Project Start-up delays

Lessons learned

Evaluation Week | 02 December 2020
Project Start-up Delays | Why it matters?

- Endemic problem affecting most public sector projects
- Contribute to cost overruns
- Increase borrowing cost
- Tie up resources for a long period
- Delay development outcomes and results
An average of 15 months from Approval to 1st Disbursement *

*Approved projects between 2013 and 2018
### Study methodology | 4 methods contributed to the study

<table>
<thead>
<tr>
<th><strong>Desk Review</strong></th>
<th><strong>Survey</strong></th>
<th><strong>Focus group discussions</strong></th>
<th><strong>Case studies</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Data on 742 Sovereign Investment Projects approved between 2013 and 2018</td>
<td>Survey targeting TMs working on sovereign Investment projects (~200 TMs)</td>
<td>FGD targeting Sectors and Regions working on sovereign Investment projects</td>
<td>Cameroon, Uganda, Senegal</td>
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</tbody>
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<thead>
<tr>
<th><strong>Scope</strong></th>
<th><strong>Objectives</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview on 1st disbursement lead-times by regions, countries and sectors</td>
<td>Overview on causes and key success factors related to start-up delays</td>
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<tr>
<td>Deep dive analysis on causes and key success factors in selected Regions and Sectors</td>
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Findings | Only 9% of projects disburse within 6 months

Proportion of disbursed projects*:
- **6m**: 9%
- **6m-12m**: 45%
- **1Y-3Y**: 96%

*Proportion of disbursed projects are based on Sovereign Operations approved between 2013 and 2018.
Findings | Only 17% of funding is disbursed within first 3 years

*Sovereign Operations approved between 2013 and 2018*
Findings | Start-up delays are major drivers of delayed completion

1ST DISBURSEMENT TARGET IS EXCEEDED BY ONE AND A HALF YEAR *

Target: 6 Months
1st disb. leadtime: 2 Years
Actual: +1Yr 6M

PLANNED DURATION EXCEEDED BY 3 YEARS *

Planned: 5 Years
Actual: 8 Years

*Completed projects between 2013 and 2018
## Lessons Learned | Lengthy parliamentary approval processes

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<thead>
<tr>
<th>Issues</th>
<th>Current practices</th>
<th>Best practices</th>
</tr>
</thead>
</table>
| Constitutional framework for Ratification  | In most RMCs, Parliaments have the legal authority to ratify loans before loans are declared effective | • Parliament oversight exercised through the annual budget approval process  
• Early engagement with Parliament committees to build support and ownership ahead of Board approval |
| Debt Management Committee Clearance         | Reforms introduced during the last decade to strengthen parliament’s oversight on debt sustainability | • Parliament oversight through annual borrowing ceiling set during budget approval process                                                   |
Lessons Learned | Critical bottlenecks to reach 1\textsuperscript{st} disbursement

- Preparation of bidding documents
- Setting up PIUs and Recruiting Project team
- Compensation, Resettlement and Concession arrangements
- Coordination challenges between participating states for Multinationals
- Preparation of preliminary and detailed design studies

\textsuperscript{1st} Disbursement Delays
Success factors | Best practices to reduce 1st disbursement delays

- Project design built on previous Bank intervention
- Technical and Feasibility Studies Pre-Financed ahead of Board Approval
- Procurement Package finalized and pre-financed of Board Approval
- Request for Advanced Procurement submitted by Government and authorized by the Bank
- Strong Country Ownership, Forward Planning and close coordination with Country Office
- Planning Workshop Facilitated by the Bank ahead of Board Approval
Lessons Learned

Bank internal tools need further enhancements

Enhanced readiness filters

Readiness checklist should be further strengthen to ensure greater emphasis on implementation readiness with particular attention to updated feasibility studies.

Country road maps

Identify and map all required steps specific to each country from approval to first disbursement. Measures addressing identified bottlenecks should then be considered.

Sector Disbursement profiles

Using historical data to chart a realistic disbursement profile by sector against which disbursement performance of each project will be measured.