on the basis of a simple unweighted average of its component indicators.
7. Brief narrative explanation as to why specific ratings were assigned would be provided in the remarks columns.

RATING FORMAT LPQ2IDENTIFICATION STAGECountry 1I. Sector - A

Project Loan No and Name	<u>Rating</u>				Average
	ID-1	ID-2	ID-3	ID-4	
1	---	---	---	---	---
2	---	---	---	---	---
3	---	---	---	---	---
.					
.					
Sector Average	_____				

II. Sector - B.

Project Loan No and Name	<u>Rating</u>				Average
	ID-1	ID-2	ID-3	ID-4	
1	---	---	---	---	---
2	---	---	---	---	---
3	---	---	---	---	---
.					
.					
Sector Average	_____				

III. Sector - C

:
:

Overall Country Average

--

Notes:

1. This statement will be prepared for each project reviewed and will form the basis for the preparation of statement LPQ5.
2. The following are the explanatory notes and scope of the acronyms for component indicators used in the tables above.

Component Indicator

Scope

Quality of Identification

ID-1=	Quality of Use of Country Programming Work (CSP, CPR, other studies)
ID-2=	Clarity of Development Objectives.
ID-3 =	Explicit Statement of Unresolved Issues and Proposed Plans of Action to Resolve Them at the Preparation/Appraisal Stage.
ID-4=	Clarity of Assumptions and their Logical Coherence.

RATING FORMAT LP03PREPARATION AND APPRAISAL STAGECountry 1I. Sector - A

Average	Project Loan No and Name	<u>Rating</u>			
		PA-1	PA-2	PA-3	PA-4
	1	—	—	—	—
	2	—	—	—	—
	3	—	—	—	—
	.				
	.				
Sector Average		_____			

II. Sector - B

	1	—	—	—	—
	2	—	—	—	—
	3	—	—	—	—
	.				
	.				
Sector Average		_____			

III Sector - C

	1	—	—	—	—
	2	—	—	—	—
	3	—	—	—	—
	.				
	.				
Sector Average		_____			

Overall Country Average - -

Notes:

1. This statement. will be prepared for each project reviewed and will form the basis for the preparation of statements LPQ2 to LPQ5.
2. The following are the explanatory notes and scope of the acronyms for component indicators used in the tables above.

Component Indicator	Scope
<u>Quality of Preparation and Appraisal</u>	
PA-1=	Incorporation of Previous Relevant Experience.
PA-2=	Clarity and Completeness of Project Description. This component indicator would be assessed on the basis of a simple unweighted average of its sub-component indicators (see text para. 12.6.19 (ii) in the text)
PA-3 =	Quality of Technical, Financial, Economic and Institutional Analyses.
PA-4=	Provision for Monitoring and Evaluation, including baseline data. This component indicator would be assessed on the basis of a simple unweighted average of its sub-component indicators(see text para. 12.6.19 (iv) in the text)

RATING FORMAT LPQ4

IMPLEMENTATION STAGE

Country 1I. Sector - A

Average	Project Loan No and Name	<u>Rating</u>			
		PA-1	PA-2	PA-3	PA-4
	1	---	---	---	---
	2	---	---	---	---
	3	---	---	---	---
	.				
	.				
Sector Average		_____			

II. Sector - B

	1	---	---	---	---
	2	---	---	---	---
	3	---	---	---	---
	.				
	.				
Sector Average		_____			

III Sector - C

	1	---	---	---	---
	2	---	---	---	---
	3	---	---	---	---
	.				
	.				
Sector Average		_____			

Overall Country Average -

-

Notes:

1. This statement will be prepared for each project reviewed and will form the basis for the preparation of statements LPQ2 to LPQ5.
2. The following are the. explanatory notes and scope of the acronyms for component indicators used in the tables above.

Component Indicator	Scope
<u>Quality of Implementation</u>	
IM-1=	Skills-mix, number and frequency of Field Missions (incl. Launching Mission).
IM-2=	Quality and completeness of Reports (esp., Performance Criteria and Supporting Narratives and Evidence)
IM-3 =	Assessment of Critical Assumptions.
IM-4=	Follow-up Actions.

RATING FORMAT LPQ5OVERALL PORTFOLIO RATINGCountryI. Sector - A

Project Loan No and Name	ID	PA	<u>Rating</u>	Average
			IM	
1	---	---	---	---
2	---	---	---	---
3	---	---	---	---
:				
.				

Sector Average _____

II. Sector - B.

1	---	---	---	---
2	---	---	---	---
3	---	---	---	---
.				
.				

Sector Average _____

III Sector - C

1	---	---	---	---
2	---	---	---	---
3	---	---	---	---
.				
.				

Sector Average - - - -

ID= Identification, PA= Preparation & Appraisal, and IM= Implementation stages

Notes: This will be a composite rating of LPQ for each country portfolio, based on individual operations rating recorded in LPQ2, LPQ3 and LPQ4.

(Reference in text: paras. 12.6.21, 12.6.24 and 12.6.25, page 212 & 213)

APPENDIX 12.3RATING FORMATS FOR EVALUATION OF DEVELOPMENT OBJECTIVES PERFORMANCEformat DOP1Development Policy Objectives Performance

Project Rating	CI I Rating	CI II Wt. Rating	CI III Wt. Rating	Total Wt. Rating	Wt. %
----------------	-------------	------------------	-------------------	------------------	-------

Country: A

	Sector X				
1	.30	.25	.15	.70	-
2	.30	.25	.15	.70	-
3	.30	.25	.15	.70	-

Sector Average

	Sector Y				
1	.30	.25	.15	.70	-
2	.30	.25	.15	.70	-
3	.30	.25	.15	.70	-

Sector Average

Country Average - - - -

Country: B

	Sector X				
1	.30	.25	.15	.70	-
2	.30	.25	.15	.70	-
3	.30	.25	.15	.70	-

Sector Average

Sector Y									
1	-	.30	-	.25	-	.15	-	.70	-
2	-	.30	-	.25	-	.15	-	.70	-
3	-	.30	-	.25	-	.15	-	.70	-
Sector Average									
Country Average				-	-	-	-	-	-
Country: C									
Sector X									
1	-	.30	-	.25	-	.15	-	.70	-
2	-	.30	-	.25	-	.15	-	.70	-
3	-	.30	-	.25	-	.15	-	.70	-
Sector Average									
Sector Y									
1	-	.30	-	.25	-	.15	-	.70	-
2	-	.30	-	.25	-	.15	-	.70	-
3	-	.30	-	.25	-	.15	-	.70	-
Sector Average									
Country Average				-	-	-	-	-	-
Overall Portfolio									
				-	-	-	-	-	-

Notes: 1. This rating statement will be prepared with projects arranged by country/sector. The component indicators and their weights are indicated below:

		Weight
CI I	Achievement of Objectives and Output.	30
CI II	Sustainability of Benefits.	25
CI III	Internal Rate of Return	15
	Total	70

2. The ratings of each of the component indicators will be taken from the PPARs and the composite rating for each project will be the weighted average of the component indicators.

FORMAT DOP2Development Policy Objectives Performance

	CI I	CI II	CI III	Total		
Project Rating	Wt. Rating	Wt. Rating	Wt. Rating	Wt	%	Rating
1	.30	.25	.15	.70		
2						
3						

Overall
Portfolio

Notes: 1. This rating statement will be prepared with projects arranged by their date of approvals. The component indicators and their weights are indicated below:

	Weight
CI I Achievement of Objectives and Output.	30
CI II Sustainability of Benefits.	25
CI III Internal Rate of Return.	15
Total	70

2. The ratings of each of the component indicators will be taken from the PPARs and the composite rating for each project will be the weighted average of the component indicators.

(Reference in text: para: 12.6.27, page, 213)

APPENDIX 12.4RATING FORMAT DOP3PROSPECTIVE DEVELOPMENT OBJECTIVES PERFORMANCE

Loan No.: -----Name of Project: -----

Country: ----- Sector: -----

<u>Component Indicator</u>	<u>Rating</u>	<u>Remarks</u>
DP-1	-----	-----
DP-2	-----	-----
DP-3	-----	-----
DP-4	-----	-----

Unweighted Average -----

Notes:

1. This statement will be prepared for each project reviewed and will form the basis for the preparation of statement DOP4 & DOP5.
2. The following are the explanatory notes and scope of the acronyms for component indicators used in the tables above.

<u>Component Indicator</u>	<u>Scope</u>
----------------------------	--------------

DP1- Likelihood of achieving Project Objectives

DP2- Likelihood that benefits will be realized and sustained beyond the investment stage

DP3- Likely contribution toward an increase in institutional capacity; and

DP4- Current rate of return.

3. A four-point scale is to be used for assessment of Development Objectives Performance. The four points would be defined as follows:
 - (i) 4 = Highly Satisfactory. No issues.
 - (ii) 3 = Satisfactory with minor issues.
 - (iii) 2 = Unsatisfactory with major problems.
 - (iv) 1 = Highly Unsatisfactory.
4. Brief narrative explanation as to why specific ratings were assigned would be provided in the remarks columns.
5. The composite rating for each project will be the simple unweighted average of the component indicators.

RATING FORMAT DOP 4Prospective Development Police Objectives Performance

Project	<u>DP I</u> Rating	<u>DP II</u> Rating	<u>DP III</u> Rating	<u>DP IV</u> Rating	<u>Total</u> Rating
Country:	A				
	Sector X				
1	–	–	–	–	–
2	–	–	–	–	–
3	–	–	–	–	–
.					
.					
<hr/>					
Sector Average_		–	–	–	–
<hr/>					
	Sector Y				
1	–	–	–	–	–
2	–	–	–	–	–
3	–	–	–	–	–
.					
.					
<hr/>					
Sector Average_		–	–	–	–
<hr/>					
Country Average_		–	–	–	–
<hr/>					
Country:	B				
	Sector X				
1	–	–	–	–	–
2	–	–	–	–	–
3	–	–	–	–	–
.					
.					
<hr/>					
Sector Average_		–	–	–	–
<hr/>					
	Sector Y				
1	–	–	–	–	–
2	–	–	–	–	–
3	–	–	–	–	–

Sector Average_	-	-	-	-	-
Country: C.					
	Sector X				
1	-	-	-	-	-
2	-	-	-	-	-
3	-	-	-	-	-
.					
.					
Sector Average_	-	-	-	-	-
	Sector Y				
1	-	-	-	-	-
2	-	-	-	-	-
3	-	-	-	-	-
.					
.					
Sector Average_	-	-	-	-	-
Country Average_	-	-	-	-	-
Overall Portfolio	-	-	-	-	-

Notes:

1. This statement depicts the composite rating of DOP for the entire cohort , arranged by country/sector.
2. This rating statement will be prepared from the basic Rating Format. DOP 3 for individual projects. The explanatory notes and scope of the acronyms for component indicators are indicated below:

Component Indicator	Scope
------------------------	-------

DP1- Likelihood of achieving Project Objectives

DP2- Likelihood that benefits will be realized and sustained beyond the investment stage

DP3- Likely contribution toward an increase in institutional capacity; and

DP4- Current rate of return.

RATING FORMAT DOP5Prospective Development Police Objectives Performance

Project	<u>DPI</u> Rating	<u>DP II</u> Rating	<u>DP III</u> Rating	<u>DP IV</u> Rating	<u>Total</u> Rating
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Year of Approval --A--

1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3-	-	-	-	-	-	-	-	-

Average for
Year--A---

Year of Approval --B--

1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-

Average for
Year --B---

Year of Approval --C--

1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-

Average for
Year --C---

Overall
Average

-	-	-	-	-
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Notes:

1. This statement depicts the composite rating of DOP for the entire cohort , arranged by the year of approval.
2. This rating statement will be prepared from the basic Rating Format DOP 3 for individual projects. The explanatory notes and scope of the acronyms for component indicators are indicated below:

Component Indicator	Scope .
------------------------	---------

DP1- Likelihood of achieving Project Objectives

DP2- Likelihood that benefits will be realized and sustained beyond the investment stage

DP3- Likely contribution toward an increase in institutional capacity; and

DP4- Current rate of return.

(Reference in text: paras. 12.6.46 and 12.6.47, page 216 & 217)

CHAPTER 13. GUIDELINES AND FORMAT FOR PREPARATION OF
SECTOR POLICY REVIEW .REPORTS

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13.4 Contents and Format of Sector Policy Review Synthesis Report

13 GUIDELINES AND FORMAT FOR PREPARATION OF SECTOR POLICY REVIEW REPORTS

13.1 Objectives and Scope

13.1.1 The Bank Group has issued a number of substantive policy and strategy papers dealing with sectors or sub-sectors in which it provides assistance, or with cross-cutting issues, such as environment, women in development, poverty alleviation, and promotion of cooperation with non-governmental organizations in Africa. The Sector Policy Reviews compare Bank Group's project experience with existing Bank Group policies and recommend lines of revision based on the lessons of experience.

13.1.2 Sector Policy Reviews by OPEV will be undertaken in sectors where Bank has accumulated experience in completed projects (in PCRs and PPARs) and where judgements can be made on the efficacy of the existing policies. As far as possible, priority will be given for sectors where policy papers are due for revision and a Sector Policy Review could become a valuable input to the development research and operational policies and procedures (the Strategic Planning and Operational Policy Department).¹ For this purpose, the timing and selection of sectors will be done in consultation with the concerned policy and operational departments.

13.1.3 The Sector Policy Reviews would basically involve a desk review of operational and evaluation documents pertaining to a given sector supplemented by limited field work to provide sufficient empirical basis for drawing valid conclusions and useful recommendations.

13.1.4 The length of time required for a Sector Policy Review would depend in part on the experiential material available in the sector and in part on the number of countries selected for more intensive review, including field visits. Selection of countries would be decided on a case to case basis based on volume, history and diversity of Bank group's sectoral portfolio in the country and existence of PCRs, PCR reviews and PPARs and other evaluative material on the sector for the country. Ordinarily review in three countries should be able to provide enough depth of experience.

13.1.5 The Sector Policy Review will consist of individual Country Reports and the Synthesis Report for each sector. Each Country Report will review Bank Group project experience with the respective sector policy paper while the Synthesis Report will, as its name suggests, synthesize the findings of individual country reports to provide a consolidated Sector Policy Review. Synthesis Report to be meaningful will have to be backed by at least three Country Reports for the Sector.

¹ The first few candidates for OPEVs Sector Policy Reviews are the Health, Education and Water Supply and Sanitation sectors and the sugar, rice and cotton sub-sectors of the Agriculture sector.

13.2 Preparation of an Issues Paper

13.2.1 Like all other evaluation activities, every Sector Policy Review is to be preceded by the preparation of an Issues Paper. The purpose of this paper is to (i) set out, in some detail the basis of selection of the sector and countries, (ii) highlight all relevant issues relating to the topic and those recommended for study, (iii) discuss the suitability of the timing of study, and (iv) explain the methodology to be adopted, and methods of selection and collection of further data and information. It would also include recommendations about the need and timing for field missions.

13.2.2 After approval of Director, OPEV, the Issues paper is circulated to all concerned operational departments within the Bank for soliciting comments. A revised paper incorporating the comments received is prepared for approval of Director, OPEV and any further steps would be taken on the basis of his guidance and *instructions* on the revised Issues Paper. Issues Papers should be structured generally in line with the detailed Guidelines for the Preparation of Issues Paper, included in Chapter 7.

13.3 Contents and Format of Sector Policy Review Country Report

A. General

13.3.1 The following sections provide detailed guidelines on the structure and contents of Sector Policy Review Country Reports. These guidelines should be generally followed but minor variations within the overall spirit and objectives could be made, depending on the nature and sector of particular projects.

13.3.2 A Sector Policy Review Country Report must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary and the reports must present a balanced view of the performance. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

13.3.3 Sector Policy Review Country Reports must be self-contained to the extent possible. Unnecessary repetition of the full contents of the previous reports must be avoided by making appropriate references. The reports should focus mainly on analysis of selected and important sector and country related policy issues which are important for improved project implementation and fuller achievement of benefits and from the point of view of effective transfer of resources to the RMCs.

13.3.4 A Sector Policy Review Country Report should focus on and adequately cover the impact of Bank assistance on promoting appropriate sector and related policy adjustments, which are considered necessary for fuller achievement of project/programme benefits and from the point of view of effective transfer of resources to RMCs.

13.3.5 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the Synthesis Report should be around 20 pages, single space, but should never exceed 30 pages. The individual Country reports should be shorter and should ordinarily be around 15 pages, but should never exceed 20 pages.

13.3.6 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of each evaluation. It should be borne in mind that the information and analyses in these reports may be subsequently used in the drafting of the Annual Report on OPEV Activities, the Annual Review of Results of Post-Evaluations, Abstracts of the Project/ Programme Performance Reports, Quarterly "Retrospective" and other Special Reports and in considering the follow-up actions.

B. Report Title

13.3.7 Approval for the Report title to be used will be obtained in the Issues Paper and no changes should be made thereafter.

C. Front and Inside Cover

13.3.8 Standard evaluation report formats would be used for the front cover, the inside front cover and the presentation of currency equivalents on the inside front cover in the Sector Policy Review Country and Sector Policy Review Synthesis reports.

D. Table of Contents

13.3.9 The format for table of contents for Sector Policy Review Country Reports is shown in Appendix 13.1.

E. Report Outline

13.3.10 The structure of the Report shall be as follows:

Preface

Table of Contents

Basic Sector Data

Map

Chapter 1. EVALUATION SUMMARY

Chapter 2. BACKGROUND

Chapter 3. CHARACTERISTICS AND CONSTRAINTS TO
DEVELOPMENT IN THE SECTOR

Chapter 4. COUNTRY'S DEVELOPMENT PLAN FOR THE SECTOR
AND ITS PERFORMANCE

Chapter 5. HISTORY OF BANK GROUP'S AND OTHER DONORS'
OPERATIONS IN THE SECTOR

Chapter 6.	CONSISTENCY OF PROJECT LOGICAL FRAMEWORKS WITH SECTOR POLICY
Chapter 7.	KEY ISSUES IN THE SECTOR- PERFORMANCE VERSUS POLICY
Chapter 8.	OTHER POLICY STATEMENTS ABOUT BORROWER AND BANK GROUP PERFORMANCE
Chapter 9.	CONSISTENCY WITH RMC POLICIES
Chapter 10.	CONCLUSIONS AND RECOMMENDATIONS.
Appendixes	

13.3.11 Explanatory notes for the contents of each section and subsection of the report are given in the following sections.

F. Preface

13.3.12 This is an introductory statement indicating the very broad level objectives and scope of the study. It should also indicate the main input references (e.g. the PPARs; sector policy and country strategy papers; studies and reports of other major donor institutions such as the World Bank; Impact Evaluation Mission etc.). Particular reference should be made to the review of the Bank files, discussions with representatives of agencies of the Borrower and other institutions and individuals, and comments received on the draft report. The Preface. should not exceed one single-spaced page.

G. Basic Sector Data

13.3.13 This section presents a summary of key data and information on the sector, including loans and the projects and programmes under review, significant events and dates, performance indicators, and financing and disbursement estimates and actuals. For Sector Policy Review Country reports, the basic data sheet should be generally similar to that for PPARs for Policy Based Lending and should invariably include appraisal and completion stage macro-economic data for the sector and country covered in the evaluation.

H. Map

13.3.14 A country or an area map with the location of envisaged and actual project/programme facilities and areas should be provided. The statement "Boundaries not necessarily authoritative" should appear below the legend in the map. The map must show (i) the name of the project/programme, (ii) at least one pair of coordinates on either side to indicate the geographical location, (iii) the North sign, (iv) the scale, and (v) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text.

1. Chapter 1. Evaluation Summary

13.3.15 The highlights of the Sector Policy Review Country Report should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should enable the reader to grasp the most significant findings and conclusions, both positive and negative. The key features of the methodologies used and the sources of data should be stated.

J. Chapter 2. Back round

1. Introduction

13.3.16 This section will briefly describe the objective of the Review. The basis on which the choice of a sector and countries for Sector Policy Review had been made and how it is relevant to the Bank Group's operations in the future will be described¹ Appropriateness of timing of the Study should also be indicated.

2. Sector and Country Economic Context

13.3.17 The sectoral operations under review would be put in their country context. The initial conditions, policies and priorities in the sector at the time of the Bank group's first operation in the country and their evolution since then would be briefly described. The current general status of development of the sector in the country and some brief discussion about performance levels and rates of inputs, growth and constraints in the sector in the country would be included.

K. Chapter 3. Characteristics and Constraints to Development in the Sector

13.3.18 The state of development of the Sector and its growth in the country .may be traced. The chief characteristics and strengths and constraints to development in the Sector will be analyzed. It would be supported by statistical data about performance levels in the sector in the country to provide the reader an idea of the size and the health of the Sector in the country.

¹ the choice of topic for a Sector Policy Review involves methodological as well as policy considerations. It is in the first place essential that there is enough record of experience and data and that it indicates that an in-depth examination would shed light on significant issues. The next essential requirement is that the sectors/ sub-sectors country/ region reflect Bank Group's on-going and future emphases where there is strong likelihood of further future operations. In some cases the studies may be undertaken in response to special requests from the Board of Directors.

L. Chapter 4. Country's Development Plan for the Sector and its Performance

13.3.19 This Chapter will discuss the Country's most recent development plan for the sector and its performance in both quantitative and qualitative terms. Discussion will be supplemented by data on rates of input and growth and efficiency indicators.

M. Chapter 5. History of Bank Group's and Other Donors' Operations in the Sector

13.3.20 A history and basic content of related past operations of the Bank Group and other donors will be briefly described. An appendix could be used to provide lists, if considered necessary.

13.3.21 The Chapter will also include performance ratings and an analysis of other noteworthy features of post evaluated projects.

N. Chapter 6. Consistency of Project Logical Frameworks with the Sector Policy

13.3.22 This Section will discuss the consistency of the logical frameworks in individual projects in the country and sector at both the appraisal and evaluation stages. For the appraisal stage the ex-ante MPDE matrix in the appraisal reports would be compared with Bank Group Sector Policy articulated in Sector Policy Papers. At the ex-post evaluation stage, relevant project and evaluation documents, specially the retrospective logical framework matrix should be compared against key guiding principles and programmatic priorities of the policy papers.

O. Chapter 7. Key Issues in the Sector Performance versus Policy

13.3.23 This Section will constitute a key part of the review. All the substantive points of the policy paper would be compared against actual development experience as reflected in PPARs, PCR Reviews, PCRs, etc. The following illustrative list of issues has been identified for the health, water and sanitation, and education sectors and these could provide a basis for identification of similar issues for other sectors. A further elaboration of the issues is included in Appendix 13.2.

1. Relative Emphasis in Terms of System Level and Access to Services by the Poor and Women.

13.3.24 This issue is directly related to the central focus of the Bank Group's Poverty Alleviation Strategy and Action Programme. In health the issue would be one of choice of system level between "capital-intensive, curative-focussed hospitals in the center of major cities" and "primary health care facilities located in peri-urban and rural

areas and emphasizing preventive care". In Water Supply and Sanitation the issue would be of choice between "Urban systems with piped connections to every structure and capital intensive sanitation systems" and "a mix of appropriate and affordable technologies in peri-urban and rural areas". In Education, the competing systems levels are "Basic education, with a relative emphasis on primary and non-formal education" and "the higher, or tertiary education".

2. Choice of Technology.

13.3.25 This issue is closely related to the previous one. In health this issue usually emerges in terms of specialized hospital facilities at one end of the spectrum versus a blend of modern preventive care provided at health posts and reliance on traditional healers at the other end of the spectrum. In Water and Sanitation the available choices are "Traditional," expensive, capital-intensive solutions versus alternative, affordable or less costly (in per capita beneficiary terms) technologies, which are easier to operate and maintain. In Education there are enormous recurrent cost implications of universal basic education in many countries, and the issue is whether there are alternative technology choices such as distance or radio education that could effectively reach larger populations at lower per capita cost?

3. Physical Infrastructure versus. "Software."

13.3.26 Far greater returns on investment can be obtained from preserving, maintaining, and rehabilitating existing facilities than from investing the same resources in new facilities. Similarly assistance in software areas such as assistance on policy and planning, expert assistance in technical and managerial fields, and training helps in qualitatively improving and increasing efficiency of systems and their operations and output. The extent to which this is reflected in policy papers and project components and scope would be examined.

4. Recurrent Costs and User Fees.

13.3.27 The contents of guidelines in sectoral policy papers and the actual development experience have to be assessed for the following issues relating to recurrent costs and user fees:

(i) user fees have been recommended as a means of meeting recurrent costs, and in some cases even capital costs (in part or in full). The policy guidelines and the actual development experience related to level of user charges and their adequacy to meet the recurrent and capital costs and the appropriateness of the structure of charges and the justification for cross subsidies for the vulnerable sections of the society, would be examined.

(ii) where the user fees are inadequate to fully meet the recurrent costs of operation and maintenance of newly created assets, it would be examined (a) whether the

borrowing country has the capacity to provide the recurrent costs¹ for sustained operation and maintenance of the project after external financing comes to an end: and (ii) whether the donor should finance any recurrent cost, under what conditions and how.

5. Private Providers.

13.3.28 The scope in sector policy guidelines for provision of services by the private not-for-profit (NGOs) and private for-profit (business) sectors and the extent to which it is reflected in development experience would be assessed.

6. Participation, including Women.

13.3.29 In most sectors development experience has shown that participation of beneficiaries, including women, in project identification, design, implementation, monitoring and evaluation, and in sharing resource mobilization, enhances the likelihood of effectiveness, accomplishing project objectives, and sustainability of impact. The scope for mobilization of beneficiary participation in the sector policy guidelines and the extent of its incorporation in project design and implementation would be examined.

7. Relationship to Policy-Based Lending.

13.3.30 Structural Adjustment Programmes often involve short or long-term pain and hardship in certain sectors and sections, of community. The adequacy and appropriateness of provisions in the sector policy papers of the affected sectors for concurrent Bank Group support for projects to provide remedial and ameliorating action would be examined.

P. Chapter 8. Other Policy Statements about Borrower and Bank Group Performance

1. Development of Institutional Capacities

13.3.31 Strong and capable institutions are essential for project formulation, implementation and operation. Sector policy papers should invariably include provisions for assessment and, where necessary, strengthening of the institutional capacities of RMCs. The Review would examine the adequacy and appropriateness of coverage of this item in the policy paper. It would also compare policy with the actual development experience reflected in PPARs, PCR and PCR reviews, etc.

¹ Also referred to as operating and maintenance costs, or "O&M costs," e.g., wages and salaries, supplies such as medicines and books, fuel, etc.

2. Other Issues

13.3.32 The review would similarly examine the adequacy and appropriateness of inclusion in policy papers of sections relating to (i) delays in meeting conditions precedent or disbursement targets, (ii) supervision and follow-up, and (iii) coordination with other donors and compare policy with actual development experience.

Q. Chapter 9. Consistency with RMC Policies

13.3.33 The issues to be examined in sector policy guidelines and actual development experience would be the following:

- (a) How consistent are Bank Group policies for the sector with policies of RMCs in the sector? Is the Bank using its lending programme as a tool for influencing the RMC's policies?
- (b) What problems has this caused for the performance of Bank Group financed activities and for relationships with RMCs?
- (c) How have such problems been resolved and how might they be resolved?

13.3.34 The Bank Group's actual development experience with respect to the relationship between its policies and those of RMCs would also be examined. A somewhat broader review of documents, including selected CSPs as well as PPARs, would be desirable in pursuing this issue. Also, the selected field visits would permit key informant interviews with RMC officials.

R. Chapter 10. Conclusions and Recommendations

13.3.35 This chapter would summarize the main outcome of the Review. The conclusions arrived at would be based on the analysis and assessment carried out in the report. It should be divided into two parts for Overall Assessment and Feedback (Lessons Learned) and Recommendations.

1. Overall Assessment and Feedback

13.3.36 The overall assessment and feedback should be brief but should provide the reader the noteworthy features of the Review and a good idea of how effective the Banks sector policy has been in promoting reforms and development of the sectors in the country. It would be divided in four sub-sections of (a) Bank Group Sector Policy, (b) Bank Group Performance in the Sector and Country, (c) Sustainability of Bank Group Supported Activities in the Sector and Country, and (d) Donor Coordination in the Sector in the Country.

13.3.37 Sustainability issues to be covered would include a brief reference to questions relating to choice of technology; scope and level of user fees and ability to cover costs; roles of private sector providers; participation of beneficiaries, including women; quality of RMC and Bank group technical and management staff; use and development of local technical expertise; and frequency and quality of supervision and follow-up.

2. Recommendations

13.3.38 The second sub-section would include recommendations for Bank Group Sector Policy that arise from the Review. These would include recommendations both for changes in policy or shifts in emphasis.

S. Appendixes

13.3.39 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information.

13.3.40 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

13.4 Contents and Format of Sector Policy Review Synthesis Report

13.4.1 The Synthesis Report, as the name suggests, would synthesize the findings of the individual Country Reports, which would be attached as Appendixes to the Synthesis Report. A suitable format, with minor modifications to the Country Report format, would be adopted.

13.4.2 For example a sub-section would be added in Chapter 8 which would examine whether the inter-sectoral relationships have been addressed adequately in the sector policy papers and the extent to which consistency has been achieved by cross provisions in the policy papers of the relevant and connected sectors. Consistency of the sector policy papers with Bank Group's policies and strategies on cross-cutting issues such as environment, women in development, poverty alleviation, population and agriculture would also be examined with reference to Bank Group's Policy papers on these issues. Although Population and Agriculture are not "cross-cutting" in the same way as the first three subjects, they are closely related to sectors such as Health, Water Supply and Sanitation and Education which are priority candidates for sector policy reviews.

LIST OF APPENDIXES
CHAPTER 13

Number	Title
13.1	Table of Contents for Sector Policy Review Country Reports
13.2	Illustrative Key Policy Issues for Selected Sectors for Sector Policy Reviews

APPENDIX 13.1TABLE OF CONTENTS OF SECTOR POLICY REVIEW REPORTS

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Chapter 2.	Background
	1. Introduction
	2. Sector and Country Economic Context
Chapter 3.	Characteristics and Constraints to Development in the Sector
Chapter 4.	Country's Development Plan for the Sector and its Performance
Chapter 5.	History of Bank Group's and Other Donors' Operations in the Sector,
Chapter 6.	Consistency of Project Logical Frameworks with the Sector Policy
Chapter 7.	Key Issues in the Sector - Performance versus Policy
	1. Relative Emphasis in Terms of System Level and Access to Services by the Poor and Women.
	2. Choice of Technology.
	3. Physical Infrastructure versus "Software."
	4. Recurrent Costs and User Fees.
	5. Private Providers.
	6. Participation, including Women.
	7. Relationship to Policy-Based Lending.
Chapter 8.	Other Policy Statements about Borrower and Bank Group Performance
	1. Development of Institutional Capacities
	2. Other Issues
Chapter 9.	Consistency with RMC Policies
Chapter 10.	Conclusions and Recommendations
	1. Overall Assessment and Feedback
	2. Recommendations

Appendixes

(Reference in text: para. 13.3.9, page 248)

APPENDIX 13.2

Illustrative Key Policy Issues for Selected Sectors for Sector Police Reviews

This section would constitute a key part of the Sector Policy Review. An illustrative number of substantive points and issues from the Bank Group's three Sector Policy Papers for the Health, Water Supply and Sanitation and Education sectors for comparison against actual development experience as reflected in PPARs, PCRs, PCR Reviews, etc., are listed below.

(1) Relative Emphasis in Terms of System Level and Access to Services by the Poor and Women.

This issue is directly related to the central focus of the Bank Group's Povgrtv Alleviation Strategy and Action Programme.

Health. Issue: Capital-intensive, curative-focussed hospitals in the center of major cities vs. primary health care facilities located in peri-urban and rural areas and emphasizing preventive care.

-- Both the revised draft and the existing version of the Health Sector Police Papers (HS Papers) call for equitable access and "health care for all," -paras. 5.2.2 and 5.1.3- but when it gels to specific choices, they are not as definitive, or even equivocal. For example, the existing policy paper says the Bank Group "will strongly support projects and programs that emphasize preventive measures, without neglecting curative measures" (para. 5.1.3, emphasis added). On the other hand, the paper contains a fairly strong statement about the focus for training:

- "Since in most countries, preventive services receive unequal attention to curative services, it is imperative to focus and target training of specific groups of personnel to man health facilities at peripheral levels of the health care delivery system. Considering the above, the Bank Group will strongly support projects aimed at training or re-training health personnel in areas of need." (para. 5.2.6, emphasis added)

-- The proposed revised version of the Health Paper calls for the Bank Group to ensure that basic health services are "produced in the most cost-effective manner so that they can meet the needs of the majority of the population, including the most vulnerable groups." (para. 5.3.5, emphasis added)

Water Supply and Sanitation. Issue: Urban systems with piped connections to every structure and capital-intensive sanitation systems vs. a mix of appropriate and affordable technologies in peri-urban and rural areas.

Water Supply and Sanitation Sector Policy Paper (WSS Paper) does not indicate a priority for rural or peri-urban systems over central urban systems, but it does contain fairly definitive guidelines regarding principles of user costs and choice of technology which, if applied, would be equitable in their impact (see sections 4.2.4

and 4.2.5). The issues of financing and choice of technology are discussed further below.

Education. Issue: Basic education, with a relative emphasis on primary and non-formal education, vs. higher, or tertiary education.

-- The Education Sector Policy Paper (ES Paper) states that the "Bank Group will give a high priority to the expansion of primary education, especially where universal primary education is still a relatively distant goal" (para 4.2.5), and adds that the Bank Group "will see the support of projects for girls and women's education as a special priority" (para 4.2.6, emphasis added). It further states that the "Bank Group would only get involved in the financing of higher education projects if it could be persuaded that there are compelling and demonstrable manpower needs that a given project would help meet (para 4.2.8, emphasis added). This would suggest quite a shift from the pattern of lending for education during the period 1975-84, when 45 % of the education total went to secondary education and 27 % went to tertiary (or higher) education, with only 21 % devoted to primary education and 8 % to non-formal education. (see Table on p. 11 of ES Paper)

(2) Choice of Technology.

This issue is closely related to the previous one.

Health: In health this issue usually emerges in terms of specialized hospital facilities at one end of the spectrum vs. a blend of modern preventive care provided at health posts and reliance on traditional healers at the other- end of the spectrum. The 1987 HS Paper states that:

- "Financing of sophisticated hospital facilities will be considered only under rehabilitation or extension Programmes, and where it is necessary to complement existing health services or contributions to other donors" (para 5.2.22, emphasis added).

This is a very broad statement of policy, especially with the last two clauses of the statement, and it is difficult to see what would be excluded by the policy. At another point, the same paper states, "where applicable, measures such as cost effectiveness or cost/benefit should be used to select projects" (para 5.1.5). If applied correctly, both approaches require choice of the most cost-effective from the range of available technologies. However, the HS Paper provides no further elaboration or guidance beyond the quoted passage, nor does the proposed revised version. The proposed revised Health Paper mentions technologies only once, when it indicates that areas of support for investment in appropriate infrastructure and equipment will include: "promotion of efficient use of technologies in all facilities, especially tertiary hospitals" (para 6.2.5, emphasis added).

Water and Sanitation. Issue: "Traditional," expensive, capital-intensive solutions vs. alternative, affordable or less costly (in per capita beneficiary terms) technologies, easier to operate and maintain.

-- The WSS Paper contains a relatively comprehensive discussion of the choice of technology and the related issues of operations and maintenance, rehabilitation, and standards (of design and construction, and of water quantity and quality) in section 2.4.5, pp. 22-27. This is followed by specific recommendations with respect to each of the above topics in a section on "Technology Policies" (section 4.2.5, pp. 46-48). The basic thrust of the policy is captured by its initial statement: "The Bank Group discourages the use of high-cost technologies, where less expensive, effective alternatives exist" (beginning of section 4.2.5, p. 46, emphasis added).

- It is important to go beyond the WSS Paper by developing a "profile" of normal ranges of cost per beneficiary for different WSS approaches. This profile would be based on experience in African countries and could be developed on the basis of consultation with experts among the Bank Group staff and in other organizations, such as WHO and UNICEF. Technologies that exceeded the upper limit of the given range would not be acceptable for financing.
- The establishment of such a profile would require agreement on minimum standards for the quality of water and sanitation. Then, the basic parameters in the underlying physical environment in a given location would have to be taken into consideration. For example,
 - the cost of treatment and pumping per cubic cm. will depend on the untreated quality of surface or ground water, as well as on the choice of technology; and
 - the cost of rural community sanitation approaches will depend on soil conditions as well as on the choice of technology.

Education. Issue: Given the enormous recurrent cost implications of universal basic education in many countries, are their alternative technology choices that could effectively reach larger populations at lower per capita cost?

-- As indicated in section 3.1.1, above, the ES Paper is silent on this issue. It does raise the need for more cost-effective technology, including the potential of microcomputer technology, for information systems for improved school administration (paras. 4.2.21-23), but does not examine the potential for alternative, more cost-effective technologies in the provision of education itself (e.g., the use of radio for "distance-education").

(3) Physical Infrastructure vs. "Software."

Health: The 1987 HS Paper notes that between 1975 and 1985, 86.5 % of Bank Group financing in the health sector went for physical infrastructure (architectural design, civil construction, furnishings and equipment; see para 4.3.2). It goes on to say that with the experience it has gained, as well as implying that the Bank Group had acquired a more multi-disciplinary staff, the future (post-1985) emphasis will be on "software," in order to improve the quality and coverage of health services (para 4.5.3). While the proposed revised HS Paper covers the various software areas (e.g., assistance on policy and planning, expert assistance in technical and managerial fields, training), at the same time it explicitly indicates Bank Group support for the rehabilitation of existing facilities and the construction of new facilities for health centers, hospitals, laboratories, teaching and research institutions, and central health ministries (see paras. 6.2.2, 6.2.3 and 6.2.5).

Water Supply and Sanitation. The WSS Paper, recognizing that "far greater returns on investment can be obtained from preserving, maintaining, and rehabilitating existing facilities than from investing the same resources in new facilities," states that the "Bank Group will give priority to requests for loans to rehabilitate existing facilities where appropriate" (para 4.2.5.2, emphasis added).

Education: The ES Paper, after recognizing that infrastructure accounted for a major share of lending in the sector in the past (according to the ES Paper table on p. 11, 60% of total sector lending went to civil works from 1975-84), "in the future, more emphasis will be placed on the software aspects of education projects." The same paragraph continues with a somewhat confused sentence that suggests that the Bank Group would co-finance projects with hardware components financed by other donors as well as financing hardware itself, but the meaning is not clear: "There will be a continuing role for the Bank Group to play in the financing of hardware of a number of development agencies and donors to fund such activities" (para 4.3.8). However, the following passages are less ambiguous:

- "Nevertheless, an important share will be given to expenditures directly related qualitative improvement efficiency and relevance of the educational system including technical assistance, fellowships support of essential items of recurrent expenditures. and institutional build-up" (4.3.8, emphasis added).
- "The Bank Group is willing to support the creation of maintenance units to ensure that the benefits of investments in educational facilities already undertaken by the Bank Group and others are fully realized" (4.2.32, emphasis added).

(4) Recurrent Costs.

There are two issues involved with recurrent costs:

(i) whether the borrowing country has the capacity to provide the recurrent costs¹ for sustained operation and maintenance of the project after external financing comes to an end; and

(ii) whether the donor should finance any recurrent cons, under what conditions and how.

Health. The 1987 HS Paper states that to be financed by the Bank Group, projects and programs "must carry the evidence that they will not generate recurrent cost requirements above the capacity of the member-country" (para 5.1.8; also see 5.2.22). The proposed revised draft states that the Bank Group will ensure that its "interventions do not compound the problem of recurrent costs for health" (para 5.2.4), and goes on to indicate that support for infrastructure and equipment will include "provision for maintenance and operating costs" (para 6.2.5).

- The new Health draft does not, however, specify any conditions for providing such support; for example, that the member country might assume an increasing share of O&M costs, up to 100% by, say, the last disbursement.

Water Supply and Sanitation. The WSS Paper contains relatively explicit policy on recurrent costs that is linked to user fees or tariffs (also see the next issue, 3.1.3 (5)). The paper calls for:

- Full cost (capital and recurrent) recovery from user fees for Urban and Peri-urban Water Supply (para 4.2.4.1).
- Full recovery of recurrent costs from user fees for Rural Water Supply, and a member country plan to move to partial financing of capital costs from beneficiary (user) fees (para 4.2.4.2)
- Revenue mechanisms (user fees, cross-subsidization from water fees, fees tied to general taxes) to cover as much of sanitation costs as possible, plus advocating use of low-cost sanitation techniques to reduce overall system costs whenever possible (para 4.2.4.3).

Education. The ES Paper (para 4.2.31) contains an explicit statement on both aspects of the recurrent costs issue by indicating that the Bank Group will:

- give attention in the preparation and appraisal of a project to the country's ability to cope with the follow-on costs of the project; and

¹ Also referred to as operating and maintenance costs, or "O&M costs," e.g., wages and salaries, supplies such as medicines and books, fuel, etc.

- give "active consideration" to financing elements of recurrent costs, including "maintenance of buildings and equipment, the regular provision of teaching materials for an initial period of time, or even salary costs if adequate staffing is one of the key constraints for a project's success," but with the qualification that this financing would be:

-- "limited to an initial period in the life of a project and

-- "would be of a phased nature, such that these expenses would eventually assimilated into the national education budget." (emphases added; all from para 4.2.31)

(5) User Fees.

Increased user fees have been recommended as a means of meeting recurrent costs, and in some cases (urban water supply) even capital costs, of social services provided by the public sector. However, as fees increase, at some point the services go beyond the financial reach of the poor and vulnerable. The three Sector Policy Papers attempt to address this dilemma in different ways.

Health. The 1987 HS Paper notes that, "where fees for services are levied many wage earners and subsistence farmers are unable to pay their medical bill" (para 5.2.19). However, the proposed revised version suggests cross-subsidization from higher income groups by stating that the Bank Group will give consideration to supporting: "protecting access to services by the poor and vulnerable groups by applying income-related, variable user charges" (para 5.5.2, emphasis added). Subsequently, the draft indicates that the Bank Group will work with RMCs to "facilitate the appropriate use of user fees/health insurance" (para 6.2.4, emphasis added).

Water Supply and Sanitation. As noted in the previous section, the WSS Paper contains fairly explicit policy on user fees (section 4.2.4 of the Paper).

Education. The ES Paper notes the very high unit costs of higher education in Africa (50 times that of primary education in Africa and 10 times that of higher education in Latin America, according to the Paper), and suggests "redistributing the financial burden of educational costs," as well as "achieving greater efficiency in the utilization of resources" to deal with the situation (paras 4.2.28-29, emphasis added). Also, "grassroots" strategies are suggested, whereby local communities would be required to take more responsibility for the provision of education. However, more specific guidelines are not provided, nor is the specific possibility of cross-subsidization of fees from higher paying students (from higher income families) to low-income students, either within tertiary education, or from tertiary to basic or primary education.

- In another section the paper does, however, recognize scope "in some circumstances and at certain specialized institutions," to "pass the cost of Post-secondary specialized training back to the employer and the individual trainee," which might be achieved by "supporting private sector specialized vocational and on-the job training" (para 4.2.33, emphasis added).

(6) Private Providers.

Scope for provision of services by the private not-for-profit (NGOs) and private for-profit, (business) sectors.

Health. The 1987 HS Paper says the Bank Group will "encourage integration of traditional practitioners likely to contribute positively to improvements in health status, e.g., traditional birth attendants, into the organized health care delivery system as well as classification of their drugs into national pharmacopoeias" (para 5.2.22, emphasis added). The proposed revised version notes: "Privatization of health services will improve provision of services somewhat, but other aspects of the structural programs, such as civil service reforms, will reduce private sector demand" (para 5.5.1, emphasis added). The draft also says the Bank Group will work with RMCs to "support the private-for-profit and not-for-profit sectors for services within the framework of the national health development plan and with the approval of the ministry of health" (para 6.2.2). Also, that "Bank Group policy will facilitate dialogue between NGO's, ministries of health, and the Bank Group with regard to health development" (para 7.6).

Water Supply and Sanitation. The WSS Paper contains the following statement encouraging private sector involvement in the provision of water supply and sanitation:

- "The Bank Group encourages regional member states to collaborate with private enterprises in implementing sectoral investment plans and in managing and maintaining water supply and sanitation facilities. It will give favorable consideration to project proposals that assign new roles to the private enterprises and NGOs and that are consistent with national development objectives" (para 4.2.7, emphasis added).

Education. The ES Paper encourages getting the local community to "identify, in more than rhetoric, with its own educational program," in order to "find new ways of both redefining and taking care of its resource needs" (para 4.2.29, emphasis added). As noted in the previous section on "user fees," the paper envisions some scope for support to "private sector specialized vocational and on-the job training" (para 4.2.33).

(7) Participation, including Women.

In most sectors, development experience has shown that participation of beneficiaries, including women, in project identification, design, implementation, monitoring and evaluation, and in sharing resource mobilization, enhances the likelihood of effectiveness, accomplishing project objectives, and sustainability of impact.

Health. While the 1987 HS Paper is silent on participation, the proposed revised version contains the following statements:

- "The Bank will promote the active involvement of all the "partners" in designing health interventions, in mobilizing and utilizing resources for the implementation of such health interventions and in the monitoring and evaluation of their implementation. Special efforts will be made to involve local non-governmental organizations (NGOs), women's organizations and other community organizations in these aspects of health interventions" (para 5.3.6).
- "In recognition of the important role that NGOs play in the development process, the Bank Group policy will facilitate dialogue between NGO's, ministries of health, and the Bank Group with regard to health development" (para 7.6).

Water Supply and Sanitation. The WSS Paper contains the following introductory statement in a section devoted to participation (4.2.2):

- "The Bank Group endorses the conviction that the sustainability and impacts of systems installed are enhanced by and related to the degree to which communities, women, are involved, and programs in user and health education are implemented. The importance of these activities cannot be overemphasized." (emphasis added)

This is followed by specific paragraphs on:

- Community Participation. (4.2.2.1)
- The Roles of Women. (4.2.2.2) This paragraph ends with the following policy prescriptions:
 - "The Bank Group will give priority to projects that promote the active participation of women in all stages of project development. " (emph. added)
 - "The Bank Group also encourages the recruitment and training of women as project promoters and community educators, and the involvement of women's associations in implementing the social and health components."
- User Education. (4.2.2.3)
- Hygiene Education. (4.2.2.4)

Education. The ES Paper states that the Bank "...would particularly support schemes that involve provisions for mobilizing local support in educational projects through the effective mobilization and involvement of local communities" (para 4.2..33, emphasis added).

(8) Relationship to Other Sectors.

The sector policy papers will be reviewed against the guiding principles and priorities set out in the following cross-cutting and related Bank Group Policy Papers and Strategies:

- Environment
- Women in Development
- Poverty Alleviation
- Population
- Agriculture

Although Population and Agriculture are not "cross-cutting" in the same way that the first three above-mentioned subjects are, they are (or should be) closely related to Health, Water Supply and Sanitation, and Education. In fact, Population is typically considered part of "Human Resource Development," along with Education, Health and Nutrition. However, the Police Paper on Population and Strategies for Implementation was only issued in October 1992, and the accompanying Guidelines for the Implementation of the Bank Group's Policy on Population, only issued in June 1994. Therefore, it is premature to include population in a review at this point. On the other hand, it is appropriate to review the respective papers for consistency with each other. In fact, the February 1995 draft of the proposed revised Health Sector Policy Paper is quite consistent with the Population Police and Guidelines Papers, as well as with the Bank Group Environment Policy Paper and the Policy Paper on Women in Development, with each paper having taken into account inter-sectoral relationships adequately. This question should be examined more closely, especially with respect to the Education Sector Policy Paper.

Regarding the agricultural sector, there would appear to be further scope for addressing the inter-relationships between agriculture, health and education in each of the existing papers, including the February 1995 draft of the proposed revised Health Sector Policy Paper. For example, the Agricultural Sector Policy Paper contains only brief references to the health hazards and implications for expanding agricultural production of malaria, schistosomiasis, onchocerciasis, and trypanosomiasis (para. 1.2.8) and the need for "agricultural education at all levels" (para. 2.3.10, emphasis added). No reference is made to these constraints in the final chapter on "Agricultural Lending Policies." Similarly, in the Education Sector Policy Paper, reference is made to the importance of education in the agricultural sector (e.g., "the level of formal education is positively correlated with farmers agricultural productivity" - para 2.1.6), but there is little in the way of guidance regarding how to address the challenge of providing relevant education and knowledge to farmers in

a cost-effective, affordable manner.¹ While the proposed revised Health Sector Police Paper does give priority to malaria and onchocerciasis for investment in control measures (para. 6.1.4), it does not elaborate on the inter-relationships between health and agricultural productivity to the extent that it might.

(9) Relationship to Policy-Based Lending.

The proposed revised version of the HS Paper contains a section on "Linkage to Other Reforms" (5.5) that deals with the challenges raised by structural adjustment programs. It explicitly states that:

- "Through its funding, the Bank Group will support government actions aimed at mitigating adverse effects on health of the above mentioned programs. Specific measures to be considered include: rehabilitating available services; protecting access to services by the poor and vulnerable groups by applying income-related, variable-user charges; protecting access to essential services such as mother-care, antenatal and postnatal, and nutrition; protecting primary health services; and upgrading training and domestic capacity to improve quality services" (para 5.5.2).

(reference in text: para. 13.3.23, page 251)

¹ For example, there is no reference in the Education Sector Police Paper (including in the section dealing with Non-Formal Education (paras 4.2.14-18), where it might have been discussed) to such "distance-education" methods as instruction by radio, which have been quite cost-effective in rural areas in some countries, including in Africa.

CHAPTER 14. GUIDELINES AND FORMAT FOR PREPARATION OF
BANK/COUNTRY EXPERIENCE REVIEW REPORTS.

CHAPTER 14TABLE OF CONTENTS**14. GUIDELINES AND FORMAT FOR PREPARATION OF BANK/COUNTRY EXPERIENCE REVIEW REPORTS.**

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- C. Front and Inside Cover
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- E. Report Outline .
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14 GUIDELINES AND FORMAT FOR PREPARATION OF BANK/COUNTRY EXPERIENCE REVIEW REPORTS.

14.1 Objectives and Scope

14.1.1 Bank/Country Experience Evaluation Reports aim to evaluate the implementation experience of Bank Group-financed operations in a given RMC. The main objective of such evaluations, will be to improve programming, identification, preparation and appraisal of new operations to be financed by the Bank Group, where past experiences in the country are reflected in more realistic approaches and risk evaluations.

14.1.2 A better understanding of Bank Group operational experience in working with and assisting RMC executing agencies will contribute to a more purposeful review of ongoing operations through the CPR process; a more informed preparation of new, CSPs; and to improving the effectiveness and development performance of new operations. Particular emphasis will be given to an assessment of the institutional capacities of both RMC executing and operational agencies to assume implementation and operational responsibilities during and after project completion, and to the role of the Bank Group in strengthening those capacities.

14.1.2 The study would cover project and sector operations, but not policy-based lending operations. While institutional implementation capacity considerations are very important in policy-based lending operations, they also have unique characteristics which are better assessed through separate evaluative efforts.¹

14.1.3 Availability of documentation will be a major consideration in the timing of and country selection for Bank/Country Experience Evaluation reports. In general, institutional capacity for effective and sustained operation of development activities is weakest and in most need of strengthening among "Category A" group of countries and selection and review, as far as possible, from this group could make a potentially substantial contribution to the quality of Bank Group operations.

14.1.5 The study would basically be a desk review and summary of key Bank Group documents that assess the implementation and operational experience of Bank Group operations in selected RMCs. The Study would be based on a review of documents which would include all types of supervision, country portfolio review and evaluation reports and interviews with appropriate Bank Group Operations Staff.

¹ To the extent they are a part of PBL operations, issues of RMC institutional implementation capacity will be addressed in a series of Policy-Based Lending Evaluations to be undertaken by the Operations Evaluation Office (see Chapter 9). Stand-alone institutional support operations in a given country would, however, be covered in a Bank/Country Experience evaluation for that country.

14.1.6 Even while the study would be mainly based on a desk review a brief field mission to the RMC would be desirable to clarify and confirm the analysis and, conclusions and give key RMC officials, as major "stakeholders" in Bank Group operations, an opportunity to react to the report and make an input.

14.2 Preparation of an Issues Paper

14.2.1 The first step in the preparation of a Bank/Country Experience Evaluation Report is the preparation of an Issues Paper. The purpose of this paper is to set out the results of the initial desk review of the available documents. The paper also makes recommendations about the major issues requiring examination, the need and timing for a field mission and its composition.

14.2.2 Any further steps would be taken on the basis of guidance and instructions provided by the Director OPEV on the Issues Paper. Issues Papers should be structured generally in line with the detailed Guidelines for Preparation of Issues Paper included in Chapter 7.

14.3 Contents and Format of Country/Bank Evaluation Reports

A. General

14.3.1 The following sections provide detailed guidelines on the structure and contents of Bank/Country Experience Evaluation Reports. These guidelines should be generally followed but minor variations within the overall spirit and objectives could be made, depending on the nature and sector of particular projects (also see para 14.3.5).

14.3.2 The Evaluation Report must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base . should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary and the reports must present a balanced view of the performance. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

14.3.3 The Reports must be self-contained to the extent possible. Unnecessary repetition of the full contents of the previous reports must be avoided by making appropriate references. The reports should focus mainly on analysis of selected and important sector and country related policy issues which are important for improved effectiveness of Bank assistance strategy and programming in the country and fuller achievement of benefits and from the point of view of effective transfer of resources to the RMCs. Important positive and negative lessons of general relevance for future operations should be clearly identified.

14.3.4 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the report should be around 20 pages, single space, but should never exceed 30 pages.

14.3.5 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of each evaluation. It should be borne in mind that the information and analyses in these reports may be subsequently used in the drafting of the Annual Report on OPEV Activities, the Annual Review of Results of Operations Evaluations, Abstracts of the Project/ Programme Performance Reports, Quarterly "Retrospectives" and other Special Reports and in considering the follow-up actions.

B. Report Title

14.3.6 Approval for the Report title to be used will be obtained in the Issues Paper and no changes should be made thereafter.

C. Front and Inside Cover

14.3.7 Standard evaluation report formats would be used for the front cover, the inside front cover and the presentation of currency equivalents on the inside front cover of the Bank/Country Experience Evaluation Reports.

D. Table of Contents

14.3.8 The format for Table of Contents for Bank/Country Experience Evaluation Reports is shown in Appendix 14.1.

E. Report Outline

14.3.9 The structure of the Report shall be as follows:

Preface
 Table of Contents
 Basic Country Data
 Map
 Chapter 1. EVALUATION SUMMARY
 Chapter 2. INTRODUCTION AND BACKGROUND
 Chapter 3. IMPLEMENTATION PERFORMANCE
 Chapter 4. RECOMMENDATIONS
 Appendixes

14.3.10 Explanatory notes for the contents of each section and sub-section of the report are given in the following section.

F. Preface

14.3.11 This is an introductory statement to the Report indicating its purpose briefly. A reference should be made to the review of the Bank files and reports, discussions with representatives of agencies of the Borrower and other institutions and individuals, and comments received on the draft report. The Preface should not exceed one single-spaced page.

G. Basic Country Data

14.3.12 This section presents a summary of key data and information on the country's most recent economic indicators as well as those at the beginning of the review period. Mission particulars are also included. It is important to ensure that data and information contained in the Basic Country Data Sheet be consistent with those in the main text of the Report.

H. Map

14.3.13 A country map should be provided. The statement "Boundaries not necessarily authoritative" should appear below the legend in the map. The map must show (i) at least one pair of coordinates on either side to indicate the geographical location, (ii) the North sign, (iii) the scale, and (iv) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text.

I. Chapter 1. Evaluation Summary

14.3.14 The highlights of evaluation should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should include the main findings and recommendations as well as key features of methodology and sources of data. The summary should be presented in a manner which would enable the reader to grasp the most significant findings and conclusions, both positive and negative.

J. Chapter 2. Introduction and Background

1. Introduction

14.3.15 This section will briefly describe the objective of the Study. The basis on which, the choice of country for evaluation had been made and how it is relevant to the Bank Group's operations in the future will be discussed.¹ Appropriateness of timing of the Study should also be indicated.

2. Country Setting and History of Bank Operations

14.3.16 The country economic setting would be briefly stated. The operations under review would be put in their country and sectoral context. The initial conditions, policies and priorities at the time of the first Bank group's operation and evolution of Bank Group's strategies and operations in the past would be described. Similarly, the current country, assistance strategy and sectoral emphasis in the country. operations would be stated.

14.3.17 In addition, the section will summarize the sectoral and sub-sectoral evaluation ratings of Bank Group portfolio in the country.

K. Chapter 3. Implementation Performance

14.3.18 The main focus of a Bank/Country Experience Evaluation will be on the Implementation, and to the extent possible, the Operational stages of Bank Group supported activities in a country. Irrespective of the date of last disbursement, the "implementation stage" ends and the "operational stage" begins when the infrastructure, facility, institution or enterprise being created or enhanced with Bank Group support begins yielding goods or services.

14.3.19 The key responsibilities and the action to be undertaken during implementation and operation by the RMC and the Bank will be reviewed in this section. This will be on the basis of a review of Technical Supervision Mission reports, Reappraisal reports, Country Portfolio Review reports, reports on Usage of Remaining Balances, Project and Line Management System (PALMS) records, internal annual reports by Line Managers,

¹ The choice of a country for an evaluation involves methodological as well as policy considerations. It is in the first place essential that there is enough record of experience and data and that it indicates that a more in-depth examination of country impact would shed light on significant issues. The next essential requirement is that the country reflects Bank Group's on-going and future emphases where there is strong likelihood of further future operations. In some cases the studies may be undertaken in response to special requests from the Board of Directors

reports on usages of remaining balances, PCRs and PPARs.¹ In addition, PCRs and PPARs would also help in a review of sustainability of operations even after project completion and completion of disbursements.

14.3.20 The review would cover as long a period as possible of the Bank Group's experience in the selected RMC.

14.3.21 The review of implementation performance would be divided in the following three sections:

1. Borrower and Executing Agency Performance

The implementation performance of the Borrower and the executing agency will be evaluated in this section. Some of the important points which need to be examined are noted below:

- (a) full and timely satisfaction of Conditions Precedent to first disbursement, and were any significant delays or other problems encountered,
- (b) full and timely satisfaction of other loan conditions and covenants or undertakings,
- (c) the quality and timeliness of establishment of administrative and technical machinery for operation (including staff recruitment) and the Project Implementation Unit (PIU),
- (d) the timeliness and quality of procurement process for Consultancy Services and Contracting for commodities and equipment, construction and installation,
- (e) role of Executing Agency/ Project Implementation Unit in project management, i.e., planning project execution steps; carrying out or overseeing execution steps; updating execution plan on basis of experience; and quality control of implementation performance of consultant(s) and contractor(s),
- (f) extent of "know-how" transfer and capacity strengthening provided and/or facilitated by consultants and contractors,
- (g) timeliness and accuracy of record-keeping and funds accounting,

¹ These are the stages when the validity and soundness of prior programming, identification, preparation and appraisal decisions will be tested. They also represent an opportunity to make further modifications to strengthen implementation capacity for both current and future operations supported by the Bank Group in the country.

- (h) establishment and performance of monitoring and evaluation functions,
- (i) timeliness and accuracy of submission and dispatch of disbursement claims (e.g., from Executing Agency to Technical or Line Ministry to Finance Ministry to the Bank),
- (j) reporting as stipulated in the agreements, including Quarterly Progress Reports and Financial Audit Reports,¹
- (k) adequacy of provision for recurrent costs, including for operations and maintenance, and
- (l) degree of participation of beneficiaries (and/or intermediaries, such as local NGOs) in the implementation and monitoring processes.

2. Bank Group Performance

14.3.22 The assessment of Bank Group's performance during implementation of projects and programmes in the selected RMC will be discussed in this section. Some of the important items are to be considered will be the following:

- (a) Launching Missions, if any, undertaken by the Bank Group. Assessment of timeliness and performance of mission if undertaken. In cases where none was undertaken, why not and what were consequences of no launching mission?
- (b) adequacy of planning, desk work preparation and scheduling; frequency; timeliness; and skill composition of Technical Supervision Missions,
- (c) thoroughness and quality of Aide-Memoirs on major findings, understandings and actions to be taken as a result of a Supervision Missions,
- (d) thoroughness and timeliness of Supervision Process Reports (whether on the basis of desk supervision, internal reporting on project status, or field supervision missions; before and after 1990, when new guidance was promulgated, and issued in the Operations Manual, Section 8.6, Annex A, 1 September 1992),
- (e) evidence of actions taken in follow-up to Supervision Mission Report recommendations, including whether they led to Reappraisal,
- (f) entry of Supervision Report findings and follow-up actions into "PALMS" (Project and Loan Management System), and use of PALMS by line managers,

¹ It may be noted here that Bank Group Guidelines on Financial Reporting and Auditing have recently been approved and issued.

(g) adequacy of monitoring of procurement of goods and services, including providing assistance, as needed,

(h) adequacy of overall project monitoring, including follow-up on receipt of Quarterly Progress Reports, and

(i) timeliness of response to disbursement claims.

14.3.23 Where possible, the analysis should be supported by statistical tables indicating overall or sector split of performance where possible.

3. Joint Actions

14.3.24 At some stages effectiveness of implementation/operation of the project is dependent on coordinated joint action by the Bank Group and the Borrower/Executing Agency. In this section the performance at such stages will be judged. For example, it should be judged whether adequate and appropriate agreements on and implementation of mid-course adjustments and/or amendments to loan agreements in response to monitoring and supervision were achieved.

4. Portfolio-wide Approaches

14.3.25 Most of the above aspects relate to project-specific responsibilities, but the portfolio-wide responsibilities would be discussed in this section. Some of the examples would be:

(a) establishment and effectiveness of a "Portfolio Monitoring Unit," headed by a central ministry official with exclusive responsibility for monitoring the country-wide Bank Group portfolio (or aid *portfolio in general*), who in turn chairs a Bank (or aid) coordinating committee composed of PIU (Project Implementation Unit) heads from line ministries,

(b) previous experience with Bank's Regional or Country Representative offices, and new forms of "in-country presence," such as an operation-funded Bank representative based in a UNDP Resident Representative's office, and

(c) effectiveness of other portfolio-wide or operation-specific actions taken to, strengthen implementation, such as seminars and workshops supported, training courses, experts or consultants provided.

L. Chapter 4. Recommendations

14.3.26 This section will contain recommendations for improving implementation and operations performance in the country which can become useful inputs for future programming. The Recommendations would be organized and grouped by the following stages at which opportunity arises to make modifications to strengthen

implementation and operational capability and capacity in the RMCs, for both current and future operations, in that RMC:

- (a) Country Assistance Strategy Stage
- (b) Project Identification Stage
- (c) Project Design Stage
- (d) Institutional Support and Strengthening
- (e) Resident/Representative Office Role

M. Appendixes

14.3.27 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information.

14.3.28 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

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LIST OF APPENDIXES
CHAPTER 14

Number	Title
14.1	Table of Contents for Bank/Country Experience Reports

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(Reference in text: para. 14.3.8, page 272)

CHAPTER 15

GUIDELINES AND FORMAT FOR PREPARATION OF
THEMATIC AND SPECIAL STUDIES

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15 GUIDELINES AND FORMAT FOR PREPARATION OF THEMATIC AND SPECIAL STUDY REPORTS

15.1 Objectives and Scope

15.1.1 In addition to performance audit of individual projects/programmes and country and sector impact studies, from time to time OPEV undertakes special studies such as an annual synthesis of evaluation results by country and sector and thematic studies on specific topics by sector or sub-sector, country or a group of countries.

15.1.2 The Annual Reviews of Post-Evaluation Results aim to synthesize and analyze the results and findings of all the post-evaluation reports including all PPARs and other studies and reports such as Impact Evaluation, Country Programme Evaluation, Lending Process Evaluation, Bank/Country Experience, Sector Policy Review and Thematic Study Reports prepared by OPEV during the year.

15.1.3 Other special evaluation studies, conducted on a selective basis, are aimed at more intensive analysis of particular issues and subjects of broader relevance to the operational activities of the Bank Group and could also cover the examination of the effectiveness of the operational policies, procedures and practices or some selected development issues. This would include subjects such as analysis of implementation problems relating to implementation periods, disbursements, procurement, compliance with loan covenants, framework of public utility tariffs, institutional development etc. It could also include retrospective examination of programme issues which are not country specific e.g. the role of lines of credit in industry or agricultural credit in rural development, the effects of price policies on agricultural production, policies regarding tariffs in public utilities etc.

15.2 Timing

15.2.1 The Reviews of Results of Post-Evaluation are at present prepared every two years to have a big enough data base to facilitate trend analysis, such as those relating to country/region, sector, activity etc. Once a regular flow of adequate number of post-evaluation reports is established, it is proposed to prepare this document every year. For timing of special studies it is a basic requirement that an adequate data-bank of evaluation and past experience in the Bank and with other multi-lateral agencies, backed by a reasonable level of operations in those countries in the past, which is likely to continue or increase in future, is available. The timing of special studies aimed at intensive analysis of issues is also determined on the basis of the available resources during the year and the contemporary relevance of the subject.

15.3 Preparation of an Issues Paper

15.3.1 Like the PPARs, every evaluation activity is to be preceded by 'the preparation of an Issues Paper. The purpose of this paper is to (i) set out, in some detail the basis of selection of the subject, sector and country, as applicable, (ii) highlight all relevant issues relating to the topic and those recommended for study, (iii) discuss the suitability of the timing of study, and (iv) explain the methodology to be adopted, in the context of availability of data and indicators, and methods of selection and collection of further data and information - it should also state the likely agencies to be involved in collection of data and information and likely costs. The paper also makes recommendations about the need and timing for a field mission and its composition and justification for consultant support, if required.

15.3.2 After approval of Director, OPEV, the Issues Paper is circulated to all concerned operational departments within the Bank for soliciting comments. A revised paper incorporating the comments received is prepared for approval of Director, OPEV and any further steps would be taken on the basis of his guidance and instructions on the revised Issues Paper. Issues Papers should be structured generally in line with the detailed Guidelines for the Preparation of Issues Paper, included in Chapter 7.

15.4 Contents and Format of Thematic and Special Study Reports

A. General

15.4.1 The structure and contents of Special Study Reports will considerably vary depending on the subject. Accordingly, it is possible to lay down only some broad guidelines and the detailed format would have to be determined depending on the requirements of individual studies.

15.4.2 A Special Study Report must be clearly and concisely written with logical and carefully substantiated findings and conclusions. Facts should be presented frankly but with exactitude and complete objectivity. General statements should be avoided. If it becomes necessary to express opinion on the basis of imprecise information, such a base should be indicated in the report. The points of view of the Borrowers, beneficiaries and operational staff of the Bank, should be included where necessary and the reports must present a balanced view of the performance. Where relevant information is omitted because it is regarded as confidential, the reports should say so and provide justification as well.

15.4.3 The reports must be self-contained to the extent possible. Unnecessary repetition of the full contents of the previous reports must be avoided by making appropriate references. The reports should focus mainly on analysis of selected and important sector and country related policy issues which are important for improved implementation of future operations and fuller achievement of benefits and from the point of view of effective transfer of resources to the RMCs. The reports will not only measure impact but will also identify the factors responsible or the causes to which impact or lack of it could be attributed. Important positive and negative lessons of general relevance for

future operations should be clearly identified.

15.4.4 A Special Study should focus on and adequately cover the impact of Bank assistance on promoting appropriate sector and related policy adjustments, which are considered necessary for fuller achievement of project/ programme benefits and from the point of view of effective transfer of resources to RMCs.

15.4.5 The length of the reports, including the Evaluation Summary, would vary, depending on the issues to be addressed. Ordinarily the length of the report, excluding the appendixes, should be around 20 pages, single space, but should never exceed 30 pages.

15.4.6 A general uniformity of format and content should be maintained for consistency, as well as easy location of information. However minor variations can be made to suit the specific needs of each evaluation. It should be borne in mind that the information and analyses in these reports may be subsequently used in the drafting of the Annual Report on OPEV Activities, the Annual Review of Results of Operations Evaluations, Abstracts of the Project/ Programme Performance Reports, Quarterly "Retrospectives" and other Special Reports and in considering the follow-up actions.

B. Report Title

15.4.7 Approval for the Report title to be used will be obtained in the Issues Paper and no changes should be made thereafter.

C. Front and Inside Cover

15.4.8 The standard formats for evaluation reports would be used for the front cover, the inside front cover and the presentation of currency equivalents on the inside front cover of the Special Study Reports.

D. Table of Contents

15.4.9 The format for table of contents for Special Study Reports is shown in Appendix 15.1.

E. Report Outline

15.4.10 The structure of the Report shall be as follows:

Preface	
Table of Contents	
Basic Data	
Map	
Chapter 1	EVALUATION SUMMARY
Chapter 2	BACKGROUND

Chapter 3	THE EXPERIENCE
Chapter 4	THE STUDY RESULTS
Chapter 5	ANALYSIS AND ISSUES
Chapter 6	CONCLUSIONS AND RECOMMENDATIONS
Appendixes	

15.4.11 Explanatory notes for the contents of each section and subsection of the report are given in the following sections.

F. Preface

15.4.12 This is an introductory statement indicating the very broad level objectives and scope of the study. It should also indicate the main input references (e.g. the PPARs; sector policy and country strategy papers; studies and reports of other major donor institutions such as the World Bank; Evaluation Mission etc.). Particular reference should be made to the review of the Bank files, discussions with representatives of agencies of the Borrower and other institutions and individuals, and comments received on the draft report. The Preface should not exceed one single-spaced page.

G. Basic Data

15.4.13 This section presents a summary of key data and information on the loans and the projects and programmes under review, significant events and dates and performance indicators relevant to the issue(es) under examination.

H. Map.

15.4.14 A country or an area map with the location of area/country of coverage of the study would be provided. If the map depicts only the project/programme area but does not present the whole country; it should include an inset map of the country. The statement " Boundaries not necessarily authoritative" should appear below the legend in the map. The map must show (i) the name of the project/programme, (ii) at least one pair of coordinates on either side to indicate the geographical location, (iii) the North sign, (iv) the scale, and (v) a legend. Spelling of names and abbreviations should be consistent with the spelling and usage in the text.

I. Chapter 1. Evaluation Summary

15.4.15 The highlights of Study should be presented in this section, in not more than two pages, in a succinct and balanced manner which is consistent with the overall findings of the report and its conclusions. It should enable the reader to grasp the most significant and noteworthy findings and conclusions, both positive and negative. The key features of the methodologies used and the sources of data should be stated.

J. Chapter 2. Background

1. Introduction

15.4.16 This section will briefly describe the objectives of the Study. The basis on which the choice of a topic for Study had been made and how it is relevant to the Bank Group's current and future operations will be described. Appropriateness of timing of the Study would also be indicated.

2. Sector/Country/Economic Context

15.4.17 The issue under review would be put in its sector or country or economic context. The initial conditions, policies and priorities related to the issue, and their evolution since then in the sector and the country/ area covered by the Study would be briefly described. Experience of other major donor agencies, if relevant would also be discussed.

3. Evaluation Methodology and Approach

15.4.18 This section would briefly describe the choice of the sources and methods of primary and secondary data collection and the constraints in availability of data and how the latter influenced the choice. The details would include the types of interviews conducted, measurement techniques adopted and the evaluative techniques used. In particular the selection and identification of impacted groups, if any, and measurable indicators and analytical and evaluative methods adopted to attribute benefits should be spelt out (for details of data sources and measurement techniques and attribution of benefits see Appendixes 9.3 and 10.1).

K. Charter 3. The Experience

1. Past Studies

15.4.19 This section would describe the past experience and studies of the Borrowers, the Bank and other major donors on the subject, to the extent it is available. The breadth of past coverage of the subject, the rigour and depth of data collection and constraints and limitations should be noted to have a full appreciation of the reliability and credibility of the conclusions based on the past work.

2. Findings of Past Studies

15.4.20 The main findings and conclusions of the past studies noted in the preceding para would be briefly summarized. Both positive and negative experiences would be described.

L. Chapter 4. The Study Results

15.4.21 The observations undertaken during the current Study would be described in detail, and the format of presentation, including the choice of sub-sections, would be determined by the nature of the subject.

15.4.22 This section would also describe the current policies on the subject matter and how they have evolved since the previous work was done on the subject.

M. Chapter 5. Analysis and Issues .

15.4.23 This would be the most important chapter of the report and would include a detailed issue-related analysis of the major findings and key factors of influence. Sector, country, region or time related trend analyses, as appropriate, would be carried out. Key internal and external issues would be identified. The structure of the chapter would be flexible and depending upon the relevance and importance, separate sub-sections could be provided for macro-economic and sector policies, institutional, socio-economic, gender, environmental and sustainability related discussions.

N. Chapter 6. Conclusions and Recommendations

15.4.24 This chapter would summarize the main outcome and results of the Study. The conclusions arrived at would be based on the analysis and assessment carried out in the report. It should be divided into two parts for Overall Assessment and Feedback (Lessons Learned) and Recommendations.

1. Overall Assessment

15.4.25 The overall assessment should be brief but capture the overall conclusion of the Study.

2. Feedback and Recommendations

15.4.26 The second sub-section of feedback and recommendations should summarize, (quoting reference to the text) only the important lessons, both positive and negative, that are relevant for future operations. The lessons would be disseminated through the Banks feedback system to the Borrowers, and within the Bank, and where possible, these should be separated for action by the Bank and the Borrowers. Project/programme-specific findings which do not have a general relevance should not be included.

O. Appendixes

15.4.27 Only those appendixes which are essential for substantiating and/or clarifying the findings in its text should be included in the Report, invariably indicating the source of information. This would include pertinent statistical data and large financial tabulations and technical information.

15.4.28 A List of Appendixes would be attached at the end of the text of the report and this would be followed by the serially numbered Appendixes, in that order.

15.5 Contents and Format of Annual Review of Results of Post-Evaluation

15.5.1 This document analyzes and synthesizes by country or region or sector or sub-sector the findings and conclusions of PCRs; abbreviated, intermediate and full PPARs; and other post-evaluation reports during the preceding year, and the cumulative post-evaluation experience, with a view to drawing broader country and sector level conclusions and identifying areas where Bank operations and procedures could be improved. It also makes trend and temporal analyses. The Annual Reviews may also select some issue(s) or aspect(s) of Bank operations for detailed comment, based on the totality of post-evaluation experience. In view of the flexibility of issues for focus, the format of this report is kept flexible and is determined every year.

LIST OF APPENDIXES
CHAPTER 15

Number	Title
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APPENDIX 15.1

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Appendixes

(Reference in text: para. 15.4.9, page 285).