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Content Outline

- What is Quality Assurance (QA) and why the focus?
- Bank’s QA Framework
- IDEV Evaluations of the AfDB’s QA Processes
- Evaluation Objectives and Questions
- Methodology & Evidence Base
- Findings
- Recommendations
- Outline of Bank’s Action Plan
What is Quality Assurance (QA) and why it is important?

The “Bank’s QA Framework” is conceived as the series of reviews that the Bank implements to ensure quality of the portfolio at each stage of the project cycle.

QA at the project level is one of the most important drivers of development impact. Project design and supervision are widely recognized as key determinants for achievement of results and organizational learning.

The QA framework underlines the Bank’s key performance indicators to effectively drive the implementation of the High 5s and to meet the objectives of the Ten Year Strategy (TYS). This notion places the Bank’s QA framework at the heart of Bank’s business.
**Bank’s QA Framework:**

**Quality at Entry:** Design, Regional Member Countries capacity, Preparation, Readiness

**Implementation Support:** Progress and Outcome Reporting

**Quality at Exit:** Timely development results, Lessons

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**Ten Year Strategy (TYS) objectives:**
- Inclusive growth
- Support to Green growth

- **High 5s:**
  1. Light up & power Africa
  2. Feed Africa
  3. Industrialize Africa
  4. Integrate Africa
  5. Improve the quality of life for the people of Africa
Recent IDEV Evaluations of AfDB’s QA Processes

Evaluation of Quality Assurance across the project cycle

Evaluation of the Bank’s self-evaluation function

Evaluation of the Environmental and Social Safeguards System

Quality at Entry Evaluation

Quality of Supervision and exit Evaluation

Bank’s QA Framework for Public Sector Operations

- **PCR**
- **Clearance by Sector Manager**

**Identification**
- **Technical Review / Initial Screening**
- **Project Brief**
- **Clearance by Sector Manager**

**Preparation**
- **Project Concept Note**
- **Peer Review**
- **Readiness Review**
- **Country Team Review**
- **Clearance by Country Team, Sector VP or OPSCOM**

**Implementation**
- **IPR/MTR**
- **BTOR/Aide Memoire**
- **Supervision Missions**
- **Clearance by Sector Manager**

**Approval**
- **Clearance by Board**
- **Loan Signature**
- **First Disbursement**

**Appraisal**
- **Project Appraisal Report**
- **Peer Review**
- **Readiness Review**
- **Country Team Review**
- **Clearance by Country Team, Sector VP or OPSCOM**

**Completion**
- **Country Strategy Paper**
- **Readiness Review for CSP**

**Programming**
- **Milestone**
- **Review**
- **Activity**
- **Clearance**
Bank’s QA Framework for Private Sector Operations

- XSR
- Clearance by Sector Manager
- ASR/PSR
- BTOR
- Supervision Missions
- Clearance by Sector Manager
- Country Strategy Paper
- Readiness Review for CSP
- Initial Screening
- Preliminary Evaluation Note
- Clearance by Deal Clearance Committee (DCC)
- Project Concept Note
- Peer Review
- ADOA Note
- Summary Credit Note
- Clearance by DCC and Country Team, Sector VP or OPSCOM
- Milestone
- Review
- Activity
- Clearance
Evaluation Objectives and Questions

Relevance

- To what extent is the Bank’s QA framework fit for purpose and aligned with comparators and best practices?

Effectiveness & efficiency

- To what extent has the Bank’s QA framework been applied as expected and in a cost-efficient manner?

- What are the key factors that have facilitated or constrained implementation of the QA processes?

- To what extent is the QA framework contributing to the achievement of Development Outcomes and organizational learning?
Methodology (1)

- Formative evaluation done in collaboration with management, without compromising independence;

- Utilization focused evaluation;

- Theory-based evaluation (Theory of change aligned with the evaluation matrix).

- Harmonized evaluation approach for the QaE and QoS evaluations + analysis of environmental and social safeguards practices.
Methodology: Theory of Change

Assumptions:
- Adequate country/borrower preparation and implementation capacity (Public Investment Management System or capacity of client to prepare and implement quality projects).
- Borrower’s commitment to project quality design and implementation.
- Conducive implementation context (absence of major economic, political or social crises).
- Clear guidance and standards for applying the QA framework.
- Coherent and integrated QA framework allows to use information generated at each project cycle phase to inform designs and implementation of new operations (learning feedback loops across the project cycle).
- Sufficient resources (time, money, staff, training and support) to implement QA framework.
- Sufficient Bank’s management ownership of QA output quality.
- Appropriate verification and enforcement mechanism in place.
- Adequate staff incentives to apply QA Guidance systematically.
Evidence Base

- 8 Comparator Reviews
- 200+ Stakeholder Interviews
- Literature Review
- Stakeholder Survey: 101 responses

5 Country Case Studies

Process Reviews

Best Practice Validation

QaE: 60 SOs; 50 NSOs
QoS: 83 SOs; 38 NSOs

QaE: 115 SO (85 IP, 35 PBO); 50 NSOs
QoS: 45 SOs; 22 NSOs

5 countries visited: Morocco, Senegal, Cameroon, Kenya and Zimbabwe

Evaluation Matrix and ToC

All public and private sector operations over UA 1 million during 2012-2017 (emergency operations only for Zimbabwe). Visits to 4 ADF countries and 1 ADB country.
Findings
Important project quality dimensions that predict performance

Selected findings and recommendations from the QaE Evaluation (2018)
Main QaE Dimensions
(IDEV Best Practice Validation Tool)

- **4 Key QaE Dimensions:**
  - Evaluability
  - Implementation Readiness
  - Economic and Financial Analysis
  - Project Risk Management

Average scores of ADF and ADB projects (1: low - 4: high)

<table>
<thead>
<tr>
<th></th>
<th>ADF</th>
<th>ADB</th>
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<tbody>
<tr>
<td>Evaluability</td>
<td>2.91</td>
<td>3.14</td>
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<tr>
<td>Implementation Readiness</td>
<td>2.34</td>
<td>2.71</td>
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<tr>
<td>Economic Analysis</td>
<td>2.43</td>
<td>2.63</td>
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<tr>
<td>Risk Management</td>
<td>1.33</td>
<td>1.1</td>
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N = 85 public investment projects (71 ADF, 13 ADB and 1 Blend)
Based on IDEV’s validation tool, 39% of ADF projects scored above the QaE threshold of 2.75. (69% for ADB projects)

Moderate improvement over the years.

QaE composite score of 2.75 indicates likelihood of 0.65 to be “high performing” (i.e. at least 70% progress against all planned outcomes).
Supervision quality dimensions assessed

Main issues addressed in the process review (performance areas- PA)

- Supervision frequency and quality compliance,
- Project Progress Monitoring and Results Reporting,
- Oversight and accountability,
- Risk Management
- Lessons Learning

<table>
<thead>
<tr>
<th>Performance Area</th>
<th>Satisfactory</th>
<th>Partially satisfactory</th>
<th>Unsatisfactory</th>
</tr>
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<tbody>
<tr>
<td>PA1_Quality of Supervision</td>
<td>42%</td>
<td>35%</td>
<td>23%</td>
</tr>
<tr>
<td>PA2_Quality of Results</td>
<td>40%</td>
<td>36%</td>
<td>24%</td>
</tr>
<tr>
<td>PA2_Performance Monitoring</td>
<td>40%</td>
<td>36%</td>
<td>24%</td>
</tr>
<tr>
<td>PA3_M&amp;E and reporting function working</td>
<td>50%</td>
<td>32%</td>
<td>18%</td>
</tr>
<tr>
<td>PA4_Follow up actions</td>
<td>55%</td>
<td>31%</td>
<td>14%</td>
</tr>
<tr>
<td>PA5_Credibility in rating</td>
<td>20%</td>
<td>39%</td>
<td>41%</td>
</tr>
<tr>
<td>PA6_Adherence to project classification methodology</td>
<td>49%</td>
<td>31%</td>
<td>20%</td>
</tr>
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N = 45 SOs
Important country and project factors that interact with the AfDB QA system for better results

**Country level:**
- Quality of budgetary management
- Capacity for Public Investment Management / capacity to identify, prepare, appraise, prioritize, resource and implement investment projects
- Fiduciary capacity

**Project level:**
- IDEV QaE composite score (evaluability and implementation readiness)
- Project complexity (multinational, fragile context, various PIUs, resettlement involved)
- Capacity of Project Implementation Unit (previous AfDB experience, track record & financial viability of the PIU, TA provided to strengthen the PIU)

**Project outcomes measured:**
- Time to effectiveness
- Time to 1st disbursement
- Implementation progress: disbursement ratio/proportion of planned implementation time elapsed (70% or better IP are considered good performance).
Overall Key Findings across the project cycle

Key findings about SOs

• Lack of project risk-based approval pathways and numerous sequential review steps.
• Readiness Review content not sufficiently targeted to key quality dimensions for project performance.
• Absence of a system to integrate risk management across the project cycle.
• Progress on portfolio monitoring, but project supervision not sufficiently proactive.
• Implementation Progress Report helped to reinforce results-focus, but limited mechanisms to ensure candid reporting.

Key findings about NSOs

• Good alignment of appraisal process with comparators, but evaluability and development outcome reporting need to be reinforced.
• Risk management needs to be strengthened further, especially credit risks and corporate risks.
• Risk-based approach to supervision is adequate, but decision points and timeline to address problematic projects need to be better defined.

• Learning: The quality of lessons is insufficient to ensure feedback and feed-forward loops across the project cycle – this hampers learning across the Bank Group, both for SOs and NSOs.
I. Addressing Challenges in Compliance

1. Strengthen the Indicative Operational Program (IOP) and resource allocation

- **Bank Group**
  - Project Briefs are not used systematically
  - PPF and TA resources are not used strategically and not sufficient for project preparation to ensure quality

- **Bank QA standards**
  - Project Briefs to be used to identify resource requirements
  - PPF and TA available

2. Ensure adherence to quality standards for supervision and completion

- **Bank Group**
  - Project launches and MTRs done, but not systematically
  - Supervision tools for SOs and NSOs can be streamlined
  - Supervision frequency improved for problematic projects -> also do for non-problematic SO projects
  - Challenges in mobilizing all the skills needed for supervision
  - Candor and credibility of reporting can be improved
  - Delays in submission of supervision and completion reports and validation

- **Bank QA standards**
  - Timely submission of reports and feedback
  - 100% coverage
  - Frequency of supervision is determined
  - Validation of supervision reports by managers
II. Distance to Best Practice

3. Increase the effectiveness and efficiency of the quality at entry review process

Bank Group
- Numerous sequential review steps, no risk-differentiation (except for certain NSOs)
- Limited PPF resources and quality enhancement support
- Limited contestability, independence and verification of the review process

Best Practice
- Single review meeting for QA inputs
- Separate approval pathway for low-risk operations
- Diversified PPF use and additional support
- Contestability, independence and verification of process emphasized

4. Reinforce proactive project management through supervision

Bank Group
- Limited adaptation of supervision to different types of operations and levels of risk (including the country context)
- Weaknesses in monitoring and reporting on outcomes (NSOs)
- Information management disconnect across the project cycle

Best Practice
- Proactive risk-based project management
- Differentiated supervision by project type and sector
- Support for outcome reporting
- Integrated management system across the project cycle
Recommendations (1)

QA Review process

- Streamline the review process on the basis of risk
- Strengthen the quality enhancement support
- Reinforce quality control mechanisms for supervision, reporting and follow-up

Quality of NSOs

- Reinforce evaluability and provide quality enhancement support
- Strengthen the verification of credit risks mitigation
- Leverage Technical Assistance to mitigate corporate governance risks

Organizational learning

- Review Project Completion Reports through formal validation meetings
- Adopt early planning of project completion through the last supervision mission to ensure appropriate resourcing and improved performance
Recommendations (2)

**Business development, planning and budgeting**

- Increase the total volume and maximum allocation of Project Preparation Facility resources and reduce transaction costs
- Enforce the use of project briefs and strengthen the criteria for Indicative Operational programme inclusion
- Improve Regional Member Countries readiness and capacity for Public Investment Management
- Develop an integrated and automated management information system across the project cycle

**Proactive project management**

- Promote a proactive approach to project supervision, according to project types and risk exposure
- Strengthen outcome reporting of NSOs with special supervision missions

**Staffing, Training, Incentives**
The Bank has launched the Quality Implementation Plan (2019-2021), addressing key issues raised by the evaluation in the following areas:

**Outline of Bank’s Action Plan**

1. **REINFORCING THE KNOWLEDGE OF OPERATIONS STAFF**
   - Operations academy

2. **IMPROVED PROJECT IDENTIFICATION AND PREPARATION**
   - Robust pipeline and IOP
   - Investing in project preparation

3. **HIGHER QUALITY AT ENTRY**
   - Efficient review process
   - Enhanced readiness review and peer review

4. **DELIVERY AND RESULTS**
   - Implementation support
   - Incentives and results reporting

5. **IMPROVED BUDGETING, PLANNING AND INFORMATION**
   - Improved planning and budgeting for operations
   - Strengthened information systems for operations
Thanks for your attention; Merci pour votre attention.

You may access the evaluation reports and the related documents on the IDEV website: www.idev.afdb.org

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