

Special Study

PCR Assessment Report
(Technical Co-operation Operations)

April 2008

Evaluation Department
(EvD)

PREFACE

This special study is an assessment of project completion reports (PCRs). It is performed annually by the Evaluation Department (EvD) and has been executed as part of EvD's 2007 Work Programme.

The purpose is to independently assess a structured sample of PCRs prepared by operation leaders (OL) for technical cooperation (TC) projects between September 2006 and October 2007. The individual PCR assessment (PCRA) is concerned with the reliability of the information provided by the teams in the Banking department (BD). It also looks into the issues of project results, impact achievements and lessons learned (LL). The assessment exercise is carried out as a short desk study, involving one to two days per case after gathering relevant information from the responsible operations staff and the Official Co-Financing Unit (OCU).

The assessment reviews the PCR as well as other project documentation, such as documentation from operation approval authorities, tender documents, consultant proposals, consultant reports and written correspondence with the parties involved. These documents were obtained from the respective OLs and through the archives. Interviews with OLs were also carried out to clarify the issues stated in the PCRs and to discuss EvD's findings where necessary.

The process of finalising this special study includes

- discussions with the BD teams concerned, very similar to the process involved for other types of EvD reports
- discussions with the OCU
- draft distribution to all relevant units within the Bank as called for under Chapter 8 of the Bank's Operations Manual (OM).

Comments received through these dialogues were considered when finalising the report.

In addition, discussion of last year's PCRA by the Audit Committee of the Board of Directors provided some valuable recommendations regarding the structure and content of this special study. Consequently, the PCRA this year outlines the position and role that the PCRA plays within the overall framework of TC evaluation activities carried out by EvD.

This assessment was carried out by Amelie Gräfin zu Eulenburg (Evaluation Manager) under the supervision of Wolfgang Gruber (Senior Evaluation Manager), who are both collectively hereafter referred to as the assessment team. EvD would like to take this opportunity to thank those who contributed to the production of this report.

It is important to note that (i) while this assessment report benefits from EvD's objectivity, independence and post-evaluation hindsight, these advantages confer no unique claim to truth; and (ii) while other reports may confirm that this report's lessons have broader applicability, this report's findings relate largely to a group of TC operations and do not by themselves support any more general inferences about Bank operations.

TABLE OF CONTENTS

	Page
Preface	
Abbreviations and defined terms	3
Executive summary	5
1. Introduction	
1.1 EvD activities in respect of TC operations	8
1.2 Evaluation framework for the PCR assessment report	9
1.3 Presentation of a PCR assessment report sample	11
2. Overall assessment	
2.1 Summary of overall ratings	12
2.2 Outcomes of composite ratings among the sample	13
2.2.1 Fulfilment of objectives	13
2.2.2 Contribution to a Bank's investment	14
2.2.3 Transition impact (TI)	15
2.2.4 Client commitment	16
2.2.5 Consultant performance	17
2.2.6 Bank handling	18
2.2.7 Donor visibility	19
3. General deviations in rating	20
4. Key issues, lessons learned and recommendations	
4.1 Project design	22
4.2 Procurement and contracting	24
4.3 Project implementation	25
ANNEXES	
Annex 1	TC related evaluation performed by EvD
Annex 2	Understanding of the parameters included in the PCR assessment report
Annex 3	Features provided by population and the structured sample in the 2007 PCR assessment report
Annex 4	Evaluation matrix (explanation of ratings)
Annex 5	10 Key Recommendations for Good Practice in TC Handling

ABBREVIATIONS

AEOR	Annual evaluation overview report
BD	Banking department
CAR	Consultant Assignment Reports
CSU	Consultancy Services Unit
EvD	Evaluation Department
EDP	Electronic data processing
LL	Lessons learned
MCF	Mongolia Cooperation Fund
MCFF	Medium-sized Co-financing Facility
MEI	Municipal and environmental infrastructure
OCE	Office of the Chief Economist
OCU	Official Co-financing Unit
OL	Operation leader
OM	The Bank's Operations Manual
OPER	Operation performance evaluation review
PCR	Project completion report
PCRA	Project completion report assessment
TC	Technical cooperation
TC Com	TC review committee
TCFP	Technical cooperation funds programme
TI	Transition impact
TOR	Terms of Reference (for consultant assignment)

DEFINED TERMS

The Bank, EBRD	European Bank for Reconstruction and Development
PCR	Project completion report: a self-evaluation document prepared by the operation leader for a technical cooperation operation in line with the Bank's operational procedures as specified in Chapter 10 of its Operations Manual.
PCR assessment report	A special study on a number of PCRs undertaken by EvD in the frame of its annual work programme. The PCR contents are challenged against EvD's evaluation experience.
PCRA	The individual report that assesses one of the projects within the sample and rates it from the perspective of EvD assessment team. Presented in the Appendix II of this study.
Population	A set of PCRs submitted during the past year for standard TC operations, excluding any TCs that were linked to already evaluated loans or equity operations by EvD.
Sample	A sample of PCRs selected from the population (see above) for more in-depth study. The sample selection follows a similar distribution to the population along various categories.
PCR submission date	Date when the OLs submit their PCR to the OCU.
Contract end date	End date according to consultant contract.
Commitment closure date	Date when all invoices have been paid in full to the consultant.

EXECUTIVE SUMMARY

The Evaluation Department (EvD) evaluates TC (technical cooperation) operations in several ways, including the operational performance review report (OPER), special studies and sector studies as well as the project completion report assessment (PCR Assessment report).

The annual PCR assessment report looks into a number of TC operations that were self-evaluated by their operation leaders (OLs) in the Banking department (BD) by delivering the mandatory project completion report (PCR) to the Official Co-financing Unit (OCU).

Scope of the special study

For this report, a sample of 19 PCRs was selected from the total population of 193 that were submitted between 1 September 2006 and 31 August 2007. The sample is structured in a similar way as the population and aims to cover as many banking teams, countries and donors as possible.

For each individual PCR, the EvD assessment team conducts comprehensive desk studies drawing on resources available at the Bank's headquarters, mainly operation files as well as related Bank staff still available. Essentially, the assessment methodology relates to input factors (Bank handling, client commitment and consultant performance) and output factors (fulfilment of objectives, TC contribution to Bank's investment, and transition impact) as well as donor visibility.

Overall assessment

Out of 19 operations in the sample, almost 80 per cent achieved a rating of "Successful" or "Highly Successful". Also the rating of individual parameters, such as consultant performance and client commitment was overwhelmingly positive. In comparison with the findings from the OLs' self-evaluations, EvD has downgraded six projects and upgraded one.

Despite an overall good performance shown, Bank handling was the area that was re-rated the most. Areas for potential improvement include the ex-ante risk assessment conducted, the setting of objectives and indicators of achievements as well as record management. The fundamental difference between the views of the operation teams and EvD continues to be the effort one is ready to make for TC work.

Highly successful TCs in the sample are often driven by "Excellent" client commitment or consultant performance in combination with "Good" or "Excellent" Bank performance. Less successful projects show mostly "Marginal" ratings for fulfilment of objectives, Bank handling, and client commitment.

There are a number of issues that are likely to perforate the Bank's institutional memory in the medium term. These include the high turnover rate of OLs (in 60 per

cent of the sample cases the OL changed over the project lifetime, in some instances up to three times), lack of clarity on formal handover procedures and poor file administration/record keeping, as observed in a number of the sample projects.

Summary of key issues and lessons learned

The assessment team generated some 20 lessons learned (LL) from the PCRs, consultant reports and interviews conducted with the OLs. These have been aggregated across the sample and highlight a number of issues in respect of TC operations:

Guidance for bankers

Additional guidance is needed for supporting Bankers in defining TC-related objectives, indicators of achievements and transition impact. Despite improvements seen over recent years, uncertainty on these topics persists among OLs. The new training programme for TC-handling OLs as well as the expansion of the current LL database by increasing inclusion of TC topics are both expected to assist with improving and fine-tuning current abilities in this respect.

Previous experience

Make better use of previous experience and LL from similar endeavours when performing a risk assessment for TCs. The OLs in the sample have often associated rather narrow-focused risk potentials with their TCs. They tend to list rather technical TC implementation modalities instead of the client commitment and local ownership or elections and political agenda changes in the country. It is advisable to apply more scrutiny and better techniques in this regard, as a professional ex-ante risk assessment helps make better use of scarce donor funds.

Changes to TC design and budget

Add another section to the “contract request form”, where the OL can explain if and why post-Technical Cooperation Review Committee (TC Com) approval changes occurred, and assess their potential impact on the project’s design and implementation. Occasionally, substantial changes in the TC design and budget happen after TC Com approval, usually as a result of consultant selection/procurement process. These appear not to be monitored thoroughly at present.

Consultant reports

Enforce due handling and systematic central storage of consultant reports. The handling of consultant reports appears at times careless and its storage system is highly fragmented. This is inappropriate given that for the donors (and other stakeholders) the reports are the only external document that monitors project implementation and achievements. Bankers should provide more guidance to consultants prior to report-writing and should also ensure an effective central storage of consultants’ reports in Consultant Assignment Reports (CAR) and/or *TCLink*.

Hand-over procedures

Banking staff implementing TC work should strive to fully comply with given hand-over procedures. At present, there is an informational vacuum created by frequent OL changes (in more than 60 per cent of cases) and a partial lack of proper TC records,

which are eventually perforating the institutional memory of the Bank. It makes it difficult, if not impossible, to ensure accountability towards the donors and to generate lessons learned for its own future operations.

Donor visibility

Last year's PCRA recommendation on improving donor visibility is reiterated: before going ahead with a project the operation team should meet with the OCU and a donor representative to discuss and agree upon clear guidelines for measures (for example, flyers, press releases, internet links and so on) necessary to tailor an appropriate strategy for the project in question.

1. Introduction

1.1 EvD activities in respect of TC operations

Technical cooperation (TC) funding is a substantial resource input for the Bank, and its importance is rising. It is, in many instances, the crucial facilitator allowing for the preparation and implementation of investment operations. Since the establishment of the Bank in 1991, the total TC contributions from donors – mainly EBRD shareholders – have amounted to approximately €1.3 billion. As of 31 December 2007, a total of 4,787 TC projects have been committed. This drops to 3,660 projects when excluding TurnAround Management/Business Advisory Services (TAM/BAS) commitments.

It is within the Evaluation Department's (EvD) mandate to perform independent evaluations of TC operations. TC evaluations form part of the Bank's general fiduciary responsibility towards external TC funding providers. EvD carries out TC evaluations in various forms, including:

- TC (Operation Performance Evaluation Reviews (OPERs): EvD carries out around six such reports per year mainly for completed larger TCs (individually exceeding €200,000). The OPERs require a full-scale revisit of an operation (all cycle-stages) and involve missions to the field and consultations with clients, TC service providers, relevant stakeholders and other parties. Producing the OPERs may also involve consultant input.
- Special studies: Each year EvD prepares approximately six special studies covering investments and TCs. These include sector strategy evaluations, thematic synthesis reports and mid-term reviews as well as evaluations of TC funds and programmes such as TAM, BAS, Medium-sized Co-financing Facility (MCFF) and Early Transition Countries Fund (ETCF). These studies also involve field visits, interviews with the main stakeholders and beneficiaries and, occasionally, consultant input. Like the OPERs, they are based on independent evidence obtained by the evaluation team from project sites and, due to this direct access to information, they fall into the category of so-called “direct evaluations”.
- PCR assessments (PCRAs): Distinct from the latter, this exercise, which is also counted as a special study, deserves a separate mention. Whilst attempting to verify the information provided through the self-evaluation, TC project completion reports (PCRs) principally remain a desk study and, thus, fall into the category of so-called “indirect evaluations”.

In addition, the annual evaluation overview report (AEOR) provides a comprehensive overview of EvD's evaluation coverage and findings in the TC field.¹ According to the 2007 AEOR, the total volume of evaluated TC operations based on an OPER exercise, as a percentage of the volume of TC operations with a completed PCR, is 20.8 per cent (2006). The coverage ratio rises to almost 64 per cent if groups of TC

¹ It should also be noted that through the evaluation of investment operations that have an important TC component, the EvD provides further assessments to TC donors.

commitments covered in sector and thematic special studies are included. Annex 1 provides illustration of the TC evaluation performed by EvD.

1.2 Evaluation framework for the PCR Assessment report

The purpose of this report, as of evaluations in general, is twofold. In compliance with the Bank's fiduciary obligation towards its shareholders and fund providers, evaluation serves

- accountability purposes as an *external* obligation concerning transparency and information
- quality management purposes as an *internal* obligation by retrieving lessons learned (LL) from past experiences for dissemination and feeding them back to benefit future TC activities.

TC operations are, similar to the Bank's investments, subject to a diligent appraisal, monitoring, and self-evaluation process. The results of these steps are documented in:

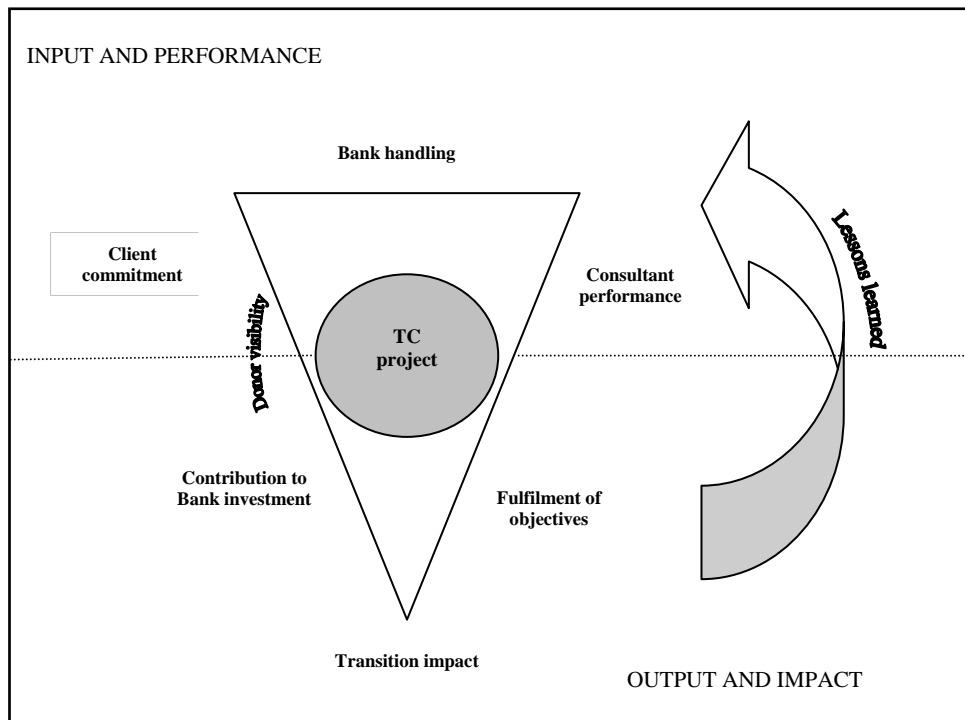
- the TC request to the TC Review Committee (TC Com) for the appraisal stage, notably including the TC project profile and consultant terms of reference (TOR)
- the project progress reports during monitoring stages for TCs with a longer gestation period (normally exceeding six months)
- the mandatory self-evaluation PCR upon TC completion.

PCR handling is described in Chapter 10 of the Bank's Operations Manual (OM). To give an example, completion reporting is outlined as follows (Section 10.10): "the Operational Leader (OL) will, on closure of the commitment (...) fill in a Project Completion Report (PCR). This shall be done within three weeks after closure of the commitment." More specifically, the PCR covers such issues as: fulfilment of objectives, performance of project participants, transition impact (TI), contributions to the Bank's investment as well as LL.² It is, therefore, a mandatory self-evaluation carried out by the OL for each completed TC project.

The PCRs are submitted to the Official Co-financing Unit (OCU), the Bank's custodian for TC resources, for general review. In turn, the individual PCRA takes a closer look at the performance described by the OL. Annex 2 provides a more specific description of the parameters included in the assessment whilst their general perception is illustrated below.

² There are two types of TC projects for which PCRs are delivered: "standard" and "framework". The latter indicates an assignment that is made up of several sub-projects ("call-offs"), which are included under one "umbrella" approval.

Chart 1: Aspects of a TC operation and related PCRA



In preparing individual PCRAs, EvD uses information provided by the teams in theBD and the TC-related documentation, namely the TC project profile, the TOR,³ contract dossier and reporting files and correspondence with parties involved.³ Interviews are conducted with the OL concerned – if available at headquarters – in order to clarify PCR issues and discuss general findings and any particular LL.⁴ Finally, the assessment team goes through each individual PCR, confirming or changing it by either downgrading or upgrading the ratings and adding their comments (see Part II Appendices). All the final EvD ratings have been discussed and agreed with the available operation team members.

As will be seen further on, this study does not aim to yield any conclusions in quantitative terms for a wider population and is only applicable to the non-random sample assessed. The focus lies on “quality aspects” and encouragement of discussions when raising questions such as: When do we assume Bank handling to be excellent? What are common problems in defining and fulfilling objectives? Can the concept of donor visibility be improved? What about the PCR form and its appropriateness for different kinds and types of projects?

Within the framework of EvD’s 2008 Work Programme, this special study is envisaged to be carried out as a combined review and assessment in cooperation with the OCU.⁵

³ The principal approach of the PCRA is described in the Evaluation Policy Review 2006, Chapter 2.4.8, “Project completion on TC operations”.

⁴ In three projects, OLs have been interviewed by telephone and in another three cases the desk study had to be conducted without any input from an operation team member.

⁵ See the Evaluation Department’s Work Programme Final Report for 2008, page 8.

1.3 Presentation of the PCR Assessment report sample

The sample for this report was taken from 193 PCRs that were submitted between September 2006 and August 2007 (excluding projects executed under TAM/BAS), which is further referred to as the “population”.⁶ The PCRs are selected for assessment in accordance with the patterns in the overall population and along such categories as country, Banking team, sector, donor, project type and overall rating. In addition, and as a principle rule, it is aimed to reach a wide extent among BD staff members (see Annex 3 for details).

Table 1: List of final sample – projects selected for PCR Assessment report 2007/08

Number	Country	Sector name	€amount	TC operation type
1	ESTONIA	Finance, business	941,856	Project implementation
2	BOSNIA AND HERZEGOVINA	Transport, storage	59,993	Project implementation
3	BULGARIA	Local authority services	257,233	Project preparation
4	SLOVAK REPUBLIC	Energy	49,307	Advisory services
5	RUSSIA	Energy	197,245	Project implementation
6	RUSSIA	Energy	62,734	Project preparation
7	<REGIONAL>	Finance, business	253,265	Project implementation
8	TURKMENISTAN	Finance, business	44,921	Training
9	BELARUS	Finance, business	94,612	Project preparation
10	FYR MACEDONIA	Construction	99,272	Project implementation
11	RUSSIAN FEDERATION	Transport, storage	94,335	Project preparation
12	<REGIONAL>	Finance, business	123,000	Training
13	TAJKISTAN	Transport, storage	321,007	Project preparation
14	LITHUANIA	CEALs ⁱ , co-financing lines and RVFs ⁱⁱ	38,403	Project preparation
15	KYRGYZ REPUBLIC	Finance, business	33,542	Training
16	POLAND	Local authority services	190,843	Project implementation
17	GEORGIA	Finance, business	33,093	Project implementation
18	<REGIONAL>	Community/social services	57,399	Project preparation
19	CROATIA	Finance, business	194,824	Project implementation

Notes: (i) Central European Agency Lines

(ii) Regional venture Funds

The financial volume per project ranges from some €30,000 to almost €50,000, with an average budget amount of approximately €66,000. In total, almost €3.2 million was spent within the ample, which is a 7.3 per cent share of the total budget of the population (€43.3 million).

⁶ Originally, the sample included 20 projects. One project was subsequently considered inappropriate as it concerned funding of a staff position in the Bank. The OCU and EvD agreed to exclude the project from this PCRA.

2. Overall assessment

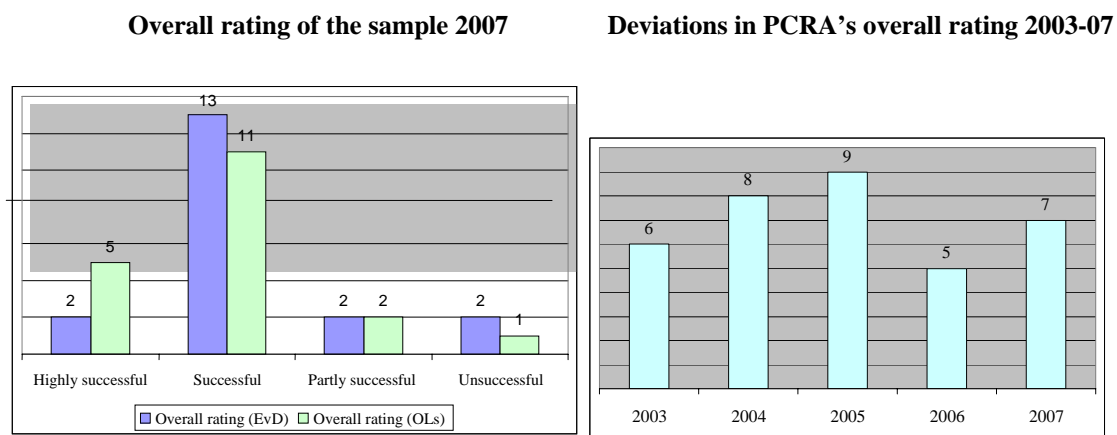
2.1 Summary of overall ratings

The comparison of overall ratings of PCRs is presented in Table 2 below. The related PCR evaluation matrix, attached in Annex 4, shows the basic features and quality of parameters for the ratings given. In EvD's view, the OLS have done their self-evaluation work reasonably well and agreed with twelve overall ratings of the sample of 19 TCs. In one instance EvD upgraded the rating. In six instances, however, the ratings were downgraded.

Table 2: List of overall ratings

Team name	Overall rating	
	PCR	EvD
Energy Efficiency and Climate Change	Successful	Successful
Financial Institutions	Successful	Partly successful
	Highly successful	Highly successful
	Successful	Successful
	Successful	Successful
	Successful	Partly successful
Group for Small Business	Successful	Successful
	Partly successful	Unsuccessful
MEI	Successful	Successful
	Highly successful	Highly successful
MEI	Highly successful	Successful
	Highly successful	Successful
Power and Energy	Unsuccessful	Unsuccessful
Private Equity	Partly successful	Successful
Transport	Successful	Successful
	Highly successful	Successful
	Successful	Successful
Resident Offices	Successful	Successful
	Successful	Successful

Chart 2: Number of projects re-rated in this and previous PCR assessment reports



It should be noted that performance outcomes of the evaluation of TC operations do not lend themselves to aggregation of overall evaluation results in the same way as investment operations.⁷ Therefore, as previously mentioned, this PCR Assessment report focuses rather on the analysis of qualitative aspects in TC implementation. Deviations between the ratings applied by EvD and the OLs are described in greater detail in Chapter 3 and Annex 5.

2.2 Outcomes of composite ratings among the sample

The section below presents individual ratings for different parameters in the fields of “output and impact” as well as “input and performance” that make up the overall rating. In addition, some practical examples taken from the sample, which illustrate how the rating system works on individual TC operations, are presented in Boxes 1 to 6 in the remainder of this section.

2.2.1 Output and impact: Fulfilment of objectives

The rating of fulfilment of objectives is challenging as the assessment team found that in most cases the original description of the objectives lacked clarity. In addition, it was noted that the objectives appearing in different Bank documents at several TC project stages (that is, the TC project profile, the consultant’s TOR and the PCR) are not always in accordance. This issue is discussed in greater detail in Section 4.2.

After having discussed the matter with the OLs, the project objectives were slightly amended (to better comply with formal project management requirements) and rated based on their fulfilment. The same procedure was applied for the distinction between primary, secondary and overall objectives.⁸ With these new ratings, the assessment

⁷ Although the PCRA examines approximately 10 per cent of all PCRs in one year, one should not conclude that the features identified in the sample appear in the same way within the overall population.

⁸ While the PCR provides only one summary rating for the achievement of secondary objective(s), EvD has rated any secondary objective in its achievement separately. EvD gives an explicit rating for the fulfilment of “overall objectives”, while the PCR format does not include this item.

team has arrived at another conclusion on the achievement of objectives in about seven cases.

Box 1: Practical example on a regional training project

Bank handling	Client's commitment	Consultant's performance	Fulfilment of objectives	Contribution to Bank investment	Transition impact
Overall rating: <i>Highly Successful</i>					
Excellent Outstanding design and preparation of the programme and excellent liaising of OL with consultant and local partners.	Excellent Different clients were in charge of hosting training programmes, participants were seconded from various institutions and from a high-level. Generally, interest of local partners exceeded prior expectations.	Excellent Apart from very professional training services, the consultant was dedicated and provided outstanding services to the operation team, such as a special telephone number and a web site for all enquiries and further information on this project.	Excellent Objectives were fulfilled as envisaged, sometimes exceeded expectations. Training activities were completed with excellent debriefing measures allowing for the formulation of practical recommendations and a continuous policy dialogue.	N/A The programme involved both EBRD partner banks and current customers, thus a direct link to Bank investments is not applicable.	Good Knowledge transfer: Approximately 30 participants have been trained in five countries. Skills, however, were internally replicated amongst colleagues, thus in Russia, for example, a total of 180 officers are expected to have benefited from the programme.

Not surprisingly, there is a strong link between the fulfilment of objectives and the overall rating of the project success, that is, the two cases that were rated “Highly Successful” show “Excellent” achievement of objectives. All operations showing a “Good” achievement of objectives are rated “Successful” overall. The same is true for the lower end of the scale.

2.2.2 Output and impact: Contribution to Bank investment⁹

The sample shows that the overwhelming majority (almost 80 per cent) of single operations were directly related to a Bank investment, for example, through preparation (seven operations) or implementation (eight operations) projects. The remaining four operations (one “advisory” project and three trainings) meant to support policy dialogue, legal improvements and institutional development in the Bank’s countries of operation more generally, which might have an indirect impact on the investment-enabling environment in the future.

⁹ Sometimes this criterion overlaps with fulfilment of objectives, for example, when the main purpose of the TC project is to support the implementation of an investment operation, such as in the case described in Section 2.2.2.

Box 2: Practical example on a transport TC operation

Bank handling	Client's commitment	Consultant's performance	Fulfilment of objectives	Contribution to Bank investment	Transition impact
Overall rating: Successful					
Good Project planning and implementation have been performed in a professional and successful manner. This includes the generation of some important lessons learned for future assignments.	Good The local client is reported to always having been supportive and cooperative towards the consultant and the operation team.	Satisfactory Good technical knowledge and coordination skills, were provided. However, the consultant had difficulty finding the necessary neutrality for his position as an independent adviser between the interests of the local beneficiary and the Bank.	Good Overall a smooth and successful implementation of the co-financing loan was ensured, which had positive effects on institution building of client and the Project Implementation Unit (PIU).	Excellent The TC has proven that a lender monitoring consultant ¹⁰ plays a vital role in ensuring adherence to international standards in procurement and contracting of construction activities.	Satisfactory Approximately 10-15 people have benefited from practical advice and training-on-the-job in areas such as environmental monitoring, public procurement, and project management.

Five of the highly successful and successful TC operations in the sample were rated “Excellent” for their contributions to investments. Five other successful operations revealed “Good” contribution to a bank investment. Where a TC operation is of preparatory nature, activities might be necessary for a future investment operation but might possibly not be sufficient.¹¹ The counterpart’s (and the Bank’s) decision on a bank investment finally depends on additional parameters such as the economic viability, the political support, the legal/regulatory framework and so on.

2.2.3 Output and impact: Transition impact

The link between overall rating and TI seems to be similar to the one described for the contribution to a Bank investment. Almost all operations that are rated “Highly Successful” and “Successful” overall also received a “Good” or, in one case, “Excellent” TI rating.¹² The same appears to be valid with regard to the negative correlation, as one “Partly Successful” and one “Unsuccessful” operation were rated “Marginal” for their TI.

TC projects can bear three different potentials for TI. The first group is TC projects launched independently from the Bank’s investment operations (or with an indirect link only), with the aim of triggering policy dialogue and providing training (as described in Section 2.2.2). The sample included three of those. TC projects from the second group are designed as “towing vehicles” for investments and are typically used during the preparation stage (for example, feasibility studies and market

¹⁰ A lender monitoring consultant a Consultant that is deployed by the Bank (the lender) in order to monitor how the client (the borrower) is using the proceeds of a loan, i.e. whether international procurement rules are obeyed for construction works, etc.

¹¹ This happened in the case of one project where the independent assessment of technical, legal and institutional conditions concluded positively on an investment, however, this never occurred later on.

¹² In another three cases, the rating of TI was still “Satisfactory”.

assessments).¹³ They are crucial in that they are a pre-condition for an investment to happen but have only minimal to moderate TI potential on their own (this applied to eight cases in the sample).

Eight other cases from the sample belong to the third group, which includes projects that usually support the implementation of an investment operation. By enabling skills transfers, introduction of new business methods and re-structuring of a client organisation, they carry a significant TI impact potential. One of these cases is illustrated in Box 3.

Box 3: Practical example on a municipality creditworthiness assessment

Bank handling	Client's commitment	Consultant's performance	Fulfilment of objectives	Contribution to Bank investment	Transition impact
Overall rating: <i>Successful</i>					
Good Bank handling has been "Good" at all stages of the operation. The efficient combination of local and international skills and competences proved to be especially successful in this respect.	Good The client of this TC project was the city administration which has generally been described as very cooperative and open towards the project.	Excellent The consultant has provided most relevant working experience, as he was already involved in the implementation of a similar programme. In addition, he provided extra advice (for the city's account administration) and showed a good "value for money" ratio.	Good The project has achieved its objectives as planned and in good quality. The creditworthiness enhancement programme has been developed to the satisfaction of both the Bank and the client.	Good Initially, the Bank's investment project was supported directly, as the client of this TC project was also the borrower of the Bank's environmental programme. This changed over time, but still an indirect contribution is considered to have been achieved.	Excellent A significant TI is reported in terms of skills transfers, institution building and policy development. The city applied new methods of decision-making, innovative ways of business conduct, and implemented (re)-organisation measures of its fiscal department.

Despite the clear methodology for rating the TI of TC operations applied by the OCE and despite attending TC Com meetings, the OLs show a degree of uncertainty in this area.¹⁴

2.2.4 Input and performance: Client commitment

The majority of TC operations are provided to an external client who should have a natural interest in fully cooperating with the Bank and the consultant during the assignment as well as in providing access to all required information. More specifically, when the assignment is coupled with an investment operation, there may be a number of obligations – partly fixed within covenants – regarding specific reform commitments made by the client. In three cases within this sample the Bank itself was the client, for instance, when organising the International Conference on Banking Sector Reforms. Obviously, in these instances, a rating for client commitment is not applicable.

¹³ This does not mean that all projects preparing investment operations have a rather low TI, as it depends entirely on the scope of work defined. The same is true for the third group.

¹⁴ This methodology is the same as the one used for rating the TI of investment projects.

The following main observations from last years' PCRA have been confirmed in respect of client commitment. First, it has been generally perceived that the OLs did not face significant problems concerning a lack of client commitment: the vast majority of cases (12 out of 16 cases) was rated as "Good" or "Excellent" in this respect. Secondly, there is a strong link between the client commitment and the overall rating, as the four cases of "Excellent" client commitment correspond to "Highly Successful" or "Successful" projects.

On the other hand, the assessment team noticed in two instances that even though, in EvD's view, the client's commitment was poor, the operation team rated it positively in the PCR. One of these cases is described in Box 4, with an original OL rating of the client's commitment as "Good".

Box 4: Practical example on training in micro-finance for a local NGO

Bank handling	Client's commitment	Consultant's performance	Fulfilment of objectives	Contribution to Bank investment	Transition impact
Overall rating: <i>Unsuccessful</i>					
Marginal The operation team entered this project in "full swing", fuelled by a strong desire to enter the market and a good impression of the then local client representative. A more in-depth assessment of the client organisation beforehand would have been desirable.	Marginal Client commitment initially strong, however, without clear view on the requirements and impact of the envisaged programme. Internal conflicts within the client organisation aggravated relationship between Bank and client. The consultant had the impression that parts (of the client) rather wished to have relationship with the EBRD but didn't necessary share EBRD goals.	Good The consultant appears to have done a very good job, with particular regard to the difficult circumstances of this project. Reports are concise and clear, pointing to causes and consequences of surrounding difficulties. They also generate lessons and recommendations to avoid such difficulties in future cases.	Unsatisfactory With regard to quantifiable aims, the project missed the defined targets. The client proved to have neither adequate refinancing capacity nor the management in place to seriously enter into microfinance activities on a greater scale. Thus, the primary and secondary objectives are considered to have failed altogether.	N/A There was no link to an investment project, which according to the operation team – and with the benefit of hindsight – might have been part of the problem.	Marginal In accordance with the failed objectives, the TI is considered to be poor. With training programmes that targeted the client institution, however, a number of qualified small and medium-sized enterprise (SME) lending officers might still be working in the institution itself or the SME sector in general.

2.2.5 Input and performance: Consultant performance

The quality of services delivered by consultants is generally very good. More specifically, six cases delivered "Excellent" services, another six projects showed "Good" and two cases "Satisfactory" services. In three projects, however, a "Marginal" mark was attached to consultant performance and four self-ratings saw a downgrading from EvD, mostly caused by insufficient final reports. This issue will be discussed in greater detail in section 4.1.

Box 5: Practical example on a private equity preparation project

Bank handling	Client's commitment	Consultant's performance	Fulfilment of objectives	Contribution to Bank investment	Transition impact
Overall rating: <i>Successful</i>					
Good The specifics of required consultant services were not exactly known at the beginning, the handling of this assignment required considerable flexibility. Despite some difficulties in practice, the handling has worked generally well.	N/A The Bank itself was the client of this commitment.	Marginal Consultant appears to have performed well in three out of four individual assignments but eventually created considerable trouble. Discussions arose which services are exactly needed and how corrections and updates should be charged.	Good The main objective of this assignment was to provide professional assistance to the responsible operation team, which has been achieved and led to a number of equity investments.	Good The risk assessment provided was a precondition for approving suitable equity investments in the future. In three out of four cases (75 per cent) it has successfully fulfilled this role.	Good TI was generated in two ways: First, via knowledge transfers to local entrepreneurs when discussing the risk assessment studies and related proposals for new business plans. Secondly, it enabled investments to unfold their own TI in the future.

It goes without saying that the consultant performance is a substantial parameter for the fulfilment of objectives and the overall rating of a project. And indeed, the sample shows a close correlation between these two dimensions – all six cases of “Excellent” consultant performance are seen in projects with a “Highly Successful” or “Successful” rating overall. On the other hand, the sample shows cases where a “Good” consultant rating did nonetheless not lead to a “Successful” overall rating and vice versa. These cases demonstrate that the operation team still has possibilities to supplement or adjust the consultant performance.

2.2.6 Input and performance: Bank handling

Confirming the findings of previous PCR Assessment reports, this year’s study also suggests a built-in bias in self-evaluation of OLs’ own performance. If, for instance, EvD explained the negative outcome of a project with inadequate Bank handling, the team in charge would argue that the challenging environment in the host country was the reason for failure. Bank handling was downgraded in more than half of instances, whilst no single case was upgraded. However, this should not give a wrong impression. First, in the vast majority of operations (15 out of 19) the Bank’s performance was rated “Good” or “Satisfactory” and, secondly, all (available) OLs agreed on the newly proposed ratings once they became familiar with EvD’s approach.

Box 6: Practical example on MSE facility preparation

Bank handling	Client's commitment	Consultant's performance	Fulfilment of objectives	Contribution to Bank investment	Transition impact
Overall rating: <i>Partly Successful</i>					
Marginal The Bank found it difficult to find local participating banks (PBs) for its micro and small enterprise (MSE) facility. As a result one single institution was trained with the available (very large) funds being serviced by the same consultant over years.	Satisfactory The client was committed and cooperative to the TC, which is not surprising, given that he received tailor-made training measures and other advice over five years at no cost.	Satisfactory The consultant is reported to have been very professional. Nonetheless, he also appears to be driven to a large extent by the desire to please the client and, understandably, to realise 'economies of scale' by re-using his training products again and again.	Marginal In the case of the one existing PB, objectives are considered to have been well achieved. However, no other PB was included in the programme (despite prior plans), resulting overall in a "Marginal" rating.	Good During the lifetime of the investment operation, the TC project has well supported its implementation. Curiously, the assignment continued even after the MSE facility was fully disbursed.	Satisfactory The project initiated large skills transfers to the existing PB and definitely supported its establishment of a MSE lending segment. It was the concentration on one single institution in the country that prevented from realising a larger TI across the sector.

Not surprisingly, there appears a direct and strong correlation between Bank handling and overall rating.¹⁵ All projects rated "Highly Successful" and "Successful" go altogether with "Good" Bank handling. Looking at less successful projects confirms this theory, as the "Unsuccessful" and the "Partly Successful" projects show a "Marginal" rating for Bank handling.¹⁶ In two cases (one of them described in Box 6) the assessment team concluded that the operation team should have sought alternative ways of dealing with TC operations that faced difficulties during implementation and/or for which certain objectives became obsolete over the project's lifetime.

2.2.7 Donor visibility

The recognition of donors as the funding source for distinct TCs, independently or in association with a linked investment operation, is a legitimate request. This is also in the interests of the Bank as it continuously seeks fund replenishments. Donor visibility should therefore be maintained where possible and reasonable. More specifically, the donor institution is interested that the following parties are made aware of their engagement:

¹⁵ As a matter of fact, Bank handling is seen as the key input to project performance, as EvD attributes to the operational team considerable influence on the consultant performance and the client commitment. This relationship works both ways, "Marginal" or "Unsatisfactory" Bank handling results in less successful rating of projects overall, whilst projects with poor overall ratings tend to cause a downgrading of Bank handling.

¹⁶ There was just one exception to the general rule, where Bank handling was rated "Marginal" in an overall successful project. In this case, the original PCR was not written for the assignment in question but was confused with a number of other TC projects, planned or implemented in the same location and sector. As the OL had changed the Banking team, the process of locating a person to assist with this matter was quite lengthy. Eventually, this led to the elaboration of a new PCR, which then became the basis for this assessment.

- the beneficiary
- related actors and related parties present in the area/country or concerned with the issue
- the public at large.

The three target groups will vary from one project to another depending on the amount of funds, specific topic and so on. This is especially true for the public.

Most of the measures undertaken consist of informing the client and the consultant of the origin of donor funds and of inviting donor representatives to the official ceremony in relation to the project (or more likely, its underlying investment operation). It is rare for a consultant or even the client to distribute this information any further than that, for example, by putting it on their web site or mentioning it in reports.

As last year, this year's assessment revealed rather modest results with regard to donor visibility. Just over half of the projects received a "Good" ("Excellent" in one case) rating. In one of these cases, the donor's representatives in each host country were invited to open a training programme seminar. In another case, the OL attached a relevant press articles to the PCR to underpin his "Good" self-rating in this regard. Discussions on donor visibility revealed that the OLs are in principle uncertain of what exactly is expected from them in this respect, which is further explained in Section 4.3.

Donor visibility appears to be the only aspect of the TC assignment that does not carry an immediate link to the overall project rating. Looking more closely at ratings reveals that "Successful" projects display a variety of donor visibility ratings, covering from "Good" to "Marginal". The only "Excellent" rating, however, was coupled with a "Highly Successful" project.

3. General deviations in rating

As in the past, the assessment analysed the spread between self-evaluations by the OLs as manifested in individual PCRs and the related ratings that emerged as a result of this independent desk study. Single rating deviations for this years' PCR Assessment report are presented in Annex 5. Box 7 below presents the average of rating deviations as summarised for each aspect in the PCR Assessment reports during the last five years.

Box 7: Average rating deviations between OL and EvD in PCR Assessments 2003-07

PCR	Deviation (average)
<i>Overall rating</i>	35%
Bank handling	49%
Client commitment	27%
Consultant performance	38%
Donor visibility	20%
Fulfilment of objectives	33%
Contribution to Bank investment	29%
Transition impact	30%

There appears to be a rather low degree of divergence in rating some aspects (for example, client commitment) and a higher degree of deviation when rating other criteria (for example, ‘Bank handling’).¹⁷ This makes perfect sense when considering the highly complex nature of the latter, which is likely to foster more discussions on the right approach. Interviews with the OLs showed that the understanding of such parameters is subjective and differences occur readily when discussing related issues more in-depth.

Moreover, and despite EvD attempts to evaluate each TC as neutrally as possible, the assessment team’s conclusions when assessing each PCR may be distorted due to this study being a desk study that relies heavily on input from self-evaluations. The PCR Assessment is not a “360 degree-review”, that is, it usually does not benefit from comments from clients, consultants or other stakeholders, including “third parties” involved in the TC.

4. Key issues, lessons learned and recommendations

It has been noted most positively that previous PCRA recommendations have been taken into account. This goes for the elaboration of *training for Banking staff* in charge of TC operations that has seen some further attention from the OCU and might see first pilot courses in the summer of this year. EvD has and will continue to deliver inputs where necessary to enable former lessons learned to be included in training courses. It is also worth mentioning that *TClink* was established in the Bank at the end of 2007. Now all data related to any TC operation approved since then is expected to be centrally stored in electronic format.

In addition, EvD is pursuing the idea of adding lessons learned in TC operations to the existing lessons learned database (LLD) for investment projects.¹⁸ Therefore, the LLD might soon address some of the issues that are currently affecting the quality of TC projects.

¹⁷ Categories such as donor visibility, contribution to Bank investment and transition impact are not rated in the PCR. The assessment team’s approach in these instances is to discuss the ratings together with the OL and to conclude on either common or separate ratings.

¹⁸ Preparatory steps are estimated to be concluded in autumn with a technical set-up to follow.

During the captioned PCR Assessment report process, the assessment team generated some 20 lessons learned from the PCRs, the consultant reports and the interviews with the OLs. Each individual lesson is presented in its context in Part II Appendices at the end of this report. The ones appearing suitable for a wider range of TC operations are presented below with regard to the different steps of the project cycle.

4.1 Project design

Issue 1: Setting TC-related objectives and benchmarks for achievements

There is a general reluctance by bankers to name intended achievements in a concise and monitorable way. This pertains to the definition of (primary and secondary) objectives, milestones, success indicators and other indicators of achievements at the project outset.¹⁹ Thus, formulations are, at times, open to different interpretations. This makes TC monitoring and evaluation unnecessarily difficult. The TC Com is requesting the definition of success indicators for every project proposal, which is welcomed by EvD. However, the examples seen in this year's PCRA prompt concerns.

There are instances where means-end relationships are confused, the ultimate goal of the TC (alone or in association with an investment) is not expressively clear, or the consultant assignment targets relate to overall intervention objectives. Even if the aims and the course of action are clearly determined, there seems to be no encouragement for their effective monitoring (through follow-up on success indicators and milestones for instance).

Lesson learned

Clear objectives must be defined from the outset and must be systematically monitored. Otherwise, the entire TC (and associated investments as well) is in danger of derailment.

Recommendation

Generally, the efficiency and effectiveness of the TCs could be greatly enhanced if team management and the TC Com pay more attention to TC formulations, their inherent logic and monitoring requirements. Complementary to this, a commensurate TC training curriculum and provision of training to Bankers would help towards this end.

Issue 2: Accurate risk assessment ex-ante and its management during project implementation

In six out of 19 cases, it was found that prior risk assessments had not been performed appropriately. Operation teams appear to associate rather narrow-focused risk

¹⁹ This is especially true for multi-annual and repetitive exercises. In one instance, the assessment team found that the TOR for this assignment were simply copied from previous assignments without specifying the tasks for the period in question. It neither specified effective benchmarks to compare the deliverables of the consultant in this assignment with previous ones. Even though it is acknowledged that there are naturally revolving tasks, the operation teams should stay alert to set tangible results for each individual assignment. If this is not possible, one should wonder whether the TC assignment is really needed in the first place.

potentials with TCs. Risks assumed mainly pertain to TC implementation modalities, such as a consultant not performing according to the TOR, sufficient counterpart funds or facilities not made available or not made available at the right time. Wider risk considerations, however, would have to include issues such as:

- client commitment to the TC
- ownership of the entire TC/investment package
- staff changes on the beneficiary's (and the Bank's) side
- TI achievement where intended by TCs
- elections and political agenda changes in the client's country and so on.

Lesson learned

The application of more professional risk assessment techniques and the definition of project alternatives beforehand could prevent unsuccessful developments and help make better use of scarce donor funds.

Recommendation

Operational staff should make greater use of previous experience and lessons learned from similar endeavours for enhancing project's ex-ante risk assessment.

Issue 3: Uncertainty of Banking in respect of TI definition in TC projects

Contrary to the contents of some documents, there is a wide perception among the OLs that TC operations by their very nature would not be able to generate (significant) impact. Rather, it is regarded as a "towing vehicle" for the underlying investment operation and thus, entirely dependent on the TI achieved by the latter.²⁰ The introduction of success indicators seems to have confused the OLs even more as these are now often mixed up with either the project objectives or the TI indicators (for the TC project or the investment operation).

Lesson learned

Additional guidance would be desirable for enhancing the operational team's skills with regard to an accurate definition and monitoring of TC related TI.

Recommendation

The development and provision of TC related training to bankers should include one particular section on TI and other economic aspects.

²⁰ It is understood that the general procedure for defining the TI of a TC operation involves the OLs preparing a project profile including a description of the TI for the TC Com sessions, while the OCE provides its independent assessment of the TC operation for the TC Com discussion separately. Note that where the value of a TC operation is less than €100,000, the "fast track" procedure will apply. However, it appears that the TC Com members only discuss OCE comments orally and the comments are not necessarily recorded in the minutes of the meeting or used to amend the TC project profile and/or the TOR.

4.2 Procurement and contracting activities

Issue 4: Changes to the project design caused by procurement outcomes

The proposed budget structure and scope of deliverables for a TC project sometimes show considerable differences before and after the consultant selection process. This seems to be mostly due to deviations of anticipated versus demanded fee rates by consultants. Evidently, this has direct consequences for the amount of working days offered by the consultant at a given budget, days foreseen in the country and so on.

In one case within the sample, the budget that was included as Appendix C in the consultant's contract showed a 37 per cent reduction of working days to be delivered in-country in comparison with what was presented to the Bank's TC Com.²¹ In five cases, the working days *increased* due to fee rates being lower than originally envisaged. Changes in the workforce, however, have not been seen in the project's TOR/contract.

Lesson learned

Substantial changes in the TC design and budget may happen after approval by the TC Com, usually as a result of the selection/procurement process of consultant services. The currently performed checks of draft contract with the related TC Com documents seem to be limited to overall budget consistency and the like.

Recommendation

Add another section to the "Contract Request Form" where the OL can explain if and why post-TC Com approval changes occurred and assess their potential impact on the project's design and implementation.

Issue 5: More guidance desirable on expected contents of consultant final reports.

In three cases the assessment team found the consultant report to be unsatisfactory (in one case the final report consisted of an email with three short paragraphs). Some of the operation teams interviewed admitted to spending considerable amounts of time guiding their consultants (mostly after receiving a poorly drafted final report) before eventually delivering satisfying reports.

Lesson learned

Although the section on TOR provided on the OCU web site includes reporting as a deliverable and describes good practice to define them, it seems that the bankers in charge often do not apply them.²²

²¹ In the eyes of the assessment team this would have required that the OL go back to the TC Com to discuss likely consequences on the scope of tasks. Instead, the team reduced the amount of working days in-country without adjusting the TOR. Only when the client complained about experts' missions being too short, a contract amendment increased the duration of field visits and the number of foreign expert input on-site altogether.

²² <http://ebrdnet.ebrd.com/ebrdnet/depts/ocu/tor.htm>.

Recommendation

More explicit reference to reporting should be included in the TOR section on the OCU web site as well as the OM, Chapter 10. In addition and in selected cases, Bankers themselves should provide more guidance to consultants prior to report-writing, that is, through a table of contents and/or a full report template.

4.3 Project implementation

Issue 6: Poor file administration with regard to consultant reporting

Project-related records administered by the Bank's OCU and CSU, namely the ones pertaining to project approval, procurement/contracting and project reporting, are accessible and generally available. Filing appears to be in good condition in business groups where TC contact persons are appointed, such as financial intermediary (FI), municipal and environmental infrastructure (MEI) and the Group for Small Business (GSB). The most difficult exercise is to obtain consultant reports and internal banking correspondence on the matter.

Handling of these documents is left to the OLs, and the results vary. For future and recently approved operations, *TClick* will be the central storage for all electronic reports. For projects that are about to be completed, consultant reports can be uploaded on the OCU's CAR system. It is rather a matter of bankers' lack of discipline and commitment to the established OM regulations and not a matter of a technical uncertainty that keeps consultant reports from being properly filed.

Lesson learned

Consultant final reports are very valuable documents as they are not only the basis for payment but are often the only visible project output available at headquarters.

Recommendation

Banking should increase its efforts in order to make full use of the possibilities provided in order to ensure an effective central storage of consultant reports in CAR – ideally at the same time that the PCR is completed – and in *TClick* respectively.²³

Issue 7: Frequent OL changes without effective hand-over procedures

Frequent OL change is another issue that became apparent during last year's assessment. Within this sample, 12 out of 19 projects saw the OL change over the project lifetime. In two cases this happened three times. In three other cases no staff member could be identified or was available for interview by the assessment team. There is a strong correlation between unavailability of former OLs and less successful project results. It appears that in the best-case scenario the related TC files were physically passed from one colleague to another without further discussion or briefing.²⁴

²³ In this regard, a fruitful meeting was recently conducted with OCU, the department of invoice control and EvD, to discuss some feasible alternatives. Some of these will be tested soon.

²⁴ Procedures ensuring duly handover of TC files do not seem to exist. The Bank's record management policy treats handovers as mandatory but does not provide any further details. The "Change of OL

Lesson learned

The informational vacuum created by frequent OL change and the partial absence of proper TC records is perforating the Bank's institutional memory. It makes it difficult, if not impossible, for each department to ensure accountability towards the donors and to generate the LL for future operations. It also casts a shadow on the Bank's willingness to seriously handle TC operations.

Recommendation

TC-responsible staff in Banking should strive to fully comply with the hand-over procedures as stipulated by the Bank's Record Management Policy. In addition, the reinstating/reactivating of the so-called "TC liaison officer" function would help towards this end.

Issue 8: Understanding and appropriateness of measures for donor visibility

The OLs show considerable uncertainty when it comes to donor visibility. The assessment team shares the view of the OLs that not every TC project is suitable to be exposed to the public, either due to their nature (for example, a due diligence study for an investment) or because of their small size (which might not justify the organisation of a press conference and similar high-profile events).²⁵ In addition, ensuring donor visibility may be problematic with multi-donor and multi-annual contracts where it is hardly possible to attribute project parts and achievements to different donor institutions involved.

Lesson learned

Project requirements and opportunities for donor visibility measures appear to be diverse and not to be discussed regularly between the parties involved.

Recommendation

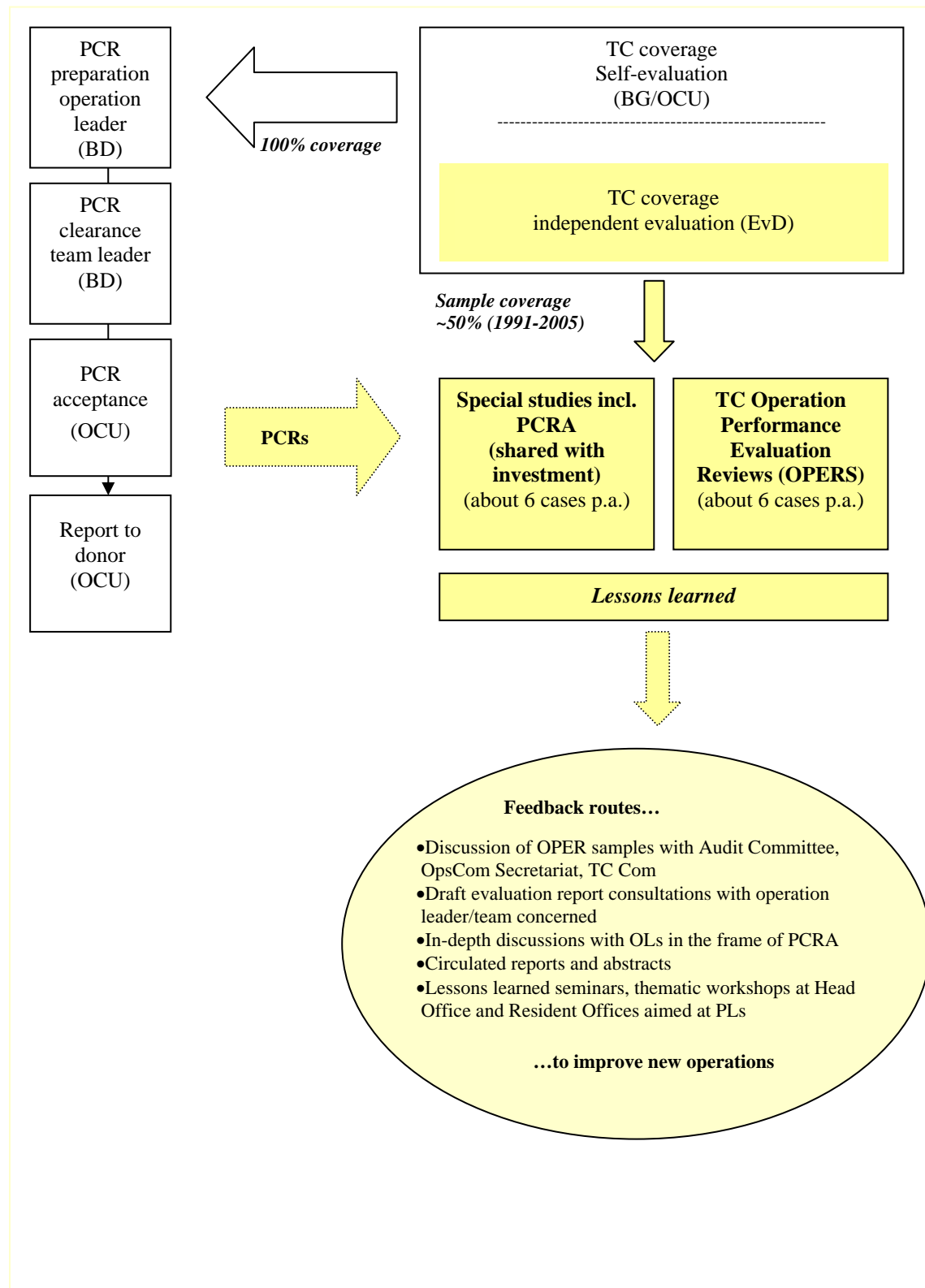
The OCU should facilitate meetings between the OL and donors involved in order to agree on a donor visibility strategy as appropriate on a case-by-case basis.

Form" that can be found on the OCU web site does not contain a section for the handover of files and records.

²⁵ Finally, there is a project type where donor visibility might not even be desirable. For instance, where the Bank purchases services of an industrial adviser.

ANNEX 1

TC- related evaluation performed by EvD



ANNEX 2

Understanding of the parameters included in PCR Assessment report

There are two spheres identified with a TC operation, the “input and performance sphere” and the “output and impact sphere”. Consequently, most aspects of a TC operation are identified as relating to either one or the other. For instance, client commitment, Bank handling and consultant performance are project inputs, while fulfilment of objectives, TI and contribution to Bank investment are regarded as project outputs. Donor visibility can be regarded in a dual way: The PCR format places the section on donor visibility under outputs, while EvD sees it at the same time as a design and execution feature of the TC (input).

INPUT AND PERFORMANCE

Bank handling

Aspects of Bank handling do not only include the business group/operation team that is conducting the individual operation but also other related departments such as OCU, OCE and CSU.

Client commitment

The understanding, cooperation and commitment to reform of the TC client – who is in most cases also the direct beneficiary of the operation – is crucial for any TC project. However, and being dependant on other developments in the region (such as the political climate), the client commitment itself is dependent on external factors.

Consultant performance

Consultant performance is the third key-input. Generally, the TC operations managed by the Bank are subcontracted to individual consultants or companies. The performance is, among other things, dependant on professional experience, technical/managerial skills, experience in the region, experience of transition as well as on soft skills.

OUTPUT AND IMPACT

Fulfilment of objectives

As shown in last year’s PCR Assessment report, there is no clear and standardised concept provided by the Bank on how to set objectives in TC operations. As a consequence, the OLS define terms such as “specific objective(s)” and “overall objective” according to their own understandings. Thankfully, these get often refined at the TC Com session for approval.

Contribution to the Bank’s investment project

The major intention of a TC project is to support present or future investment operations for the Bank through either assisting its preparation or its implementation. The desire is usually to have a positive correlation between a TC project and an underlying investment operation. There are, however, cases where it could be judged positively if an investment does not materialise, that is, when a feasibility study shows negative results and thus prevented the Bank from launching an inefficient investment operation later on.

Transition impact

In principle, the same concept as for investment operations should be applied for TC projects as well, albeit the assessment team revealed a number of uncertainties. Confusion is caused through TI that is only to be expected by an investment operation and its separation from TI attached to the TC project itself as well as through a number of related terms, including milestones and success indicators.

Donor visibility

Donor visibility will usually show more on the output side of a TC project, and was handled this way in most previous PCR Assessment reports. However, one could also be of the view that it is not a generic deliverable under the TC but more a design and execution feature. The donor institution is understood to have an interest in making their engagement known to (i) the beneficiary itself (ii) related actors and present parties in the sector/country/issue; and (iii) the public at large, depending on the scope and size of the project.

ANNEX 3

Features provided by population and structured sample

A Project rating

Chart 1: Population

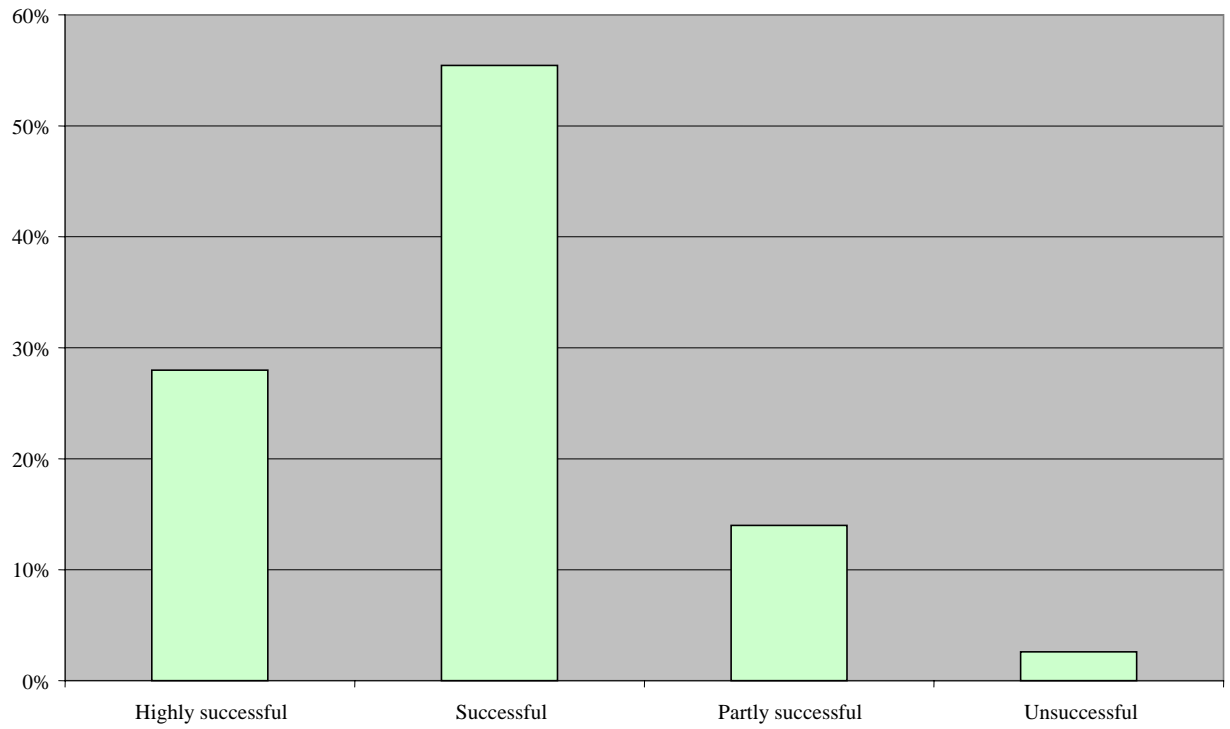
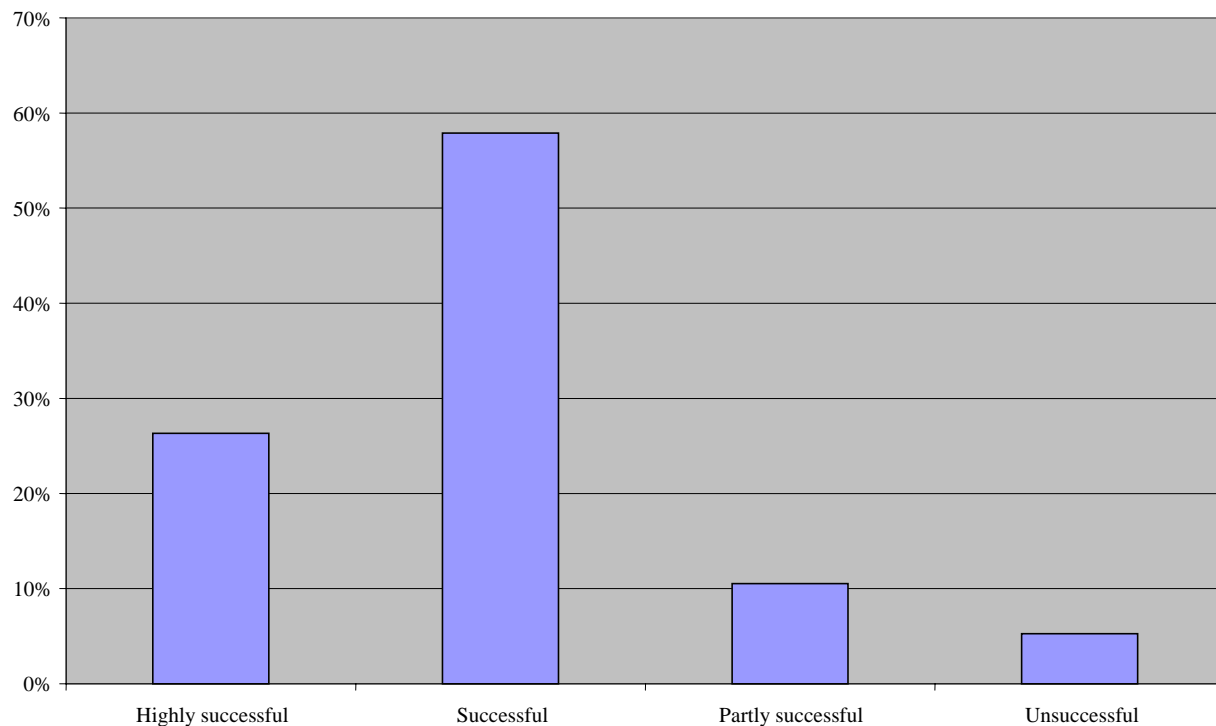


Chart 2: Sample



B TC operation type

Chart 3: Population

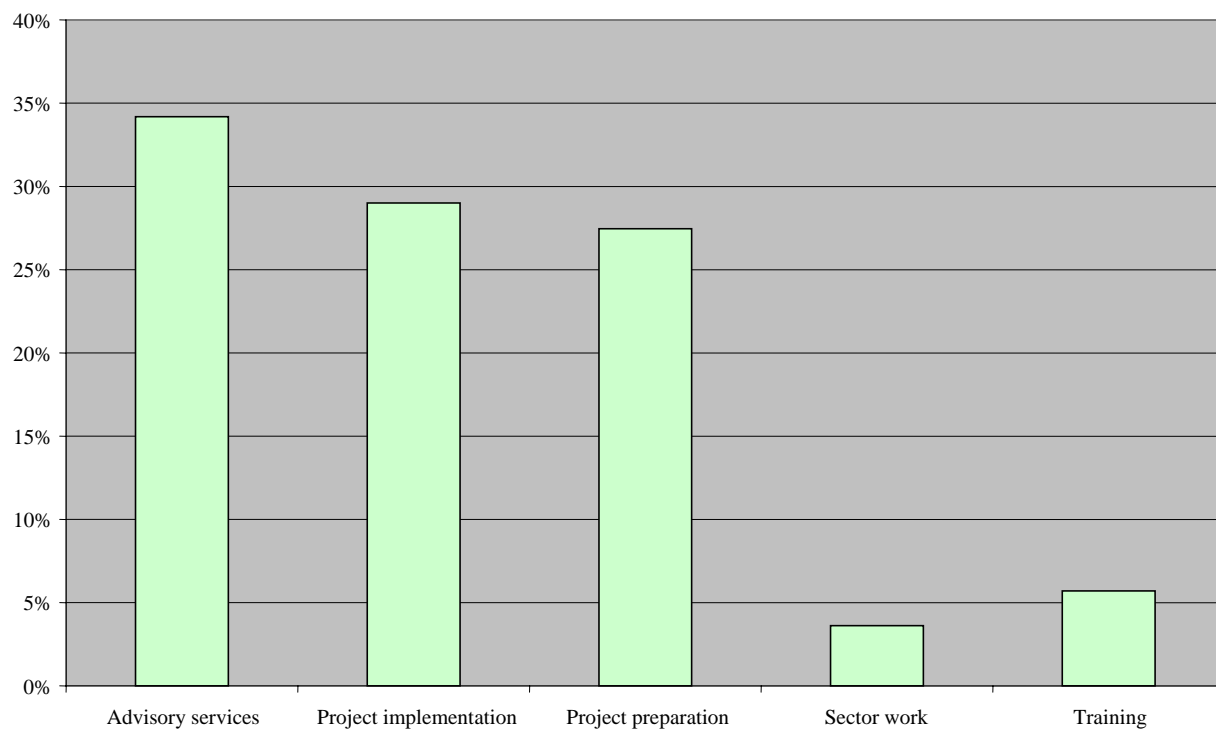
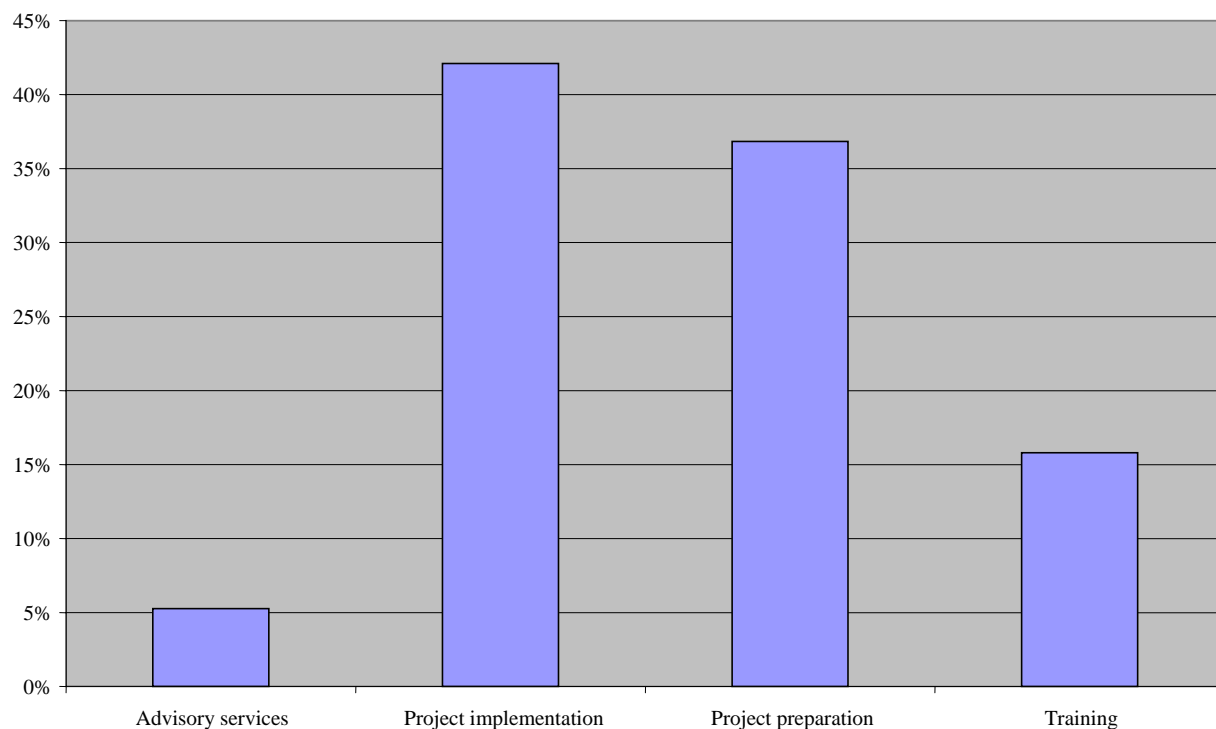


Chart 4: Sample



C Country

Chart 5: Population

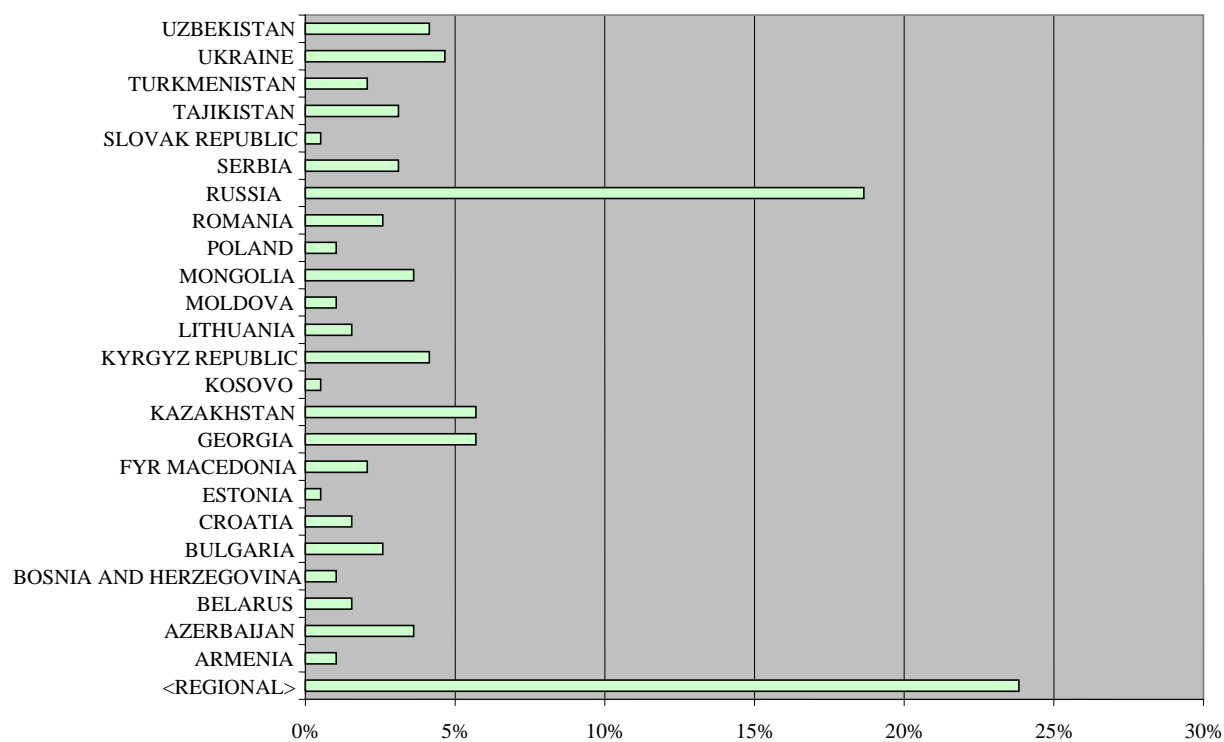
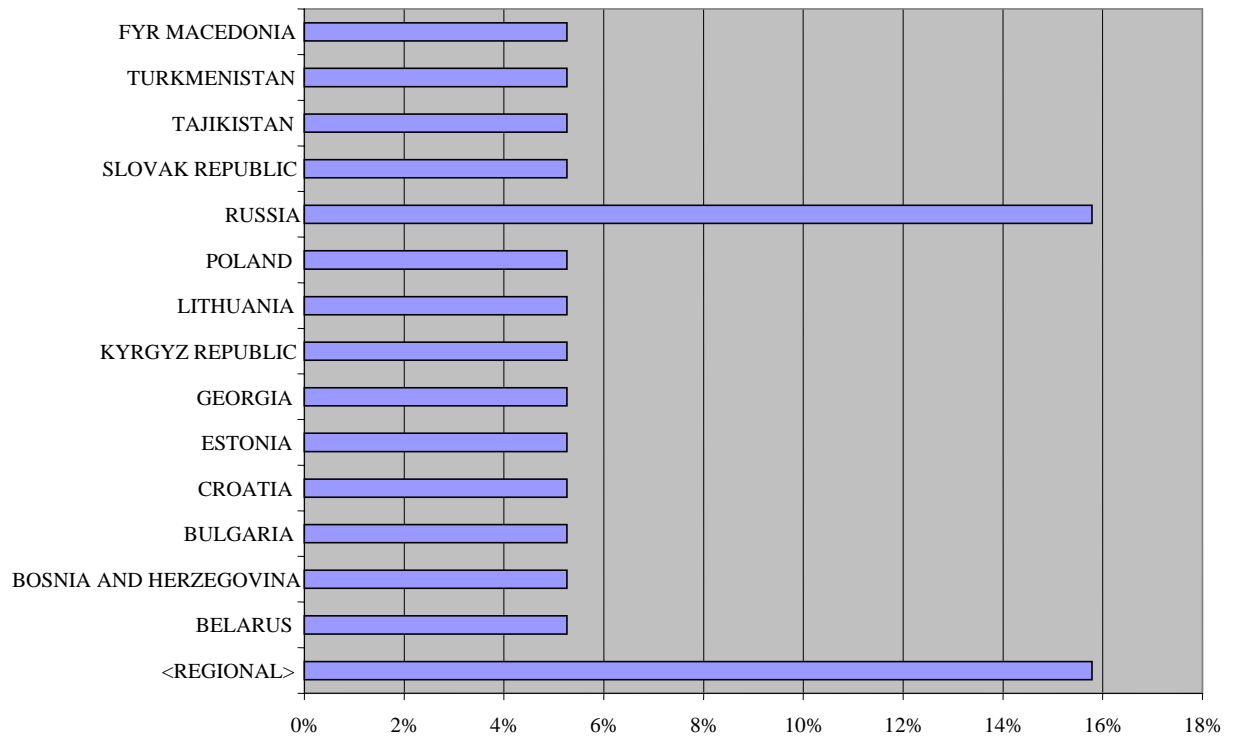


Chart 6: Sample



D Donor Organisations involved

Chart 7: Population

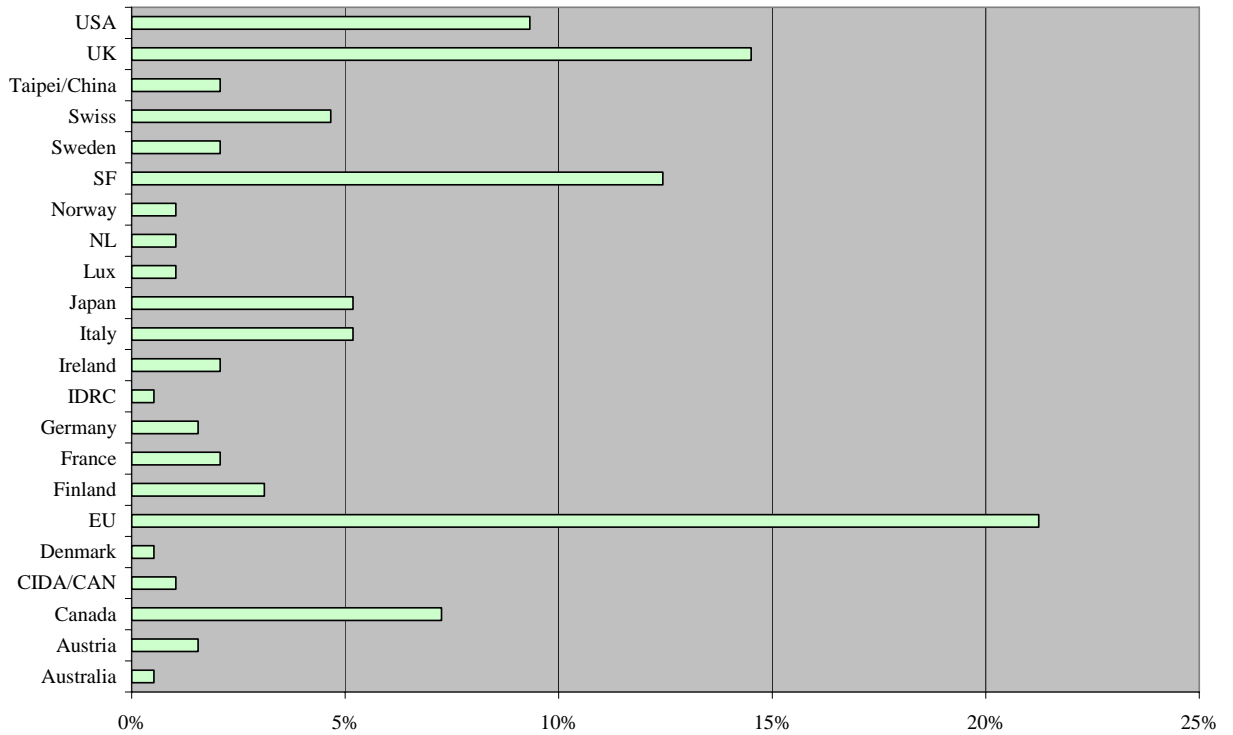
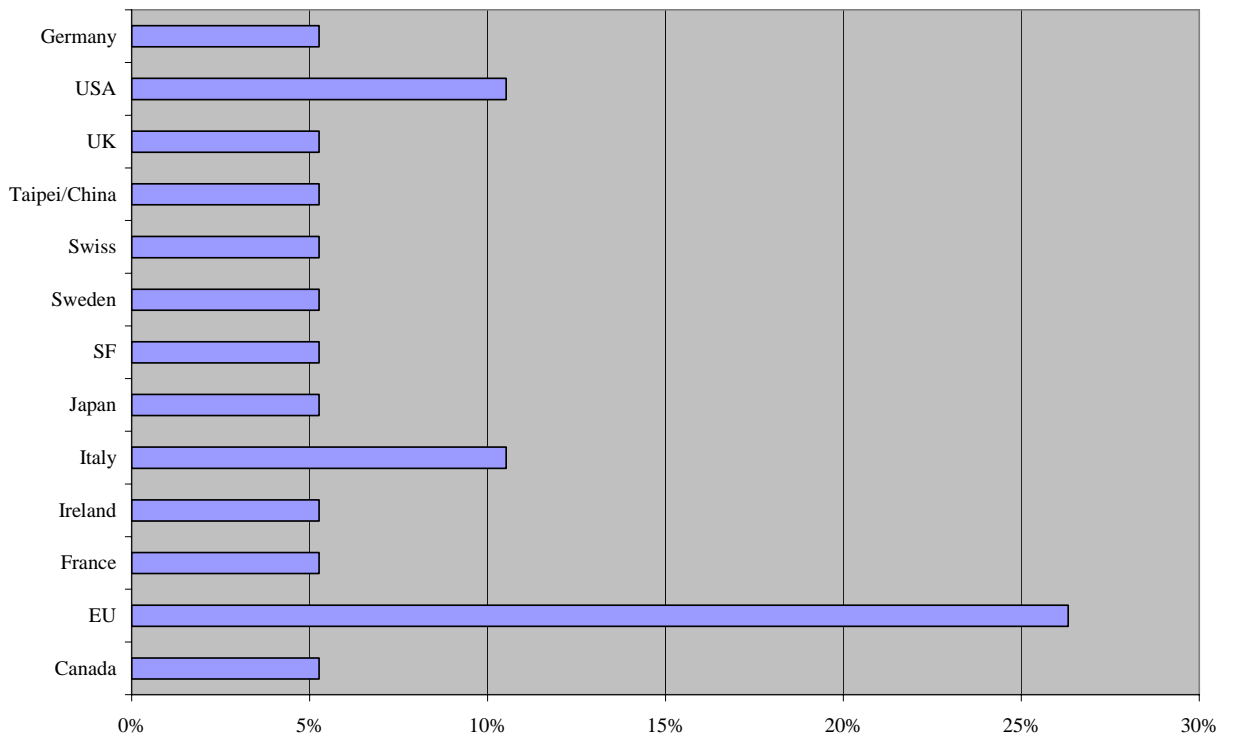


Chart 8: Sample



E Sector Type

Chart 9: Population

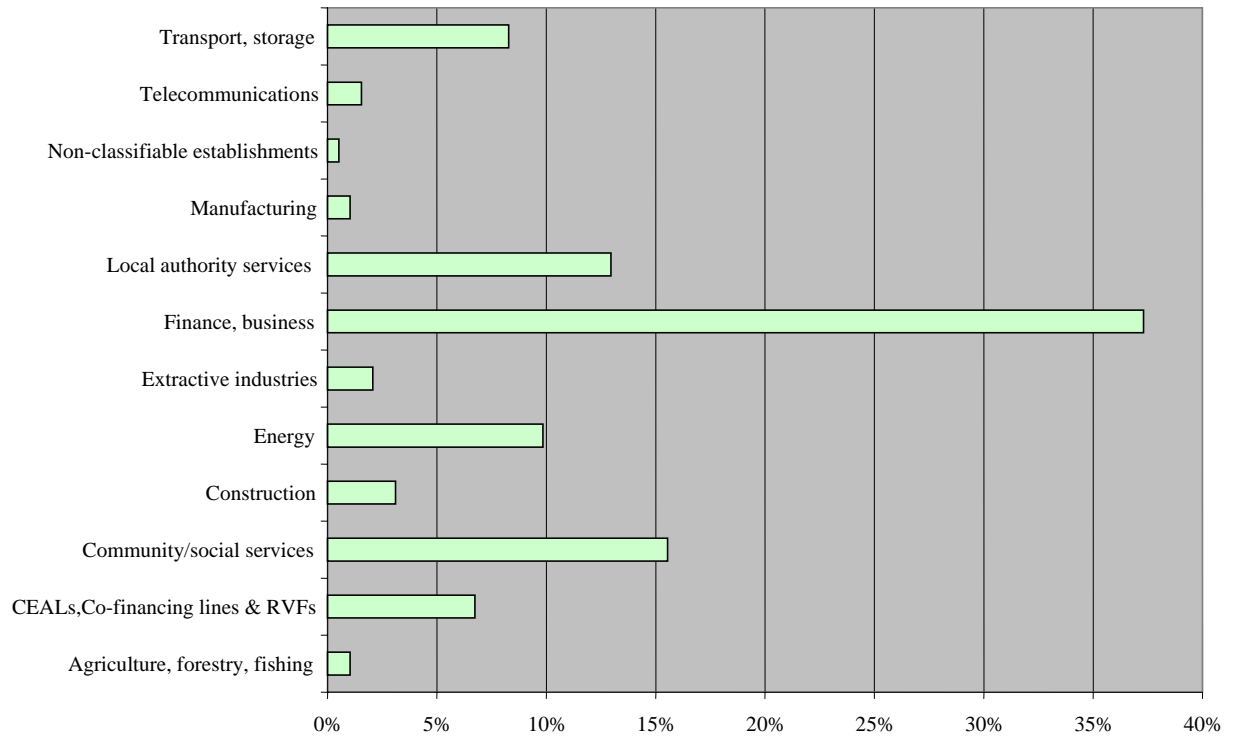
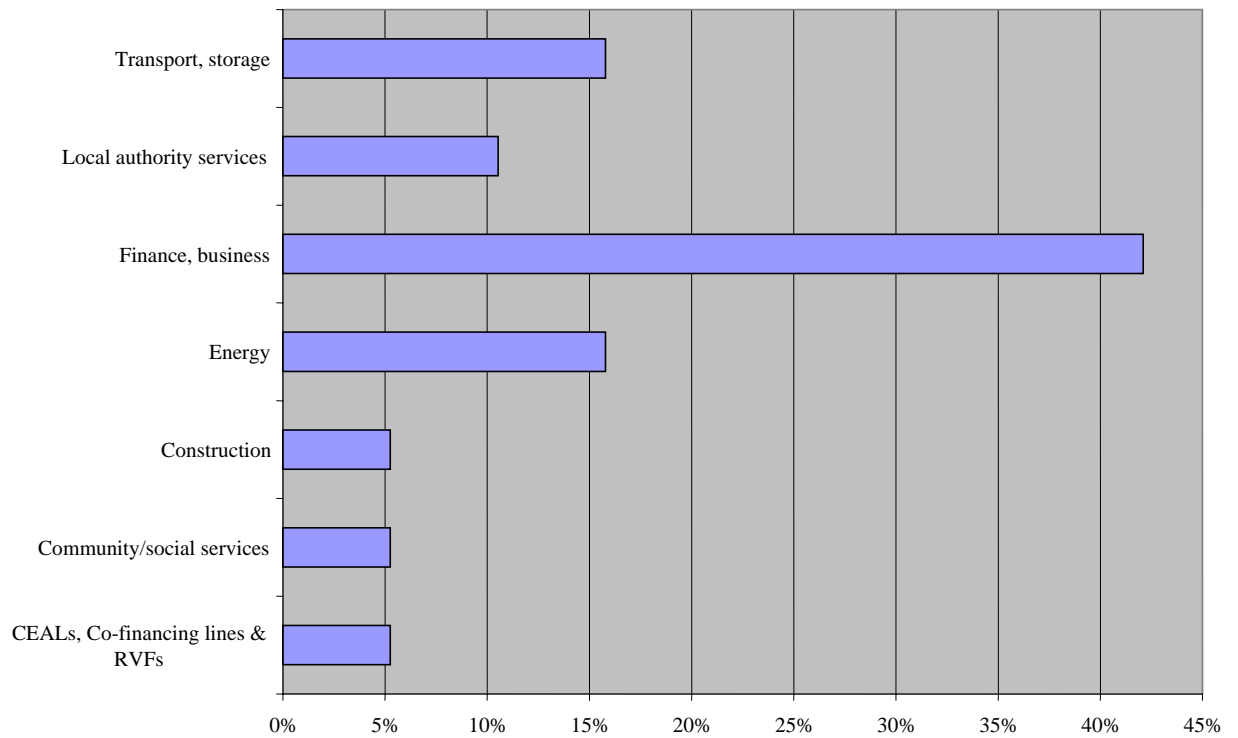


Chart 10: Sample



F Business Group

Chart 11: Population

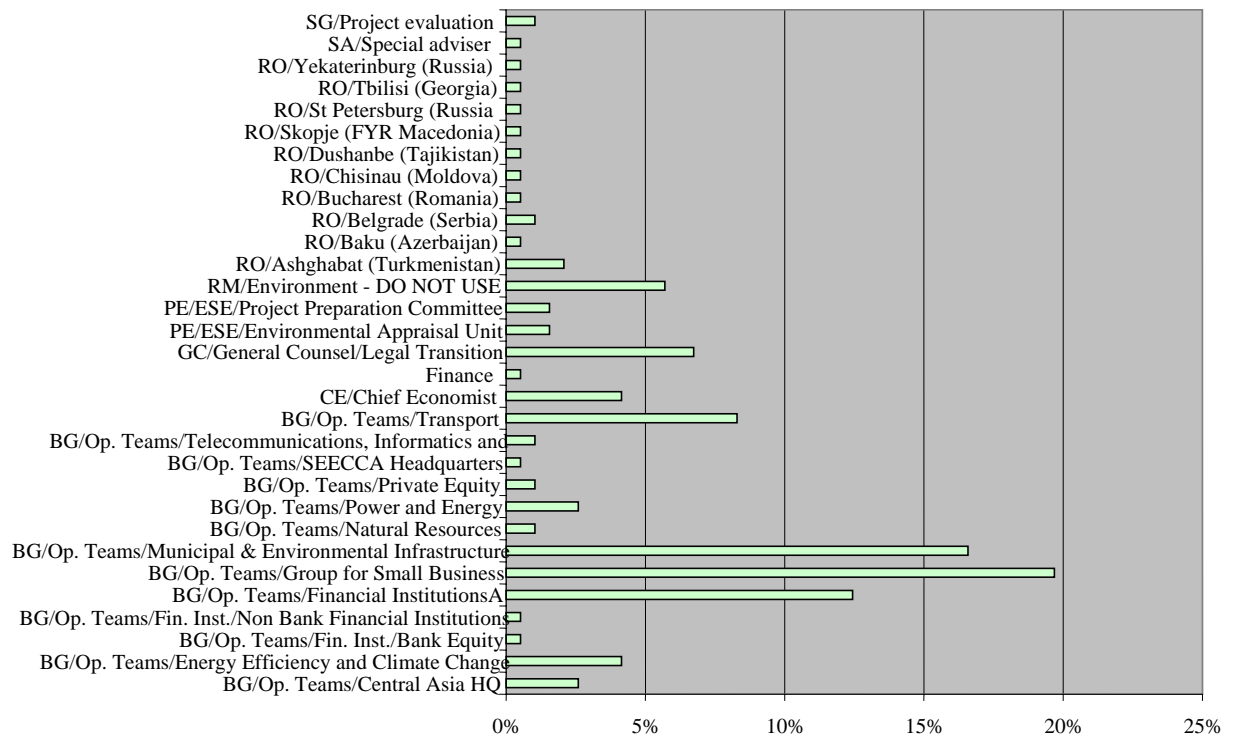
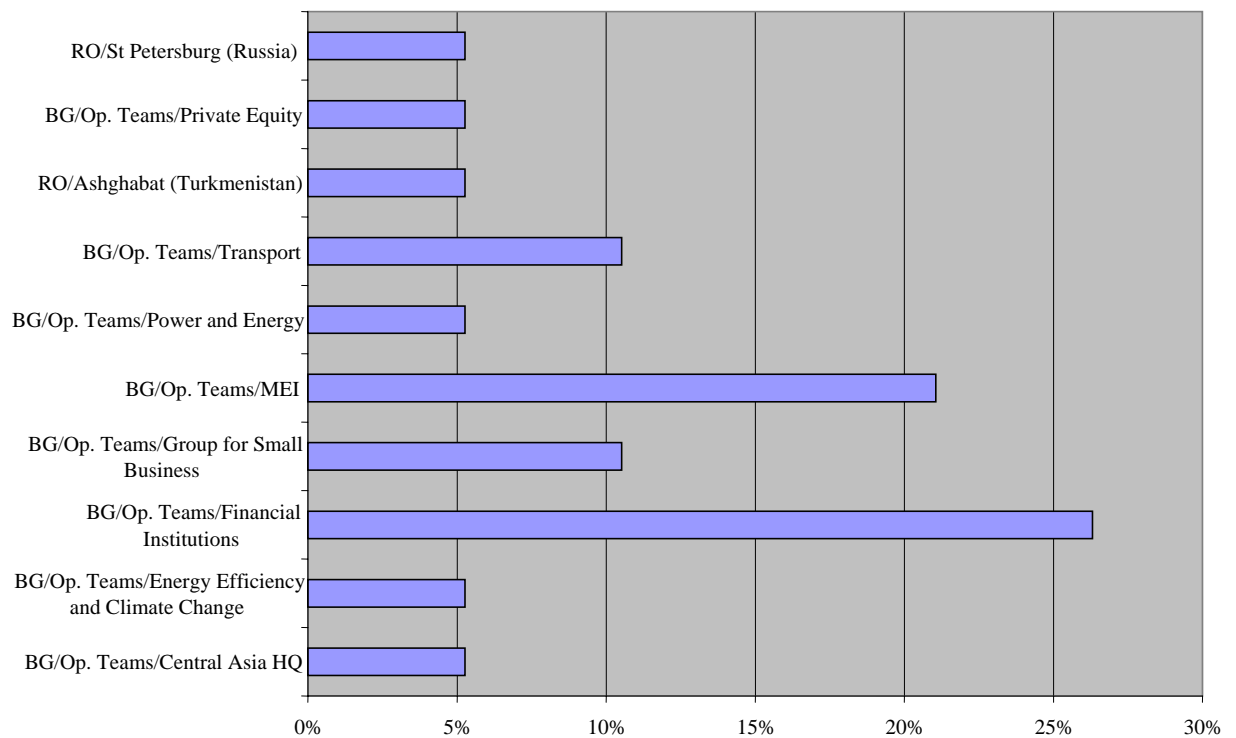


Chart 12: Sample



ANNEX 4

Evaluation matrix

DIMENSIONS	AREAS	1.1 RATING*					
		Highly unsatisfactory	U	M	S	G	Excellent
INPUTS							
INPUTS - Bank handling							
Project preparation	Relevance of TOR	Neither in line with country strategy/sector strategy nor with current visible needs in host country					Clearly in line with country strategy/ sector strategy and current visible needs in host country
	Policy dialog and investment	No explicit link to reform policy/investment, no definitions of milestones and alternative political scenarios					Clear link reform policy and investment, definition of milestones and worst case scenarios
	Aims, objectives and outputs	Objectives unclear reg. hierarchy and priority, outputs outdated/ not counterchecked with current situation on site, no/ incorrect indicators given					Logical relation between objectives and outputs on different levels, fulfilment of single objectives possible through correctly defined success indicators
	Involvement of client in TOR design	Not involved in TOR design at all					Fully involved in TOR design
	TC request design	Poor or incomplete TC design neglecting experiences/ lessons learnt in the past					Excellent TC design with an active attempt to build on experiences/ lessons learnt in similar undertakings of the past
	Tendering/ recruitment process	Hastened recruitment/ selection process without proper quality criteria, insufficient time/ resources provided					Thorough definition of required consultant's profile, dedication of time/ resources for ensuring best possible choice
Project implementation	Contracting of consultant	Contracting of consultant without in-depth consultation on TOR and timely requirements					Contracting of consultant after thorough discussions on TOR and related timely requirements
	Project start	No kick-off meeting at the initial stage of the project held					Kick-off meeting with relevant stakeholders held, supported by clear agenda and proficient information
	Coordination/ liaising	No regular/only superficial contact with client and consultant					Regular and intense contact with client and consultant allowing for proper coordination and monitoring of project progress
	Supervision/ information	OL at HQ hardly informed on current project stage, achievements of consultant and clients' support					OL at HQ fully informed on current project stage, achievements of consultant and clients' support
Project implementation	Crisis management	Poor handling of unforeseen events, such as political changes, <i>force majeure</i> , etc.					Flexible and objective-oriented handling of unforeseen events in close cooperation with client and consultant

* U = Unsatisfactory, M = Marginal, S = Satisfactory, G = Good

DIMENSIONS	AREAS	1.1 RATING*					
		Highly unsatisfactory	U	M	S	G	Excellent
	Administration/ change of OLs and internal hand-over	Client and consultant not informed about change of OL (in time), no formal hand-over meeting, no hand-over minutes existing					New OL sufficiently informed on project, client and consultant briefed/introduced in time, official hand-over meeting documented.
	Reporting	Poor/incomplete/delayed reporting, missing files and insufficient information for judging project success					Excellent reporting, files complete and centrally stored, sufficient information (e.g. on success indicators) to allow objective project rating.
INPUTS – Consultant’s performance							
Knowledge and skills	Expertise	Skills proved to be not relevant/ inappropriate with current requirements from project and area					Excellent skills not only in general (area and transition process), but also with regard to specific project areas/ activities require
	Client handling	Undiplomatic approach, entering into unnecessary conflicts with the client					Builds excellent rapport with the client and other relevant stakeholders, even when telling “unwanted truths”
	Team abilities	Poor team player, working in a rather isolated manner without drawing on knowledge provided by local team					Excellent team player, being able to motivate local staff and to make best use of skills and knowledge provided by local team
Management	Consortium management	Conflicts within the consortium, members poorly informed on project, unclear/unbalanced separation of tasks and duties					Consortium well managed, members equally informed on project, clear separation of tasks and duties
	Staff management	Replaces staff along the way with staff with less capabilities					Maintain staff with high capabilities throughout the project
	Quality Control	No active quality control system for assignment (and required outputs) in place, sluggish reaction to requirements from the Bank and/or client					Active quality control system for assignments (and required outputs) in place, active provision of relevant information to Bank and client
Reporting	Content	Reports of poor standard					Reports of excellent standard
	Timeliness	Unjustified delays of deliverables					Deliverables submitted on time
	Focus	Focus not in line with Bank requirements, performance below TOR					Focus in line with bank requirements, performance beyond TOR
INPUTS – Clients commitment							
Involvement in project preparation	Initiative/confirmation of mandate	No explicit support for initiative, no mandate letter provided					Explicit and firm support for initiative, Mandate letter provided
	Elaboration TOR	Not interested in cooperating for TOR elaboration, no/insufficient understanding of project’s strategic purpose					Strongly interested in cooperating for TOR elaboration, thorough understanding of project’s strategic purpose

DIMENSIONS	AREAS	1.1 RATING*					
		Highly unsatisfactory	U	M	S	G	Excellent
	Involvement in selecting consultant	Not interested in participating in consultant's selection/outcomes of the recruitment process					Strongly interested in participating in consultant's selection/outcomes of the recruitment process
Support during project implementation	Access to information	No fluent access to relevant data, no active support in collecting required information					Fluent access to relevant data, active support in collecting required information
	Expert support	No/insufficient client team provided for project implementation					Client team with relevant skills provided for project implementation
	Political support/liasing	No facilitation of meetings, contacts to other parties, relevant for the project in question					Active facilitation/introduction to other parties relevant for the project in question
Appreciation of project outcome	Promotion/marketing of project achievements	No dissemination of project results and recommendations to the public					Active dissemination of project results and recommendations to the public
	Payment of consultant	Serious delays in payment to the consultant					Timely payment to the consultant
	Ownership	Ownership perceived to stay with the Bank/consultant					Ownership fully taken over by client

OUTPUTS

OUTPUTS – Achievement of objectives

Primary objective	Secondary objective	RATING			
		Unsatisfactory	Marginal	Good	Excellent
Overall bank objective to which the projects shall contribute	Specific achievements defined for this project/the consultant's assignment in particular	Achieved far less (or none) in comparison to the output/impact envisaged	Achieved only parts of the outputs/ impact foreseen	Matched expectations with output/ impact as foreseen	Exceeded expectations, achieved more than foreseen in TOR etc.

OUTPUTS – Transition impact

DIMENSIONS	AREAS	1.2 RATING					
		Unsatisfactory	U	M	S	G	Excellent
Institutional/ Corporate micro-level	Structure and extent of markets	Project/client/beneficiary does not contribute at all to the competitive environment in the project sector					Project/client/beneficiary contributed itself visibly to the competitive environment in the project sector
	Market institutions and policies	No contribution to institutions and policies that support markets (e.g. private ownership)					Direct contribution to institutions and policies that support markets (e.g. private ownership)
	Market-based behaviour, skills and innovation	No transfer of skills, attitudes and other behavioural patterns within the project environment (demonstration effects)					Significant transfer of skills, attitudes and other behavioural patterns within the project environment (demonstration effects)

DIMENSIONS	AREAS	1.1 RATING*					
		Highly unsatisfactory	U	M	S	G	Excellent
Sector/market macro-level	Structure and extent of markets	Project/client/beneficiary does not (is not expected to) realize a long-term impact on the competitive environment					Project/client/beneficiary realises (is clearly expected to realize) a long-term impact on the competitive environment
	Market institutions and policies	No contribution to institutions and policies that support markets (e.g. private ownership)					Direct contribution to institutions and policies that support markets (e.g. private ownership)
	Market-based behaviour, skills and innovation	No transfer of skills, attitudes and other behavioural patterns beyond the project sector (demonstration effects)					Significant transfer of skills, attitudes and behavioural patterns beyond the project sector (demonstration effects)

OUTPUTS – Contribution to Bank’s investment

Influencing a decision on Bank’s investment	Positively/ negatively	E.g. feasibility study led to the result that investment operation is not expected to be successful					E.g. Enquiries led to a positive decision on the planned investment operation
Enabling/ preparing the investment operation	Technically/ operationally	Technical requirements identified and formulated for effective operation’s design					Commitment of counterparts and local stakeholders confirmed for gaining confidence in future cooperation.
		TC made low contribution to the Bank’s existing investment					TC made significant contribution to Bank’s existing investment

Donor visibility

Public events and information policy	Informing relevant parties	Consultant, client, project sponsor and relevant parties are not informed about donor’s name					All relevant parties are informed about donors name
	Invitations	Donor not invited for signing ceremony, and press not informed					Donor attended signing ceremony, and event published in local media
	Media/project web site	Donor never mentioned in press releases					Donor mentioned in all press releases
	Final reports	Donor not mentioned in consultant’s final report or related presentations					Donor mentioned in consultant’s final report and related presentations

OVERALL RATING	UNSUCCESSFUL	PARTLY SUCCESSFUL	SUCCESSFUL	HIGHLY SUCCESSFUL
-----------------------	---------------------	--------------------------	-------------------	--------------------------

ANNEX 5

Summary of key recommendations to enhance TC quality

There are 10 key recommendations that are most frequently quoted in previous and in this year's PCR Assessment report as well as in the AEORs, which are illustrated below.

1. Design realistic TOR, scope, delivery time, and output details, balanced with budget/resources by making sure to ***address the client's needs*** (and both, Bank and client, to agree on these needs).
2. ***Define and describe clear objectives and deliverables*** for both the overall and the individual parts of a programme, including success indicators and/or other verifiable outcomes for enabling monitoring and evaluation of project activities.
3. ***Allow adequate time for the preparation and design of the TC assignment***, include extra-time to coach team and client in related tasks such as tender procedures, TOR and contract design and the like.
4. ***Clearly state the risks of the TC*** beforehand, its expected TI potential and risk, anticipate unforeseen events and how to deal with them, monitor and report on *force majeure* in the course of the project.
5. ***Verify client commitment from the outset***, including client involvement in TOR/consultant selection, level of budget support, staff allocation, supply of required information/data and senior management time as appropriate.
6. Discuss with the OCU and the donor organisation involved if and how to ensure ***donor visibility***, include elaboration of disclaimers, logos, features for presentation on the client's web site and so on.
7. Develop good relations with ***local actors***, the state authorities and business community to ensure that they are ***aligned with the objectives of the TC***.
8. ***Maintain regular contact with and supervision of the consultant's and client's obligations***, including response to reports, monitoring of project results, more frequent feedback and timely decision on any matters for approval.
9. Wherever possible and feasible, ***incorporate activities facilitating knowledge transfer and client's further development***, thus, a minimum TI can be achieved on institutional level even if the related investment operation fails.
10. Be reasonably ***flexible*** with actions in the course of a project ***but make sure to follow the formal procedures*** for adapting them, prove perseverance with regard to objectives, contractual obligations and deliverables.