Quality of project completion reports and project performance at the African Development Bank group - 2016-2017

Summary note

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# ACKNOWLEDGEMENTS

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INTRODUCTION

This note presents the main findings, conclusions and recommendations from two synthesis reports on the desk review of the African Development Bank’s (AfDB, or the Bank) 2016 and 2017 Project Completion Reports (PCRs)\(^1\). One of the synthesis reports covers the 2016 PCRs, and the other the 2017 PCRs\(^2\). The desk review of these 2016-2017 PCRs provides the Bank’s Board, Management, and operational staff credible evidence on the quality of the PCRs, and the performance of Bank projects that exited the Bank’s portfolio in 2016 and 2017. It also provides lessons learned and recommendations to Management and Operational staff to better design, implement, and monitor projects.

In this regard, this note addresses: (i) the quality of the Bank’s 2016-2017 PCRs, and (ii) the performance of the projects covered by these 2016-2017 PCRs by extracting evidence from the 2016 and 2017 PCR review synthesis reports. The note complements the two synthesis reports, and is not intended to replace them. The synthesis reports are based on a systematic and objective desk review of 137 PCRs delivered by the Bank in 2016 and 2017. The desk review used the standard BDEV PCR review format, which includes multiple criteria of PCR quality, and project performance. The PCR review process includes external peer reviews and comments from relevant Task Managers for ensuring quality assurance. Details can be found in the two synthesis reports.

The 2016 and 2017 Project Completion Reports

The two PCR review synthesis reports cover all accessible PCRs that the Bank delivered in 2016 and 2017. A total of 137 PCRs were reviewed - 49 from 2016 and 88 from 2017. Projects covered by these PCRs were approved within the years of 2002-2016, with 2010-2016 accounting for more than half of the approvals (Figure 1). The approval amount for these projects is UA 4.3 billion.

The 2016-2017 PCRs covered all Bank key sectors of intervention, or the “High 5s”. Figures 2 and 3 below show the distribution of PCRs by sector and region. As shown in Figure 2, 60% of the PCRs were for projects in the water and sanitation, social, and agriculture sectors. Figure 3 shows the

\(^{1}\) The PCR is the self-assessment report on a sovereign project at the time it exits the Bank’s portfolio.

\(^{2}\) BDEV commissioned the review of the 2016 and 2017 PCRs to IDDRA and CENTENNIAL respectively.
distribution of 2016-2017 PCRs across the Bank’s regions of operation, with the East, Southern and West regions accounting for 70% of the total PCRs.
QUALITY OF THE PROJECT COMPLETION REPORTS (PCRS)

PCR quality is based on four key indicators: one indicator comprising nine quality criteria (Figure 5) as defined in the BDEV PCR review format, and three proxy indicators compromising of: (i) the PCR vs PCR Evaluation Note (PCREN) rating of project performance, (ii) monitoring and evaluation quality, and (iii) PCR compliance score. Quality is rated on a scale of one (highly unsatisfactory) to four (highly satisfactory). Ideally, PCRs are expected to be of highly satisfactory quality. This is because PCR quality is within the Bank’s control: the Bank prepares, reviews and clears the PCRs.

PCR Quality

The 2016-2017 PCR quality is satisfactory for 73% of the 137 PCRs, which is about the same level of quality as the 2008-2009 PCR cohort at 72%. Although this score seems high, there is considerable scope for improvement. The average PCR quality score is 2.8, corresponding to a rating of “satisfactory”, but significantly below the desired level of 4.0 (see Figure 4). From Figure 4, average PCR quality improved considerably from 59% in 2016 to 81% in 2017. However, the overall PCR quality score is indicative of deficiencies in the 2016-2017 PCRs, and their reporting of the Bank’s project results. From Figure 5, each of the nine PCR quality criteria exhibit some shortcomings. None of the PCR quality criteria scored “highly satisfactory”.

![Figure 4: PCR Quality (% satisfactory), 2008-09 & 2016-2017](image)

From Figure 5, the quality of the 2016 and 2017 PCRs is, on average, “satisfactory” in the nine areas. The highest-scoring criteria, with an average score of 3.0, are (i) the adequacy of treatment of safeguards, fiduciary issues, alignment and harmonization, and (ii) extent to which lessons learned (and recommendations) are clear and based on the PCR assessment. The first of these is indicative of an improvement compared to the 2008-2009 PCR cohort, which showed considerable deficiencies in treating safeguards and other issues.
The quality of the 2016 and 2017 PCRs is weakest in the (i) soundness of data generating and analysis process, and (ii) adequacy of the accessible evidence, with an average score of 2.5. The inadequacy (quality and quantity) of the available evaluative evidence for substantiating conclusions also characterized the 2008-2009 PCRs, thus indicating the limited progress in addressing this issue. This is an important issue, as it puts into question the reliability and validity of the PCRs in reporting on the Bank’s development effectiveness.

**PCR vs PCREN rating of project performance**

The 2016-2017 PCRs tend to overrate project performance, thus presenting a more positive picture of the development results of Bank projects. Both the 2016 and 2017 PCRs tend to score project performance significantly higher than the PCRENs. The 2016-2017 PCRs rated the performance of 97% (133 of 137) projects as “satisfactory” whereas the PCRENs rated the performance of only 82% (113) of the same project cohort as “satisfactory”. To the other side of the scale, the PCRs and PCRENs report 4 and 24 projects with “unsatisfactory” performance respectively.

**Monitoring and evaluation (M&E) quality**

The project M&E performance is generally unsatisfactory. It is one of the weakest aspects of the PCRs. As demonstrated in Figure 6, the M&E performance is relatively better in design but weak in implementation and utilization.
The M&E results framework is often inadequate, with insufficient baseline data and inappropriate indicators, as well as weak implementation and utilization of the M&E system. The progress reporting of outputs is generally fair, but the M&E of outcomes is weaker. For example, due to missing data, the quality of the project M&E design, implementation and utilization could not be evaluated for 15, 20 and 23 of the 2016 PCRs respectively. Improving project M&E performance remains a serious challenge for the Bank.

**PCR compliance score**

Although the PCR compliance is, on average, satisfactory, it exhibits substantial shortcomings in a number of areas including inadequate stakeholder participation in the PCR process, and evidential sources. The PCR compliance score averaged 2.8, which is low relative to the desired score of 4.0.

**PERFORMANCE OF THE 2016 AND 2017 PROJECTS**

As per the Bank’s PCR guidelines, the PCR validation of overall project performance is based on the criteria of relevance, effectiveness, efficiency and sustainability.

Based on results of the validated PCRs, overall project performance is generally satisfactory, and improving, as Figure 7 indicates. From Figure 7, project performance (at 82% rated satisfactory) is high, and exceeds the 2015 baseline of 77% of projects independently rated satisfactory and above as set by the Bank. The performance of African Development Fund (ADF) projects is also satisfactory and better, with 77% of the projects rated at least satisfactory, a performance that is better than the 2015 baseline of 63%.
Project performance is relatively strong on relevance, especially regarding project objectives, but weak on effectiveness. Compared to the 2015 baseline where 90% of projects delivered sustainable outcomes, project sustainability is low (73%), mostly as financial sustainability is unlikely.

**RECOMMENDATIONS FOR BANK MANAGEMENT**

The recommendations below are key extracts from the 2016-2017 PCR synthesis reports. They indicate that Bank Management should undertake three inter-related actions:

1. **Improve quality of project preparation and design by consistently ensuring that:**
   - a. Project cost estimates are accurate;
   - b. Project scope is appropriately tailored to borrower capacity;
   - c. Pre-investment studies and technical assistance are relevant and reliable; and
   - d. Cost-benefit analysis is complete and reliable.

2. **Strengthen project supervision/implementation support by focusing on:**
   - a. Improving quality of supervision reports -- they should address any major problem areas or strategic issues that may be of concern;
   - b. Consistently and effectively addressing financial sustainability of project outcomes and impacts.

3. **Continue and intensify efforts to improve the quality of project completion reporting by:**
   - a. Improving the Bank’s document management and retrieval database;
   - b. Ensuring the availability of PCR task managers to participate in PCR validation meetings with BDEV;
   - c. Collaborating with BDEV in revising the PCR template and project rating scales;
   - d. Enhancing Bank staff competencies, skills, and incentives for quality PCR preparation and reporting;
   - e. Ensuring that the outputs and outcomes from the appraisal report logical framework are the basis for the PCR unless there is an official revision to the project; and
   - f. Ensuring project M&E systems are set up at an early stage as standard practice.