

OPER No: PE05-327S

Special Study

Assessment of TC Project
Completion Reports
(Regional)

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Evaluation Department
(EvD)



European Bank
for Reconstruction and Development

SPECIAL STUDY

PREFACE

This Evaluation Report

This is the 8th Assessment of Project Completion Reports (PCRs) that is performed annually by the Evaluation Department (EvD), and has been executed as part of EvD's 2005 Work Programme.

The Assessment takes a small selected sample of PCRs submitted over a one-year period and its purpose is to assess the quality of the PCRs, which are self-evaluation reports made by the Operation Leaders (OLs) for Technical Cooperation (TC) projects. The PCR Assessment 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 achievement, and lessons learned. The Assessment exercise is carried out as a desk study, and therefore does not benefit from comments from the Client and the Consultant.

The Assessment reviews project documentation, including PCRs, 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 Archives. Interviews with OLs were also carried out to clarify the issues stated in the PCRs and to discuss EvD's findings as necessary. The process of finalising the report included (i) discussions with the BD teams concerned, very similar to the process for other types of EvD reports; (ii) discussion with the Official Co-financing Unit; (iii) draft distribution to all relevant units within the Bank as called for under Chapter 8 of the Operations Manual. Comments received through these dialogues were considered when finalising the report.

The evaluation was carried out by Victoria Millis (Evaluation Analyst) under the supervision of Wolfgang Gruber (Senior Evaluation Manager) who are 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.

**SPECIAL STUDY
ASSESSMENT OF PROJECT COMPLETION REPORTS
(REGIONAL)]**

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SPECIAL STUDY
ASSESSMENT OF PROJECT COMPLETION REPORTS (REGIONAL)

ABBREVIATIONS

BAS	Business Advisory Services programme
BD	Banking Department
BIC	Business Information Centre
CSU	Consultancy Services Unit (EBRD)
DIF	Direct Investment Facility
ECG	Evaluation Cooperation Group
EvD	Evaluation Department
GPS	Good Practice Standards
IFI	International Finance Institution
MDB	Multilateral Development Bank
OCU	Official Co-financing Unit (EBRD)
OGC	Office of the General Counsel (EBRD)
OL	Operation Leader
OM	Operations Manual
OPER	Operation Performance Evaluation Review
OpsCom	Operations Committee
OT	Operation Team
PCR	Project Completion Report
PPF	Post-Privatisation Fund
RVF	Regional Venture Fund
TAM	Turnaround Management programme
TC	Technical Cooperation
TC Com	Technical Cooperation Committee
TCFP	Technical Cooperation Funds Programme
TOR	Terms of Reference
USD	United States Dollar
XMR	Expanded Monitoring Report

DEFINED TERMS

the Bank	European Bank for Reconstruction and Development.
the Operation Team	the staff in the Banking Department and other respective departments within the Bank responsible for the Operation appraisal, negotiation and monitoring, including the PCR.

Executive Summary

In accordance with the Bank's Operations Manual, Operation Leaders are required to carry out a mandatory evaluation of each completed Technical Cooperation (TC) assignment (self-evaluation process). The self-evaluation document prepared for this purpose is the project completion report (PCR). All PCRs are submitted to the Official Co-financing Unit, the Bank's custodian of TC resources. The Evaluation Department (EvD) carries out independent evaluations of TCs in the form of Operation Performance Evaluation Reviews (OPERs) or PCR assessments on either individual or clusters of TC operations. While an OPER requires a full-scale revisit of an operation (including field visits and technical consultant support), PCR assessments are independent desk studies conducted by EvD comprising 2-3 days' work and draw from resources (mainly operation files and Bank staff) available at the Bank's headquarters. This restriction puts a natural limit on the depth of analysis of each individual TC, and also on the selection of TCs for assessment.

This study comprises an evaluation of the results of the operations described in the PCRs. The objectives of this study are (i) to establish historic patterns of success/failure factors of TCs (ii) to extract lessons learned and to derive recommendation for the future. The population for the selection of PCRs was 149 PCRs submitted to OCU between 1 September 2004 and 31 August 2005. Frameworks and call-offs¹ were excluded, as were PCRs which were submitted by non-Banking departments; were related to TurnAround Management and Business Advisory Services programmes, Regional Venture Funds and Post-privatisation Funds; or were related to TCs which had already been evaluated by EvD within the context of larger studies. This left a population of 71, which was further restricted by the availability of staff and location of files, which for time and expense reasons had to be based in London. A sample of 20 PCRs was chosen with due consideration to representation of banking teams, sectors, countries of operations, donors and TC types. Given the restrictions listed above, the sample necessarily implies some compromise in relation to the overall population. There was also a bias towards selecting less successful projects, as these were thought likely to produce the most useful lessons. The sample should not be regarded as representative of the population.

Conclusions

The assessment arrived at a *successful* rating for the Bank's TC performance based on the given sample. Thirteen out of the 20 projects assessed were rated *successful* or better. It should be reiterated that the sample was not representative and in particular very old TCs were generally not assessed because of the difficulty of tracing files and staff. The cases selected consist mainly of projects which were approved, implemented and closed within a relatively short period: this in itself implies relatively well-run projects.

EvD agreed with the overall performance rating of the PCR in 12 out of the 20 cases. In 7 cases the PCR rating was lowered by EvD and in one case it was raised.

Highly successful projects were found to have certain features in common. Where there was a local client, a strong relationship between the consultant and the client allowed excellent knowledge transfer and cooperation to ensure that the objectives were achieved to the full satisfaction of all parties. A consultant with a broad understanding of the region and of transition issues could also contribute significantly to the success of an assignment.

¹ A framework is a group of linked assignments, known as "call-offs". Once approval has been obtained for the entire framework, simplified approval and monitoring procedures apply to the individual call-offs.

Lessons

Local conditions. One cannot assume that a project approach which is successful in one country will necessarily transfer successfully to another. In the case of public sector projects, the attitude of the authorities is a decisive factor. The TC Com submission should take full account of local conditions, including local regulations, which could affect the timely delivery of the project.

Close monitoring and co-ordination between the consultant, the Bank and the RO is essential to ensure progress is maintained and real-time appreciation of difficulties can be gained. Sufficient time and resources should be allocated to monitoring, including discussion of draft reports with the client. TC is regarded as a poor relation to investments, and it is difficult for an operation team to justify spending as much time as they would like on the monitoring of an assignment. This is unfortunate because such monitoring can greatly increase the effectiveness of an assignment and its input into an investment operation.

Consultant selection. Apart from a consultant's technical expertise, the success of a project depends on other qualities including: (i) experience in the region or in transition economies; (ii) experience of working with EBRD or other IFIs; (iii) in complex assignments, a number of experts may be required with the right mix of skills.

Contracts based on deliverables: Contract payments based on deliverables undoubtedly shifts risk onto the consultant and makes them more determined to make progress. In contracts for professionals such as legal advisers, where it is normal to pay by the hour or day rather than by deliverables, limits should be set on individual claimable items to keep a control on the overall cost. It should be made clear in the contract that errors made by the consultant should be corrected without charge.

It is important that management give a clear message to clients that TC assignments cost time and money and deserve the full attention of the beneficiary. Particularly in situations where the Bank has worked with a client over several years and experienced repeated cancellations of projects, consideration might be given to making further TC support recoverable from the client upon cancellation of the project.

TC training. Training should be made available to bankers and other project staff handling TC operations. The training would require input from OCU, CSU and Procurement so that it can cover the entire process including TC Com approval, obtaining funding procurement and consultant selection, administration and reporting.

Follow-up to TC Com. Following TC Com approval, an e-mail should be sent directly to OLS reminding them that they still need to confirm funding and submit a funding request form. Approaches to potential donors should take place in consultation with the operation team, to ensure that misleading information is not accidentally given by staff unfamiliar with the project.

PCR design. In 2004, a new evaluation policy was approved by EBRD's Board of Directors which, among other changes, introduced a 6-point rating system for most indicators. For this report, EvD moved to a 6-point rating system for fulfilment of objectives, local client's commitment, the Bank's performance, consultant's performance, contribution to the Bank's investment project, donor visibility and transition impact. EvD recommends that OCU adopt the same rating system in the PCR template for the future.

SPECIAL STUDY

ASSESSMENT OF PROJECT COMPLETION REPORTS (REGIONAL)

1. INTRODUCTION

1.1 BACKGROUND

TC funding is a substantial resource input for the Bank and instrumental in the preparation and implementation of investment operations. From the establishment of the Bank's Technical Cooperation Funds Programme (TCFP) to the end of 2005, almost €1,168 million has been committed by donors, of which €1,014 million has been committed to 3,995 individual projects and €62 million has already been disbursed. This funding under the TCFP is made available by donors, mainly shareholders of the Bank.

Generally, evaluation scrutiny comprises a mandatory self-evaluation process for all completed operations and, on a sample basis, an independent evaluation process through the Evaluation Department (EvD). The purpose of evaluation is twofold. In compliance with the Bank's fiduciary obligation towards its shareholders and fund providers, evaluation serves accountability and quality management aspects alike: achievement of objectives and obtaining value for money, on the one hand, and retrieving of lessons learned from past experience for dissemination and feed-back to benefit future activities, on the other hand. For further information on general evaluation aspects reference is made to EvD's 2004 "Evaluation Policy Review" and the "Evaluation Function at the EBRD" documents.

In accordance with the Bank's Operations Manual (OM), Operation Leaders (OLs) are required to carry out a mandatory evaluation of each completed technical cooperation (TC) assignment (self-evaluation process). The self-evaluation document prepared for this purpose is the project completion report (PCR). All PCRs are submitted to the Official Co-financing Unit (OCU), the Bank's custodian of TC resources.

It is within the mandate of EvD to carry out independent evaluations on a sample of such self-evaluated TC assignments. The independent evaluations are carried out in the form of Operation Performance Evaluation Reviews (OPERs) or PCR assessments on either individual or clusters of TC assignments. While an OPER requires a full-scale revisit of an assignment (including field visits and technical consultant support), PCR assessments are desk studies comprising 2-3 days' work and draw from resources (mainly assignment files, Bank staff) available at the Bank's headquarters. This restriction puts a natural limit on the depth of analysis of each individual TC, and also on the selection of TCs, as described below.

This study comprises an evaluation of the results of the assignments described in the PCRs. The objectives of this study are (i) to establish historic patterns of success/failure factors of TCs (ii) to extract lessons learned and to derive recommendations for the future.

2. EVALUATION FRAMEWORK

2.1 SUMMARY OF SAMPLE SELECTION

The population for the selection was 149 PCRs submitted to OCU between 1 September 2004 and 31 August 2005. Frameworks and call-offs¹ were excluded, as in recent years. It is seen as unproductive for EvD to embark on an exercise of comparing framework agreements with regular TCs, as frameworks should be seen – and evaluated – as funding tools rather than a delivery tool.

¹ A framework is a group of linked assignments, known as "call-offs". Once approval has been obtained for the entire framework, simplified approval and monitoring procedures apply to the individual call-offs.

The individual call-offs would be the delivery tools, but they only receive brief summary ratings in PCRs and are not reported on in sufficient detail to form the basis of a meaningful PCR assessment.

Also removed were PCRs which:

- were submitted by non-banking departments;
- related to the TurnAround Management and Business Advisory Services programmes, Regional Venture Funds and Post-privatisation Funds – because these are reported on in a different format and are therefore not comparable; or
- related to TCs which had already been evaluated within the context of larger studies (for example this year's Special Studies on the Mongolia Fund and DIF).

This left a population of 71 PCRs. Further restrictions were imposed by the location of the operation files, which for time and expense reasons had to be based in London, and the availability of an OL or other team member who had been involved in the original project, preferably from approval stage onwards.

A sample of 20 PCRs was chosen with due consideration to the requirements: the sample had to represent the PCRs completed by the banking teams convincingly. Therefore, a stratified screening process was applied, in order to ensure an adequate representation of banking teams, sectors, countries of operations, donors and TC types (project preparation, project implementation, advisory). Given the restrictions listed above, the sample necessarily implies some compromise in relation to the overall population. There was also a bias towards selecting less successful projects, as these were thought likely to produce the most useful lessons. The sample should not be regarded as representative of the population.

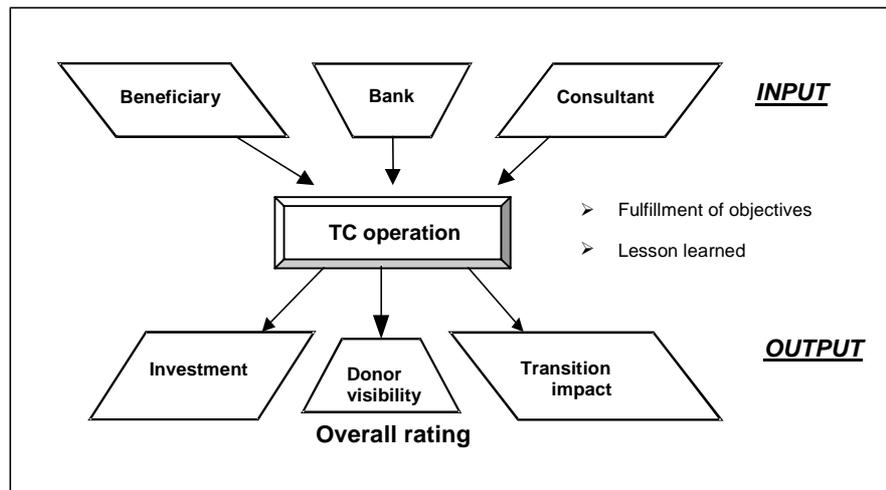
Appendix 1 lists the 20 TC cases that were selected for the PCR assessment, and Appendix 2 shows its distribution by above mentioned five criteria.

2.2 SUMMARY OF SAMPLE SELECTION

The methodology basically follows that already developed in EvD's expanded monitoring report assessment format. The use of this approach was thought to be most appropriate, as EVD's intention was to harmonise the investment/TC evaluation methodologies as much as possible. The focus of evaluation is not so much on procurement aspects as on performance aspects, which directly contributed to the success of the overall TC.

The PCR assessment is primarily concerned with information provided by teams in the Banking Department (BD) related to the following elements:

Figure 1



The assessment of these elements was made by reviewing TC project-related documentation, such as PCRs, OpsCom documents, terms of reference (ToR), consultant proposals, evaluation reports, consultant reports, and correspondence with the parties involved. These documents were obtained from the respective OLs and also through OCU, Business Information Centre, and Archives. Additionally, consultation with OLs was performed to clarify the issues stated in the PCRs and to discuss the findings in general. The rating for each assessment element was given by both OLs (often an implied rating) and EvD, followed by EvD comments. The template used for the assessment of individual PCRs can be found in Appendix 3.²

3. OVERALL RESULTS OF THE PCR ASSESSMENT

Overall ratings of the respective PCR assessments are summarised in Table 1 below. They range from *Unsuccessful* (lowest) to *Highly Successful* (highest).

² Assessment sheets for individual cases are available on request from EvD as additional documents.

Table 1: List of overall ratings

Team name	Number	Commitment name	Overall rating	
			PCR	EvD
Central Asia	1	TSA Air Fleet Upgrade Project	Highly successful	Successful
Financial Institutions	2	Regional - Anti-money Laundering pilot seminars	Successful	Successful
	3	Russian Federation: Trade Finance Advisory Services	Highly successful	Highly successful
	4	Unionbank: Institutional Development - Credit Advisor	Successful	Highly successful
Group for Small Business	5	Kyrgyzstan MSE Facility - Legal Fees Framework	Successful	Successful
	6	Microfinance Bank of Romania	Successful	Partly successful
Infrastructure Front Office	7	St Petersburg Flood Protection Barrier - Cost Recovery Study	Partly successful	Partly successful
Municipal and Environmental Infrastructure	8	Sofia Parking Project: Parking Strategy and Action Plan	Partly successful	Partly successful
	9	Preparation of Management contract in Kherson	Partly successful	Unsuccessful
	10	Khujand Water Supply - Stakeholder Participation Study	Highly successful	Successful
Power and Energy	11	Consulting Services for Macedonia Transmission Line Project	Successful	Successful
	12	Hungary-Romania Transmission Link	Highly successful	Highly successful
	13	Assistance to KESH Management	Successful	Successful
SEEC	14	Maralik Financial Due Diligence	Successful	Successful
Telecommunications, Informatics and Media	15	TajikTelecom: Regulatory Frame Work Development Programme II	Successful	Successful
Transport	16	Russian Federal Airports: Project Preparation Assistance	Unsuccessful	Unsuccessful
	17	Development of Public Passenger Rail Services in the Lower Silesia Province (Dolny Slask Voivodship)	Successful	Successful
	18	Gazzi Mammed - Kyurdamir Road : Revisions to Designs	Highly successful	Successful
	19	Baltic Ports Development Project	Partly successful	Unsuccessful
	20	CEI Romanian Railways Cooperation Project - Project Preparation and Implementation	Successful	Partly successful

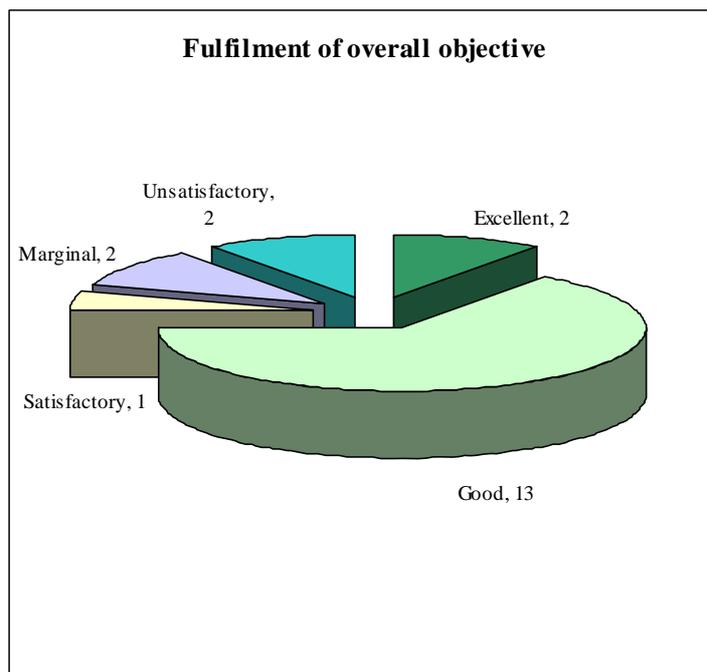
It should be noted that the ratings also depend on uncontrollable factors from the OL's point of view. Uncontrollable factors are mainly related to the political and social/economic situations in the recipient countries. OLs tend to exclude these factors from their self-evaluation. This can result in a more rosy assessment than the actual outcome. To assess the overall value for money aspect of the TCs, EvD took into account the uncontrollable factors as well as the controllable factors. As a result, 7 cases were downgraded.

4. SUMMARY RATINGS

The results pertaining to individual assessment items are discussed in detail below.

4.1 FULFILMENT OF OVERALL OBJECTIVES

Sixteen of the 20 projects achieved a *satisfactory* or better rating for fulfilment of the overall objective. Four were less than satisfactory: in two cases this resulted from the withdrawal of government support necessary for the investment operation to proceed; in both these cases the TC was cancelled promptly to preserve TC funds. In another case the performance of the consultant was unsatisfactory (see below) and in one case the consultant's due diligence in the early part of the assignment rendered the latter part irrelevant.



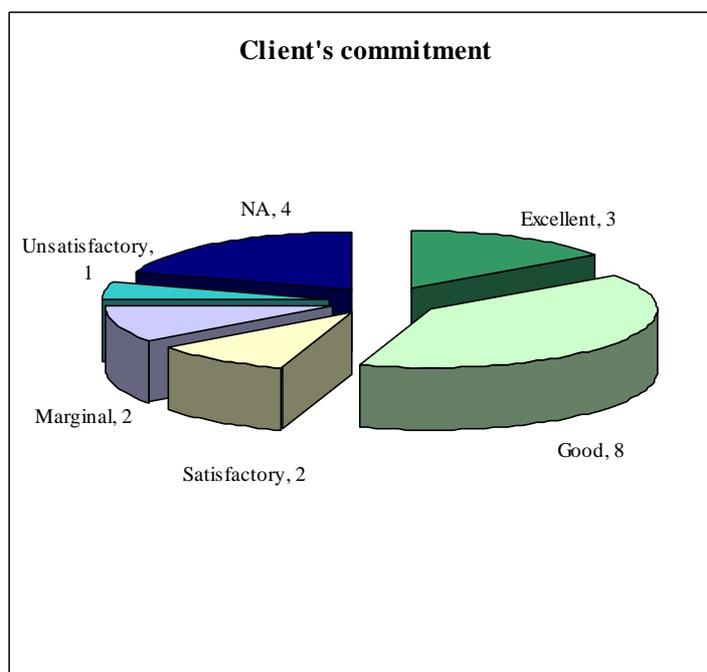
The two assignments rated *excellent* for fulfilment of the overall objective produced clear and measurable results which confirmed the achievement. One of the projects was management support to a bank, which not only implemented new management systems and procedures, but strongly outperformed its targets in terms of growth and portfolio credit quality. The other assignment was training for local banks in trade finance, and the results were clear in terms of the competence of staff interacting with EBRD and also expansion of the trade finance portfolios of banks after receiving training.

Some OLs commented that the format of the PCR was confusing in this section, requiring first a primary objective, then secondary objectives and finally services to be provided. It was difficult to reconcile these three sections to the ToR's two sections: objectives and scope of services. At the same time, the PCR format does not require the OL to comment systematically on the fulfilment of each objective or task as defined in the TOR.

4.2 PARTICIPANTS' PERFORMANCE

4.2.1 Local client's commitment

In four cases, there was no local client and the Bank was the beneficiary. Of the remaining 16 projects, three failed to reach a *satisfactory* level on this indicator, all municipal projects. In one case, the withdrawal of government backing, which led to the non-achievement of objectives (see above), caused the client, the local municipality, also to lose interest. In a second municipal project, the local client was not the municipality, which stood to gain most from the assignment and remained committed, but the national government which had other priorities. The third case



involved a change of administration, and hence of priorities, in the municipality.

These results reflect a risk in public sector projects linked to a change of the administration or its focus. When dealing with municipalities, it is often the case that the central government holds a veto, usually through control of the budget needed for the project, and it is easy for the interests of central and local government to diverge.

A further four projects faced problems or failed to lead to an investment project through a withdrawal of the public sector sponsor. Two of these failed to achieve their objectives; the others are regarded as having achieved some lasting effect despite their problems. Two of the cases involved a change of government or responsible minister, and the other two the withdrawal of budget support by the government for a local project.

In contrast, the most successful projects among the group all experience very good or excellent commitment from the client. The client's active involvement in the TOR design was cited by several OLS as an important factor in securing their support for the project.

There were several lessons relating to client Commitment, and frequently the frustration of the project team was clear, when a successful TC project and substantial EBRD resources were lost with the withdrawal of government support. The key lessons are summarised below:

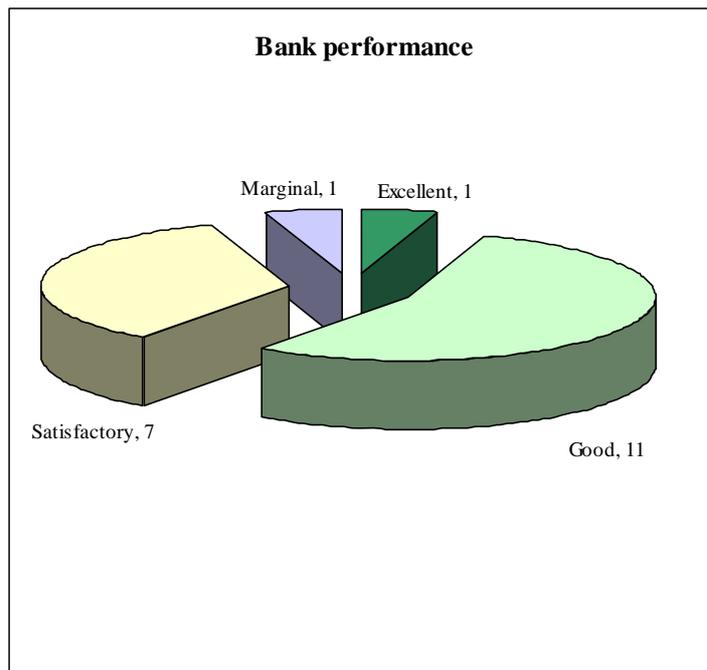
- **The need to convince recipients of the importance of a TC assignment.** It is important that management gives a clear message to clients that TC assignments cost time and money and deserve the full attention of the beneficiary. The decision in the case of one project not to demand the break-up fee does not give a strong message about the importance EBRD attaches to its TC programme.
- **Creating levers to enforce compliance by governments.** Despite obtaining written commitments from the government confirming its intention to implement reforms, actions by individuals can frustrate and delay progress. Greater consideration should be given to including reimbursable penalties if progress is not made as it was envisaged and agreed. The policy dialogue with the local authorities during project preparation should include adequate and realistic penalties.
- **Binding central government to avoid implementation problems.** EBRD should explore ways of binding central governments into proposed projects which depend on their approval or funding. In one case the government was not a signatory to any agreement with EBRD as the client was the Voivodship (regional government). Where the government plays such an important role in deciding whether a project can proceed, it should be included in the formal project agreements.

A number of other lessons emerged giving practical guidance on dealing with the client. These included the following:

- **Capacity to supply information.** Project teams should evaluate the level of clients in terms of their ability to supply information and data required and schedule the TC accordingly.
- **Involving senior management of the client.** Working closely with senior management of the client to develop the TOR ensured their commitment to the project.
- **Put responsibility where it belongs.** In this case, the city, not the client, will be responsible for cost recovery for operations and maintenance. As such the assignment should have required the client to involve the city more.

4.2.2 The Bank's performance

As in previous years, it was found that operation teams were less critical of the Bank's performance than of other aspects. One project was rated less than satisfactory for Bank performance, and another two showed some deficiencies which were redeemed by a good performance in other areas of bank handling. In two cases there was a deficiency in the preparation of the project: a poorly selected project in one case and a severe case of appraisal optimism in the other. In both cases the team should have been aware of local conditions which would have made the project as proposed very unlikely to achieve all its objectives. In one of these projects, the selection of the consultant also showed a lack of transparency,



though the performance of both team and consultant was good once the project as running, and it finally achieved many of its objectives and prepared the ground for the remainder to be achieved later. Administrative issues also affected the third troublesome case, where repeated extensions of the contract were approved late, preventing TC Com from having any input into the design of the extensions.

Although OLs were reluctant to criticise the Bank's performance, a number of lessons were proposed on how assignments could be better managed in future. Unsurprisingly, several OLs commented on how other parts of EBRD could improve their procedures. Some teams revealed a degree of confusion over the procedures for TC administration, particularly the process of obtaining funds. More than one team noted that the most straightforward approach was to approach Board offices directly, but also commented that they did not feel that this was encouraged by OCU.³ Another OL commented that bankers were not experienced in selecting consultants and she would appreciate more professional support in this area, at least for very large assignments. Some lessons from this area are shown below:

- **Timely approval of assignments.** EBRD must ensure that TC Com has the opportunity to review assignments before the event. Introducing extensions retrospectively prevents TC Com having any input into the design of the assignment. It does not send a good signal to the beneficiaries or to the donor in terms of the importance EBRD attaches to the correct administration of TC funds.
- **Awareness of local conditions.** The TC Com submission should take full account of local conditions, including local regulations, which could affect the timely delivery of the project. In this case, a greater awareness of the difficulties presented by the Romanian banking sector could have been reflected in the TC Com submission, allowing the objectives to have been set more modestly and the possibility of additional TC requirements indicated at the start.
- **Cooperation between operation team and OCU.** The process of obtaining funds for an approved TC project runs more efficiently when the operation team works closely with OCU and is involved in approaches to potential donors. Some of the confusion and delays experienced in obtaining

³ OCU has commented that they do encourage direct contact between banking teams and directors' offices, but need to be kept informed of any such contact and its outcomes.

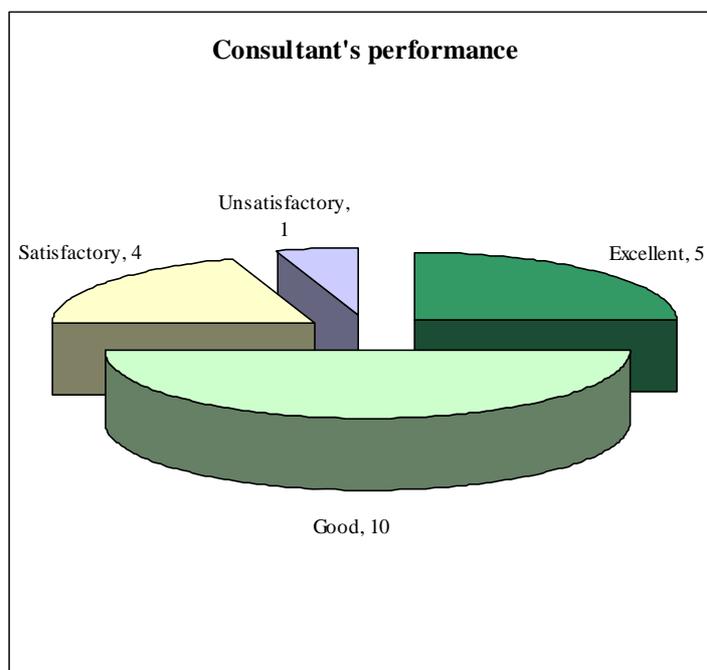
funding for this assignment could have been avoided through a team member, with in-depth knowledge of the project, speaking directly to potential donors at an early stage. In more recent projects the team has taken this approach, working alongside OCU, and funding has been obtained more quickly.

- **Procedures for selection of consultants.** In the case of large TC assignments, or linked assignments totalling a large amount, the Bank could consider allowing the OL to interview consultancy firms tendering for the contract or even take additional expert advice on consultant selection. While this begins to look overly complicated, it may be worth the extra time and money where the total amount of TC at risk is high.
- **Allocation of time and resources.** More time and resources should be allocated to discuss draft reports with the client. TC is regarded as a poor relation compared to investments, and it is difficult for an operation team to justify spending as much time as they would like on the monitoring of an assignment. This is unfortunate because such monitoring can greatly increase the effectiveness of an assignment and its input into an investment operation.
- **Flexibility of the Bank.** The flexibility shown by the Bank in allowing direct selection of the consultant and a non-material change to the budget after TC Com approval enabled the Assignment to go ahead without unnecessary delays.
- **Suspension and cancellation of TC.** In cases where the investment operation is cancelled or changes so that the project preparation TC is no longer relevant, swift action to suspend or cancel the contract can prevent the waste of substantial amounts of TC funding. However, it must be borne in mind that such early termination also prevents any benefit that might have resulted from the TC. If the potential benefits of the assignment could be applied more broadly (which was not the case here) then greater value may be derived from allowing it to continue to production of a final report.

4.2.3 Consultant's performance

There was a high level of satisfaction with the performance of consultants. Indeed, it was clearly a source of regret to operation teams when a very high quality consultancy assignment was largely wasted through the cancellation of the investment operation. Several OLS noted that they or the client kept the consultant's final report to refer to, even despite the cancellation of the project, because of its high quality analysis of the sector or topic. In at least three of the five *excellent*-rated cases, the operation team explicitly commented on the consultant's experience in the region which combined with their technical skills to give a particularly good result. Only one project had consultant's performance rated less than satisfactory.

This did not result from failings on the part of the individual experts or a lack of technical knowledge of the team, but from the fact that the consultancy company was taken over by another company part-way through the assignment and suffered a serious loss of focus because of this.



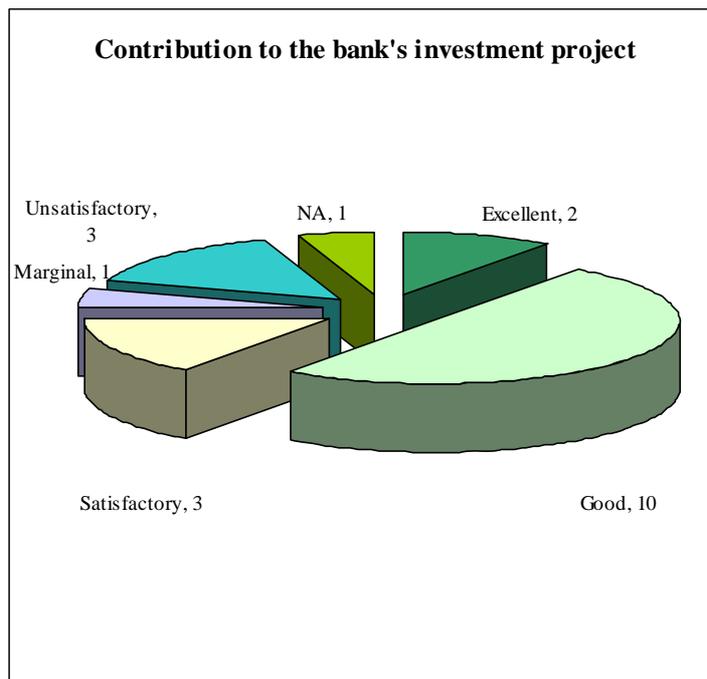
There were several lessons advising that well-written TOR, selecting the right consultant and monitoring closely were the keys to success. An important point mentioned by at least three teams was to consider the consultant's experience in the region or with transition environments; in the case of a team of experts, the team leader should have the political skills to handle local counterparts and authorities.

- **Client involvement in selection of consultants.** Selection of the right consultant is an absolute key for the success of an assignment. In this case, the EBRD ensured that the client met the short listed consultants and could discuss the action plan with them, in order to ensure that the selected consultant had the right knowledge base and shared a common approach with the client.
- **Consultants' understanding of the region.** A well selected consultant may bring experience and expertise which extends beyond the technical requirements. A consultant with an understanding of the region or of the process of transition can add an extra dimension to a project.
- **Consultant change of ownership.** CSU should consider including a clause in the standard contract, allowing the Bank to amend or terminate the contract in case of a change of ownership of the consultant.
- **Project manager.** Ensure that the client's project manager has the necessary legal/technical support for assignments that involve various disciplines (financial, procurement, legal) to ensure that their input adds value to the assignment.
- **Payment limits.** In contracts for legal advisors, where it is normal to pay by the hour or day rather than by deliverables, limits should be set on individual claimable items to keep a control on the overall cost. It should be made clear in the contract that errors made by the consultant should be corrected without charge.
- **Contract payments based on deliverables.** Contract payments based on deliverables undoubtedly shifts risk onto the consultant and in this case seemed to make them even more determined to make progress.

4.3 TC CONTRIBUTION AND TRANSITION IMPACT

4.3.1 Contribution to the Bank's investment project

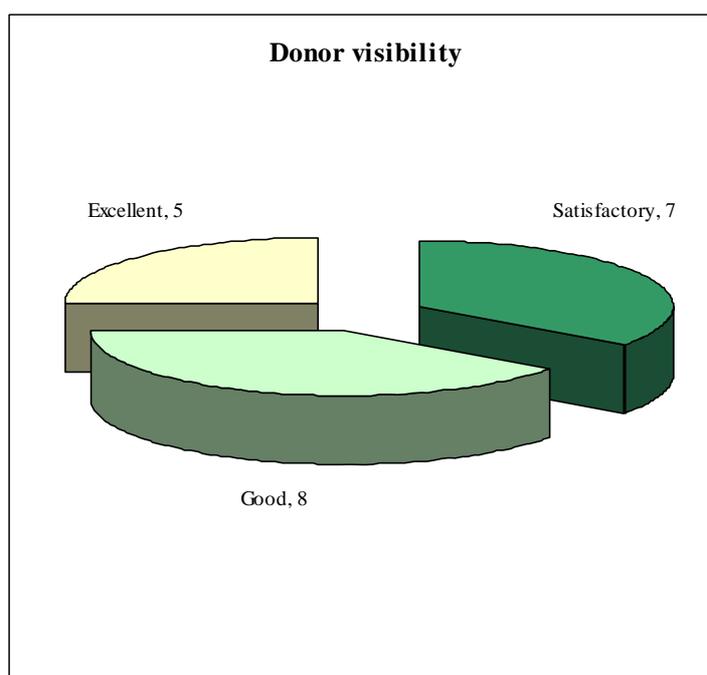
All but one of the TC assignments assessed related directly to an investment operation. In rating this aspect, the following points were considered: (1) did the TC lead to a signed investment operation; (2) was it a necessary part of the preparation, or did it enhance the implementation of the investment; (3) if the investment did not go ahead, was there an output from the TC which could have a wider use. The TC described in section 4.1 above which did not fulfil its objectives because the consultant's research showed the concept to be flawed, was nevertheless rated highly for its contribution to the investment project as it led to a substantial re-working of the operation.



Four projects had a less than satisfactory outcome for this aspect. Two of the TCs were cancelled before completion when it became clear that for wider political reasons the investments would not go ahead. Another ran full course but the investment was cancelled through government inaction immediately afterwards and is unlikely to be revived. One project, also rated *unsatisfactory* for consultant performance, failed to make an adequate contribution because the work was not completed satisfactorily.

4.3.2 Donor visibility

Donor visibility was *satisfactory* or better in all cases. There are now fairly standard procedures to ensure that the donor is kept informed and is credited in reports to the Board, the client and others. It is also common for the donor to be invited to send representatives to signing ceremonies. Some projects lend themselves more easily to high donor visibility. A power sector TC assignment in Albania for example formed part of a large international assistance effort, and donor visibility could be ensured through consultant presentations at international donor conferences. On a more local scale, two projects involved training schemes for local bankers, which allowed the source of funds to be made known to a large number of client banks.



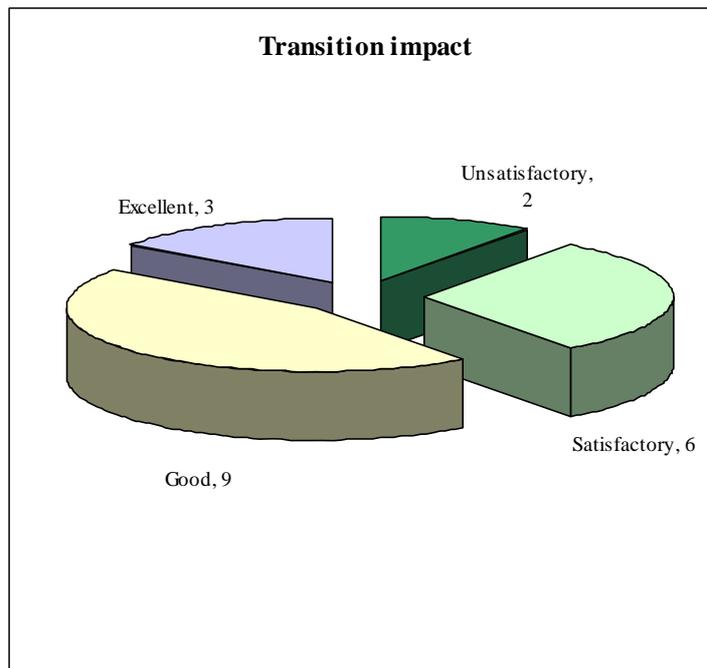
In some other projects the team put particular effort into keeping donors informed, which they found to pay off when requesting funding for further projects. In one case, a particularly

enterprising consultant attended the annual conference of a client bank and managed to appear on local television.

4.3.3 Transition impact

In assessing the transition impact of a TC, the team looked principally at the direct impact of the TC itself, often in terms of knowledge transfer. Some consideration was also given to the TC's contribution to transition impact achieved by the related investment operation.

Two of the projects assessed had *unsatisfactory* transition impact. These were both cases where the linked investment was cancelled. One of the TCs was also cancelled early, and the other did not achieve its objectives because the client lost interest during the period of the assignment as it became apparent that the investment would not go ahead.



The projects with excellent transition impact all had a very strong achievement in themselves, independently of the related investment operations. One was the preparation of a stakeholder participation study for a water project in Central Asia. This was the Bank's first water project in such a low-income country and the participation of interested parties was critical to financial sustainability by ensuring that consumers would be prepared to pay the higher tariffs. It was also the first stakeholder participation project in the country and set new standards for transparency. The other two projects with excellent transition impact involved consultants providing management support for banks. One, in Bulgaria, supported a successful equity investment which has been partly sold to a foreign investor. The investor's due diligence raised no issues of concern, reflecting the success of the TC in improving corporate governance and internal systems. The third project with excellent transition impact achieved important changes in the central bank's regulation of micro, small and medium-sized enterprise lending and has provoked enquiries from other local banks interested in establishing SME lending portfolios.

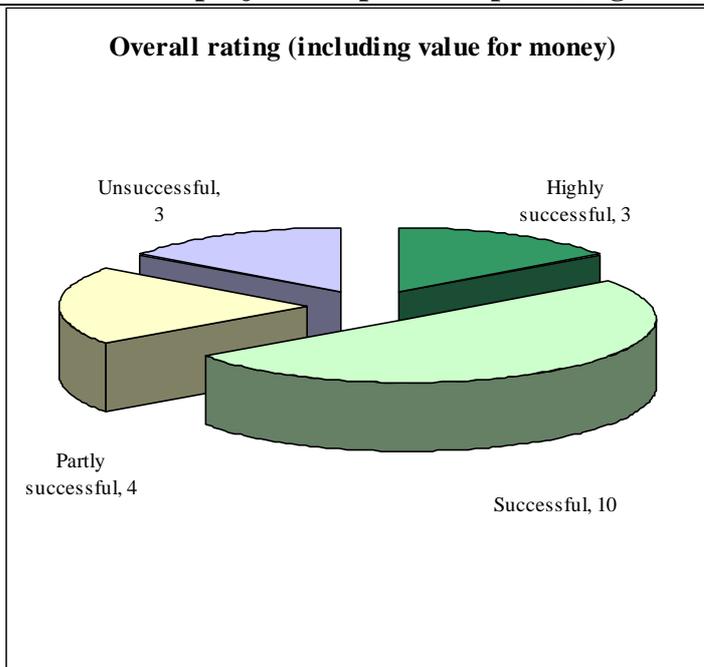
4.4 OVERALL RATING (INCLUDING VALUE FOR MONEY)

The overall rating was derived from the individual indicators presented above. Thirteen out of the 20 projects assessed were rated *successful* or better. It should be reiterated that the sample was in no way representative of the population of PCRs submitted in the year September 2004 to August 2005. In particular, very old TCs were generally not assessed as it was considered likely that files would be difficult to obtain and staff with a recollection of the project would have left the bank. The cases selected consist mainly of projects which were approved, implemented and closed within a relatively short period: this in itself implies relatively well run projects.

Highly successful projects have certain features in common. Where there was a local client, a strong relationship between the consultant and the client allowed *excellent* knowledge transfer and cooperation to ensure that the objectives were achieved to the full satisfaction of all parties. A consultant with a broad understanding of the region and of transition issues ensured the success of

one of these projects. In this case the OL had chosen to select the consultant from a shortlist although direct selection would have been permitted, and this achieved its aim of ensuring the best possible quality of consultant.

The performance of the consultant was also responsible for one of the projects rated *unsuccessful*. In this case the consultant failed to achieve the objectives, to the extent that a further consultancy assignment was required to complete the task. The other two *Unsuccessful* projects were both cancelled before the completion of the TC assignment due to the withdrawal of government support.



4.5 LESSONS LEARNED

The operation teams generated 30 lessons learned in the PCRs, and a further 19 were added by EvD following discussion with the OL. The full list of lessons learned is presented in Appendix 4. Eighteen related to the selection and monitoring of consultants; these included drafting the TOR and payment terms so as to ensure the consultant's commitment and achievement of objectives. A further 14 lessons related to other aspects of the Bank's performance; these included the design of the project to take account of local conditions, involving the resident office in monitoring, ensuring client commitment through high level contacts, allocating adequate resources (mostly staff time) to monitor the assignment, and issues relating to the smooth running of the process of obtaining TC approval and funding.

The other large group of lessons related to client commitment. A further ten, apart from those also included in the groups above, included proposals to bind clients into the project through recoverable TC, ensuring that interested parties other than the client are also brought into project agreements, and paying attention to the ability of the client to provide input when scheduling the assignment.

The remaining lessons were either very general or project-specific and not easily transferred to other operations.

5. OVERALL REVIEW RATING

As supported by sections 3 and 4 of this study, this assessment arrived at a *successful* rating for the Bank's TC performance based on the given sample.

6. KEY ISSUES AND RECOMMENDATIONS

6.1 DUE DILIGENCE AND OPERATION DESIGN

In at least two projects, a failure to take full account of local conditions caused the project to suffer delays or be unsuccessful.

Lesson learned:

Local conditions. One cannot assume that a project approach which is successful in one country will necessarily transfer successfully to another. In the case of public sector projects, the attitude of the authorities is a decisive factor. The TC Com submission should take full account of local conditions, including local regulations, which could affect the timely delivery of the project. Objectives as presented to TC Com should be set realistically in light of such conditions, so that the possibility of additional TC requirements can be taken into account from the start.

6.2 MONITORING

A recurring theme was the importance of monitoring consultants closely to ensure that arising problems are tackled early. Such monitoring is made easier by a TOR setting out a clear set of deliverables and deadlines, by clear lines of reporting for the consultant and, where applicable, by the involvement of the resident office in the project.

Lesson learned:

Close monitoring and coordination between consultant, the Bank and the RO is essential to ensure that progress is maintained and real-time appreciation of difficulties can be gained. Sufficient time and resources should be allocated to monitoring, including discussion of draft reports with the client. TC is regarded as a poor relation compared to investments, and it is difficult for an operation team to justify spending as much time as they would like on the monitoring of an assignment. This is unfortunate because such monitoring can greatly increase the effectiveness of an assignment and its input into an investment operation.

6.3 CONSULTANT

The study again produced the same lessons as in previous years, that the success of an assignment depends largely on selection of the right consultant, careful drafting of the TOR and close monitoring.

Lessons learned:

Consultant selection. Apart from a consultant's technical expertise, the success of a project depends on other qualities including: (i) experience in the region or in transition economies; (ii) experience of working with EBRD or other IFIs; (iii) in complex assignments, a number of experts may be required with the right mix of skills.

Contracts based on deliverables: Contract payments based on deliverables undoubtedly shifts risk onto the consultant and makes them more determined to make progress. In contracts for professionals such as legal advisors, where it is normal to pay by the hour or day rather than by deliverables, limits should be set on individual claimable items to keep a control on the overall cost. It should be made clear in the contract that errors made by the consultant should be corrected without charge.

6.4 CLIENT

Five of the assignments assessed did not lead to the expected investment operation because of a change of policy or withdrawal of support at national or local government level. Two more encountered problems connected with a lack of commitment from the client. In one case, the project was the latest in a series dating back to the 1990s, all of which had fallen victim to economic or

political problems in the host country. Several OLs expressed the view that TC funds would continue to be wasted in this way as long as recipients were not made aware of the cost, in EBRD time and donors' money, of such TC assignments. In one case the contract did include a break-up fee, but this was not charged by the Bank which hoped to maintain its relationship with the client on other projects.

Lesson learned:

It is important that management give a clear message to clients that TC assignments cost time and money and deserve the full attention of the beneficiary. Particularly in situations where the Bank has worked with a client over several years and experienced repeated cancellations of projects, consideration might be given to making further TC support recoverable from the client upon cancellation of the project.

6.5 TC ADMINISTRATION

Some operation teams found the TC approval and administration system opaque and difficult to navigate. While procedures for obtaining TC Com approval are now well understood, more than one team lost time between TC Com approval and consultant selection because they either did not realise that they had yet to obtain funding, or because they did not get sufficiently involved in that process. One OL commented that he felt bankers were discouraged from approaching Board Directors' offices directly, although experience had taught him that this was the best approach. One project was delayed when the funding request was presented to donors in a form which implied that one donor was required to fund an entire programme, when in fact the assignment was split into smaller, more easily funded parts. Three OLs commented that having gone through the process they now understood what was required, but when dealing with the TC under assessment they did not have the experience and did not know how best to proceed. One OL would have appreciated more advice on how to select a consultant – not in terms of procedure, but guidance on what to look for in a consultant. Some teams concentrate TC handling among particular staff who build up expertise, while others leave it to individual bankers to deal with their own TCs and pass on experience in an informal way.

Lessons learned:

TC training. Training should be made available to bankers and other project staff handling TC operations. The training would require input from OCU, CSU and Procurement so that it can cover the entire process including TC Com approval, obtaining funding procurement and consultant selection, administration and reporting.

Follow-up to TC Com. Following TC Com approval, an email should be sent directly to OLs reminding them that they still need to confirm funding and submit a funding request form. Approaches to potential donors should take place in consultation with the operation team, to ensure that misleading information is not accidentally given by staff unfamiliar with the project.

6.6 PCR DESIGN

In 2004, a new evaluation policy was approved by EBRD's Board of Directors which, among other changes, introduced a six-point rating system for most indicators. This brought evaluation at EBRD into line with the Good Practice Standards (GPS) for private sector evaluation of the Evaluation Cooperation Group (ECG), a group of representatives of evaluators from several multilateral development banks charged with harmonising the evaluation policies and procedures of those institutions. Although the GPS apply to private sector evaluation, it is expected that, at least in regard to rating systems, a similar approach will be taken by the ECG in developing the GPS for public sector and TC evaluation. In addition, both evaluators and OLs have expressed the difficulty

on occasion of deciding between *good* and *marginal* in a 4-point rating system. This issue was raised again this year during meetings with OLs to discuss the individual TC operations. For this report, EvD moved to a 6-point rating system for fulfilment of objectives, local client's commitment, the Bank's performance, consultant's performance, contribution to the bank's investment project, donor visibility and transition impact. The six possible ratings were: *excellent*, *good*, *satisfactory*, *marginal*, *unsatisfactory* and *highly unsatisfactory*. For transition impact, the *highly unsatisfactory* rating was replaced by a *negative* rating. The overall performance rating retained four options: *highly successful*, *successful*, *partly successful* and *unsuccessful*.

Recommendation: EvD recommends that OCU adopt the same rating system in the PCR template for the future.

List of Selected TC Projects for PCR Assessment

No.	Commitment No	Commitment Name	Country Name	Sector Type Name	Commitment EUR Amount	TCO Type
1	NLT-2002-04-02	Kyrgyzstan MSE Facility - Legal Fees Framework	KYRGYZ REPUBLIC	Finance, Business	36,399	Project Preparation
2	HOL-2002-02-01	St Petersburg Flood Protection Barrier - Cost Recovery Study	RUSSIAN FEDERATION	Local Authority Services	87,998	Project Preparation
3	UKD-2003-03-02	Maralik Financial Due Diligence	ARMENIA	Finance, Business	3,900	Project Preparation
4	JAP-2003-09-03	Sofia Parking Project: Parking Strategy and Action Plan	BULGARIA	Transport, Storage	189,654	Project Preparation
5	SWI-2003-07-02	Regional - Anti-Money Laundering pilot seminars	<REGIONAL>	Finance, Business	84,970	Project Implementation
6	EIPF01-2003-10-05	TSA Air Fleet Upgrade Project	TAJIKISTAN	Transport, Storage	49,700	Project Preparation
7	SPA-2004-01-01	Hungary-Romania Transmission Link	ROMANIA	Energy	49,887	Project Preparation
8	EIPF01-2002-11-03	Preparation of Management contract in Kherson	UKRAINE	Local Authority Services	128,963	Project Implementation
9	ITA-2000-06-05PS	Assistance to KESH Management	ALBANIA	Energy	1,896,862	Advisory Services
10	HOL-2002-05-04	Russian Federal Airports: Project Preparation Assistance	RUSSIAN FEDERATION	Transport, Storage	83,186	Project Preparation
11	JAP-2002-07-05	TajikTelecom: Regulatory Frame Work Development Programme II	TAJIKISTAN	Telecommunications	300,000	Sector Work
12	ECP2000-2002-12-02	Development of Public Passenger Rail Services in the Lower Silesia Province (Dolny Slask Voivodship)	POLAND	Transport, Storage	597,083	Project Preparation
13	FLN-2003-09-01	Khoujand Water Supply - Stakeholder Participation Study	TAJIKISTAN	Local Authority Services	35,380	Project Preparation
14	GER2-2004-04-02	Gazzi Mammed - Kyurdamir Road : Revisions to Designs	AZERBAIJAN	Transport, Storage	77,160	Project Preparation
15	HOL-2003-09-02	Russian Federation: Trade Finance Advisory Services	RUSSIAN FEDERATION	Finance, Business	161,000	Project Implementation
16	BEL-2002-05-01	Baltic Ports Development Project	RUSSIAN FEDERATION	Transport, Storage	160,685	Project Preparation
17	SWI-2002-12-21	Consulting Services for Macedonia Transmission Line Project	FYR MACEDONIA	Energy	42,566	Project Preparation
18	USSP-2002-05-03	Microfinance Bank of Romania	ROMANIA	Finance, Business	1,346,230	Project Implementation
19	ECP2000-2002-12-10	Unionbank: Institutional Development - Credit Advisor	BULGARIA	Finance, Business	236,073	Project Implementation
20	CEI-2001-02-01	CEI Romanian Railways Cooperation Project - Project Preparation and Implementation	ROMANIA	Transport, Storage	409,448	Project Preparation
TOTAL					5,977,143	

1. Team distribution

Team name	Population*	%	Sample of 20	%
Agribusiness	1	1%	0	0%
Central Asia	6	5%	1	5%
Financial Institutions	20	18%	3	15%
Group for Small Business	33	29%	2	10%
Infrastructure	2	2%	1	5%
Municipal & Environmental Infrastructure	12	11%	3	15%
Natural Resources	1	1%	0	0%
Power and Energy	9	8%	3	15%
Southern & Eastern Europe & Caucasus	8	7%	1	5%
Telecommunications, Informatics and Media	4	4%	1	5%
Transport	17	15%	5	25%
Grand Total	113	100%	20	100%

*Population of 113 PCRs submitted by the Banking Department during the period between September 2004 and August 2005

2. Industry distribution

Industry Sector	Population	%	Sample of 20	%
Agriculture, Forestry, Fishing	1	1%	0	0%
CEALs,CoFinancing Lines & RVF's	2	2%	0	0%
Community/Social Services	3	3%	0	0%
Construction	5	4%	0	0%
Energy	10	9%	3	15%
Extractive Industries	1	1%	0	0%
Finance, Business	56	50%	6	30%
Local Authority Services	11	10%	3	15%
Manufacturing	2	2%	0	0%
Telecommunications	4	4%	1	5%
Transport, Storage	18	16%	7	35%
Grand Total	113	100%	20	100%

3. TC type distribution

TC Type	Population	%	Sample of 20	%
Advisory Services	13	12%	1	5%
Project Implementation	62	55%	5	25%
Project Preparation	34	30%	13	65%
Sector Work	1	1%	1	5%
Training	3	3%	0	0%
Grand Total	113	100%	20	100%

4. Country of operation distribution

Country Name	Population	%	Sample of 20	%
LITHUANIA	2	2%	0	0%
POLAND	7	6%	1	5%
SLOVAK REPUBLIC	1	1%	0	0%
<i>Central & Eastern Europe TOTAL</i>	<i>10</i>	<i>9%</i>	<i>1</i>	<i>5%</i>
ARMENIA	3	3%	1	5%
AZERBAIJAN	4	4%	1	5%
GEORGIA	8	7%	0	0%
KYRGYZ REPUBLIC	4	4%	1	5%
MOLDOVA	3	3%	0	0%
TAJIKISTAN	8	7%	3	15%
UZBEKISTAN	3	3%	0	0%
<i>Early Transition Countries TOTAL</i>	<i>33</i>	<i>29%</i>	<i>6</i>	<i>30%</i>
KAZAKHSTAN	6	0.053097345	0	0
TURKMENISTAN	3	3%	0	0%
UKRAINE	13	12%	1	5%
<i>Other CIS countries TOTAL</i>	<i>22</i>	<i>19%</i>	<i>1</i>	<i>5%</i>
ALBANIA	5	4%	1	5%
BULGARIA	5	4%	2	10%
FYR MACEDONIA	3	3%	1	5%
ROMANIA	5	4%	3	15%
SERBIA AND MONTENEGRO	6	5%	0	0%
<i>South East Europe TOTAL</i>	<i>24</i>	<i>21%</i>	<i>7</i>	<i>35%</i>
<i>Russia Federation TOTAL</i>	<i>13</i>	<i>12%</i>	<i>4</i>	<i>20%</i>
<i>Mongolia TOTAL</i>	<i>4</i>	<i>4%</i>	<i>0</i>	<i>0%</i>
<i>Regional TOTAL</i>	<i>7</i>	<i>6%</i>	<i>1</i>	<i>5%</i>
Grand Total	113	1	20	1

5. Fund distribution

Fund code	Population	%	Sample of 20	%
AREF	1	1%	0	0%
AUS	1	1%	0	0%
BEL	1	1%	1	5%
BRSF	1	1%	0	0%
CAF	1	1%	0	0%
CAN	1	1%	0	0%
CEI	3	3%	1	5%
DEN	1	1%	0	0%
ECP	8	7%	2	10%
ECT	10	9%	0	0%
EIPF	7	6%	2	10%
EUBPP	1	1%	0	0%
FLN	1	1%	1	5%
FRA	1	1%	0	0%
FRB	1	1%	0	0%
GER	1	1%	0	0%
GER2	1	1%	1	5%
GERK	3	3%	0	0%
HOL	3	3%	3	15%
IRL	2	2%	0	0%
ISRE	1	1%	0	0%
ITA	2	2%	1	5%
ITKO	1	1%	0	0%
JAP	10	9%	2	10%
LUX	3	3%	0	0%
MONF	4	4%	0	0%
NLT	4	4%	1	5%
NORG	1	1%	0	0%
RSBF	2	2%	0	0%
SPA	1	1%	1	5%
SWEF	2	2%	0	0%
SWI	9	8%	2	10%
TCS	1	1%	0	0%
UKD	6	5%	1	5%
UKE	1	1%	0	0%
UKF	1	1%	0	0%
USA	2	2%	0	0%
USAD	4	4%	0	0%
USSM	1	1%	0	0%
USSP	7	6%	1	5%
USTD	1	1%	0	0%
Grand Total	113	100%	20	100%

PCR Assessment Template and Notes

COMMITMENT NAME
COMMITMENT NUMBER
(COUNTRY)

BACKGROUND:

1A. FULFILMENT OF SECONDARY (TC) OBJECTIVES¹

SECONDARY OBJECTIVE(S)	ASSESSMENT IN PCR	EVD ASSESSMENT
Key objectives include.	RATING:	RATING:
(i)		
(ii)		
(iii)		

1B. FULFILMENT OF OVERALL OBJECTIVE

PCR RATING²:

EVD RATING³:

EVD COMMENTS:

2. PARTICIPANTS' PERFORMANCE

PCR RATINGS⁴

- **LOCAL CLIENT'S COMMITMENT:**
- **BANK'S PERFORMANCE:**
- **CONSULTANT'S PERFORMANCE:**

EVD RATINGS⁵

- **LOCAL CLIENT'S COMMITMENT:**

¹ RATINGS: FULLY ACHIEVED, PARTLY ACHIEVED, NOT ACHIEVED

² RATINGS: EXCELLENT, GOOD, MARGINAL, UNSATISFACTORY

³ RATINGS: EXCELLENT, GOOD, SATISFACTORY, MARGINAL, UNSATISFACTORY, HIGHLY UNSATISFACTORY

⁴ RATINGS: EXCELLENT, GOOD, MARGINAL, UNSATISFACTORY

⁵ RATINGS: EXCELLENT, GOOD, SATISFACTORY, MARGINAL, UNSATISFACTORY, HIGHLY UNSATISFACTORY

PCR Assessment Template and Notes

COMMITMENT NAME
COMMITMENT NUMBER
(COUNTRY)

- **BANK'S PERFORMANCE:**
- **CONSULTANT'S PERFORMANCE:**

EVD COMMENTS:

LOCAL CLIENT'S COMMITMENT:

BANK'S PERFORMANCE:

CONSULTANT'S PERFORMANCE:

3. TC CONTRIBUTION AND TRANSITION IMPACT

PCR RATINGS⁶

- **CONTRIBUTION TO THE BANK'S INVESTMENT PROJECT:**
- **DONOR VISIBILITY:**
- **TRANSITION IMPACT (KNOWLEDGE TRANSFER ETC.):**

EVD RATINGS⁷

- **CONTRIBUTION TO THE BANK'S INVESTMENT PROJECT:**
- **DONOR VISIBILITY:**
- **TRANSITION IMPACT (KNOWLEDGE TRANSFER ETC.):**

⁶ Implied ratings: HIGH, MEDIUM, LOW, NONE

⁷ RATINGS: EXCELLENT, GOOD, SATISFACTORY, MARGINAL, UNSATISFACTORY, HIGHLY UNSATISFACTORY

PCR Assessment Template and Notes

COMMITMENT NAME
COMMITMENT NUMBER
(COUNTRY)

EVD COMMENTS

<p>CONTRIBUTION TO THE BANK'S INVESTMENT PROJECT:</p> <p>DONOR VISIBILITY:</p> <p>TRANSITION IMPACT (KNOWLEDGE TRANSFER ETC.):</p>

4. OVERALL RATING (INCLUDING VALUE FOR MONEY)

PCR RATING⁸:

EVD RATING⁹:

<p>EVD COMMENTS:</p>

5. LESSONS LEARNED

<p>LESSONS PROVIDED BY OL:</p> <p>1.</p> <p>ADDITIONAL LESSONS FOUND BY EVD:</p> <p>1.</p>

⁸ **RATINGS:** HIGHLY SUCCESSFUL, SUCCESSFUL, PARTLY SUCCESSFUL, UNSUCCESSFUL

⁹ **RATINGS:** EXCELLENT, GOOD, SATISFACTORY, MARGINAL, UNSATISFACTORY, HIGHLY UNSATISFACTORY

PCR Assessment Template and Notes

COMMITMENT NAME
COMMITMENT NUMBER
(COUNTRY)

Notes for PCR Assessment Template

RATINGS USED IN THE PCR ASSESSMENT

The basic rating categories were adopted from the XMR Assessment format unless noted. In the ratings, *NOT KNOWN* indicates that the information was not provided in the PCR because the new PCR template does not specifically ask for the information. In other cases, the OL simply failed to provide information. *NOT APPLICABLE* indicates the question was not applicable to that particular project.

The following notes provide the guidelines used to complete each section in the PCR Assessment format. All *PCR Ratings* are based on the rating and the comments provided in the PCR. The *EvD Ratings* were given based on the quality judgement of TC project related documentation and the information obtained through a discussion with OL.

1A. RATING FOR FULFILMENT OF EACH OBJECTIVE

First column shows the objectives of the TC project. Second column presents the achievement level of each objective as assessed in PCR. The last column provides EvD's view and rating of each objective achievement judging from the explanations given in TC project related documentation.

1B. RATING FOR OVERALL OBJECTIVE FULFILMENT

This section provides the overall rating for objective fulfilment. The *PCR Rating* in this section primarily reflects the compound impression of comments given in *Objectives & Tasks* (Section 2.2).

2. PARTICIPANTS' PERFORMANCE

This section assesses the transaction performance of each project participant throughout all project stage. The local client performance may or may not be relevant depending on the nature of TC. The TC for due diligence, for example, would not involve the counterpart by its nature, while other types of project, such as a feasibility study TC, are more likely to involve the counterpart at all stages. The sections used to derive the ratings for these performance assessments are 3.5 and 3.13 respectively. The Bank's performance rating (Section 3.3) mainly reflects preparation and monitoring effort, while consultant's performance was assessed primarily based on the quality of the final report and overall project management.

3. TC CONTRIBUTION AND TRANSITION IMPACT

In Section 4.1 contribution to an actual or potential follow-on *Bank's Investment Project* was assessed taking into account the type of TC, e.g., Project Preparation, Project Implementation and Advisory. The *PCR Ratings for Donor Visibility* was not available in the old PCR format, as it did not specifically ask to clarify the linkage to an investment project. In the new form, however Section 4.2 specifically asks for *Donor Visibility*. The *PCR Ratings for Transition Impacts* cover the levels of knowledge transfer and sustainability from the TC operation and derived mainly from the description given in the PCR Section 4.5 and 4.6.

4. OVERALL RATING

This section provides the compound rating for the TC project, though relatively higher weights are put on (i) objective achievement and (ii) the contribution and TC transition impact. The weights for the items should vary from project to project and depends on EvD's judgement. The *PCR Rating* is based on the rating and the comment provided in Section 4.7 and 4.8. The *EvD Rating* should reflect all assessments made in the preceding sections.

5. LESSONS LEARNED

Lesson Learned derived from a discussion with OL based on all assessments provided in the previous sections.

Summary of Lessons Learned

1. General

Co-operation among parties. Co-operation and good interaction among all parties involved (but in particular the Bank, the Consultant and the Client) is key.

Co-operation between Consultant and Bank. Close co-operation between the Consultant and the Bank and a detailed specification of the objectives of the TOR are essential for the successful outcome of an Assignment.

2. Due diligence

Local conditions. The TC Com submission should take full account of local conditions, including local regulations, which could affect the timely delivery of the project. In this case, a greater awareness of the difficulties presented by the Romanian banking sector could have been reflected in the TC Com submission, allowing the objectives to have been set more modestly and the possibility of additional TC requirements indicated at the start.

Transfer of project to a different environment. One cannot assume that a project approach which is successful in one country will necessarily be successful in another. In the case of public sector projects, the attitude of the authorities is a decisive factor. Due diligence in public sector projects should pay careful attention to possible political difficulties including pressure on elected officials from their electorate.

3. Consultant selection

Selection of an experienced consultant. Selection of an experienced consultant for this type of assignment is probably the key lesson together with the need to get close monitoring (with almost daily contact) of the Bank's Resident Office.

Experienced consultant. Consultants' experience and contacts in the region can be as important as their technical expertise, particularly when dealing with assignments in early transition countries or involving large state enterprises.

Consultant expertise. A well selected consultant may bring experience and expertise which extends beyond the technical requirements. A consultant with an understanding of the region or of the process of transition can add an extra dimension to a project.

Assistance in selection of consultants. In the case of large TC assignments, or linked assignments totalling a large amount, the Bank could consider allowing the OL to interview consultancy firms tendering for the contract or even take additional expert advice on consultant selection. While this begins to look overly complicated, it may be worth the extra time and money where the total amount of TC at risk is high.

Client involvement in selection of consultants. Selection of the right consultant is an absolute key for the success of an assignment. In this case, EBRD ensured that the Client met the shortlisted consultants and could discuss the action plan with them, in order to ensure that the selected Consultant had the right knowledge base and shared a common approach with the Client.

Legal counsel. Legal counsels should be either experts themselves in the respective country or have a close partnership with a local legal advisor as it helps save resources.

4. Consultants and TOR

Payment conditions. In contracts for legal advisors, where it is normal to pay by the hour or day rather than by deliverables, limits should be set on individual claimable items to keep a control on the overall cost. It should be made clear in the contract that errors made by the Consultant should be corrected without charge.

Terms of Reference. Well prepared TOR and a well selected consultant are the important factors for success.

Contract structure. EBRD should consider whether it is possible to break up a complex TC into components without increasing the cost, and to pay by deliverables. Although the performance of this TC was successful, the result was that more TC funds were used than would have been necessary for the investment operation in the form in which it went ahead.

Payment conditions. Contract payments based on deliverables undoubtedly shifts risk onto the consultant and in this case seemed to make them even more determined to make progress.

Deliverables. Well defined measurable deliverable help achieve tangible results.

5. Client commitment

Client commitment at a senior level. EBRD should ensure that the Client is committed to the assignment at a sufficiently senior level to ensure adequate resources. Where an assignment is required by EBRD as a pre-requisite for an investment, there is always the risk that the Client will show less commitment than the Bank would like. It may require contact at a senior level to explain the importance EBRD attaches to the assignment as a condition for the loan. In this case, the key objective of this assignment was to reinforce the transition impact of the Bank's loan, and perhaps more time could have been spent trying to explain the importance of transition impact.

Client involvement in TOR. Working closely with senior management of the Client to develop the TOR ensured their commitment to the project.

Political risk. Even with a signed Mandate Letter, there is always a risk that the commitment of the Client to the Project could fade away as a result of political discussions and changes.

Break-up fee. It is important that management give a clear message to Clients that TC assignments cost time and money and deserve the full attention of the beneficiary. The decision in this case not to demand the break-up fee does not give a strong message about the importance EBRD attaches to its TC programme.

Recoverable TC. In situations where the Bank has worked with a client over several years and experienced repeated cancellations of projects, consideration might be given to making further TC support recoverable from the client under certain circumstances.

6. Working with the Client

Scope of assistance. The scope of advisory assistance should be determined together with the participating bank at a much earlier stage, prior to the first visit of the consultant. This will help the participating banks to understand more of the project and will save time for the consultant in carrying out the needs assessment of the banks.

Evaluation of clients. One should evaluate the level of clients in terms of their ability to supply information and data required. Schedule the TC accordingly.

Client due diligence. Ensure that the Client's Project Manager has the necessary legal/technical support for assignments that involve various disciplines (financial, procurement, legal) to ensure that their input adds value to the assignment.

7. Government support

Sovereign risk. For investment projects requiring sovereign backing, the project preparation always carries a very high risk of a change in the budgetary policy of any given country.

Government commitment. Despite obtaining written commitments from the Government confirming its intention to implement reforms, actions by individuals can frustrate and delay progress. Greater consideration should be given to including reimbursable penalties if progress is not made as it was envisaged and agreed.

Government commitment. EBRD should obtain the commitment of the Government at the highest possible level for public-sector or sector-wide reform projects. In this case, a direct interest in the programme from the Prime Minister's or President's office might have been helpful when the new Minister of Communications proved reluctant to allow independence to the regulator.

Involvement of authorities at an early stage. In the case of promoting a rail concession, early involvement of relevant decision making parties (in this case, central and regional government representatives) in the preparation of the assignment is key to ensure that the outcome will be viable and meet the objectives of all parties involved.

Government commitment. EBRD should explore ways of binding central Governments into proposed projects which depend on their approval or funding. This is one of several project preparation TCs in the current sample of 20 which failed to lead to an investment operation because of the withdrawal of central Government support. In this case the Government was not a signatory to any agreement with EBRD as the Client was the Voivodship. Where the Government plays such an important role in deciding whether a project can proceed, it should perhaps be included in the formal project agreements.

8. Monitoring

Reporting lines. The lines of reporting for the consultant must be very clear. In this assignment a supervisory committee was established so that the interested parties had a role in monitoring the assignment. While this is important, it is likely beneficial to establish a clear line of responsibility in order to facilitate quick decision making.

Co-ordination between parties. Close Monitoring and co-ordination between Consultant, Bank (including the LTT) and the RO is essential to ensure progress is maintained and real-time appreciation of difficulties can be gained.

Resource allocation. More time and resources should be allocated to discuss draft reports with the Client. TC is regarded as a poor relation compared to investments, and it is difficult for an operation team to justify spending as much time as they would like on the monitoring of an assignment. This is unfortunate because such monitoring can greatly increase the effectiveness of an assignment and its input into an investment operation.

Cancellation. In cases where the investment operation is cancelled or changes so that the PPTC is no longer relevant, swift action to suspend or cancel the contract can prevent the waste of substantial amounts of TC funding. However, it must be borne in mind that such early termination also prevents any benefit that might have resulted from the TC. If the potential benefits of the assignment could be applied more broadly (which was not the case here) then greater value may be derived from allowing it to continue to production of a final report.

Early review. The initial period is critical to establish working relationships between the consultant and the client. It would be beneficial to schedule a review after a short initial period to iron out any complications and difficulties.

Resource allocation. To ensure timely delivery, Bank resources are required to ensure the agreed timeframe is adhered to.

Resident Offices. Local Office must also be involved in the monitoring of the assignment.

Monitoring. Tight monitoring required.

9. TC administration

TC Com approval. EBRD must ensure that TC Com has the opportunity to review assignments before the event. Introducing extensions retrospectively prevents TC Com having any input into the design of the assignment and sends a bad governance example to the beneficiaries of the TC.

Flexibility in administration. The flexibility shown by the Bank in allowing direct selection of the consultant and a non-material change to the budget after TC Com approval enabled the Assignment to go ahead without unnecessary delays. The Assignment, which was a small but vital part of the overall project, was dealt with quickly and was not allowed to hold up the project at large.

Team involvement in funding request. The process of obtaining funds for an approved TC project runs more efficiently when the operation team works closely with OCU and is involved in approaches to potential donors. Some of the confusion and delays experienced in obtaining funding for this assignment could have been avoided through a team member, with in-depth knowledge of the project, speaking directly to potential donors at an early stage. In more recent projects the team has taken this approach, working alongside OCU, and funding has been obtained more quickly.

Change of ownership. CSU should consider including a clause in the standard contract, allowing the Bank to amend or terminate the contract in case of a change of ownership of the Consultant.

Legal consultancy. In legal questions it is recommended to involve the OGC from an early stage.

10. Deal specific lessons

Transmission Link Project: The Consultant is an extremely good consultant (although quite specialised in electricity transmission) that the Bank should use again.

Road Project: An assignment of this nature can be completed in a relatively short period of time.

Microfinance Project: The transformation from a microfinance company to a bank can be more costly than establishing a bank in the first place. For example, branches of the microfinance company were not satisfactory for a bank, staff experience was not sufficient to satisfy the regulator.

Rail Project: The station enhancement project is the first of the EBRD operations in the niche market of railway real estate. It has confirmed the need for the use of mixed teams to evaluate similar projects with equal measure of railway as well as property/real estate/architectural design input.

Training Project: The preparation of training road-shows for the branch network of the individual banks requires more time and coordination in advance. The issue of the working language should also be clarified in good time.

Municipal Project: The City, not the Client, will be responsible for cost recovery for Operations and Maintenance. As such the assignment should have required the Client to involve the City more.

OVERVIEW OF LESSONS LEARNED IN TC OPERATIONS

0. Introduction

This appendix is an edited extract of a study conducted by Marit Varmo, Consultant Evaluation Manager, under the supervision of Wolfgang Gruber, Senior Evaluation Manager. It is appended to this report as the material may provide input to possible training sessions being considered by OCU in cooperation with EvD

1. Background

EvD's PCR Assessment Report of March 2004 (PE03-257S) identified a need for a more systematic compilation of the lessons learned from Technical Cooperation (TC) projects, which have been collected by EvD and OCU over the years. In addition, the need to provide a structure for these lessons, as well as to develop further a dissemination system for these lessons to be fed back to the Banking Departments for the benefit of future operations, has been underlined within the Bank.

Lessons Learned in TC operations gathered over the years have not been systematically compiled and structured by the Bank. Furthermore, Operational Leaders from the Banking units have raised concerns about the lack of feedback on how the Lessons Learned information that they were providing in their self-evaluation of TC operations (PCRs) was being used; i.e. there was a perception that the related feedback mechanisms could be enhanced.

The PCR Assessment Report (March 2004) identified that less successful TCs pointed to relative weaknesses of Client Commitment, Consultant Performance, Bank's Handling or a combination of these variables. Changes in the political and economic environment also seemed to have an impact on TC success. These topics were regarded as potentially useful criteria for structuring a Lessons Learned database or dissemination system. In this context, EvD, in co-operation with OCU, intends to scope and structure the Lessons Learned for TC operations produced by the Bank over the years, and to explore how to disseminate this information back to the Banking departments.

The present report covers the first phase of this work, which is to extract the Lessons Learned for TC operations already produced by the Bank and to summarize these lessons so that they can be used for future TC operations. The scope of the study focuses on Lessons Learned for standard and framework TC projects during the past five years, because lessons learned from more than five years ago might not be relevant to the current modus operandi of the Bank. The lessons gathered and analysed in this study have been taken from 25 TC OPER reports (produced by EvD), 5 PCR Assessment reports (by EvD) and 737 Project Completion Reports (PCRs) written by Bankers. The focus is on those lessons learned which highlight concrete actions that can be taken to enhance performance.

Figure 1: Summary of Lessons Learned from TC Operations

AREA	KEY LESSONS LEARNED *
<p>Client Commitment</p>	<ul style="list-style-type: none"> • Include the Client in project design / Client involvement at an early stage/ Client involvement in ToR/Consultant selection • Ensure strong commitment from top Client management so the TC project is perceived as clearly addressing the Client's needs. • Make sure that the Client, including in some cases the Board, is fully aware of the objectives and benefits of the TC from the outset. • Use sufficient time in the preparation phase to thoroughly assess risks related to external factors and potential changes in the approach. • Develop good relations with the state authorities and the business community to ensure that they are aligned with the objective of the TC • Establish Policy Dialogue at higher level to follow events • Verify Client contribution from the outset, including level of budget support, staff allocation, supply of required information/ data, and senior management time as appropriate • Ensure that procedures for contracting and for invoices are in place and well understood. • Explore shared payment of TC to avoid "free riding" • Maintaining regular meetings/contact with the client throughout the TC assignment
<p>Consultant Performance</p>	<ul style="list-style-type: none"> • Perform systematic evaluation and follow-up of Bank's experience with consulting firms and individual consultants, by country/ /sector/topic • Use sufficient time to select the Consultant • Make sure that the Consultant has a solid track record of implementing similar projects/ Ensure that the Consultant has the experience and technical expertise required • Conduct (phone) interviews before selecting Consultant's in smaller TCs (do not rely entirely on the CVs), check relevant references and speak with previous clients, if appropriate • Consider the Consultant prior experience in the region, or alternatively clearly inform consultant on key regional issues, country intelligence and knowledge of the local political and legal situation when applicable • Assure the Consultant's understanding/awareness of all the tasks and deliverables to be performed • Organise kick-off meeting at the outset to clarify objectives and to demonstrate the Bank's commitment • Maintain regular contact with and supervision of the Consultant, including more frequent feedback to the Consultant/greater monitoring/ ensure commitment. Also include Resident Office in this regard
<p>Bank Handling</p>	<ul style="list-style-type: none"> • Establish clearly defined objectives and deliverables for the TC • Incorporate proper time for the preparation and design of the assignment • Clearly state beforehand the risks of the TC, anticipate unforeseen events and how to deal with them, build flexibility in ToR • Align timing of the underlying investment operation with the TC operation • Design realistic ToR, scope, delivery time and output detail, balanced with budget / resources • Budget adequate Bank resources, in particular to manage complex assignments in a difficult sector • Ensure timely support of Bank legal counsel or partnership with local legal advisors, coordinate thoroughly with the Legal Department • When there are several TCs related to an investment project ensure that the all the work is understood by all Consultants involved, and ensure proper coordination and management performance. • Clarify the relationship between the Bank's resident offices and the Consultant/Client. Stronger involvement/input/support from the Resident Offices. Coordination with resident offices • Maintain a greater "hands-on" approach throughout the TC to effectively deal with any problems that could lead to potential project delays, ensure that there are no key issues that will impact project implementation • Ensure a high degree of Bank monitoring throughout the assignment

*Lessons arising 10 times or more in the sample

2. Characteristics of TC process that affect performance

Three factors related to how the Bank operates have a significant impact on TC performance, namely Client Commitment, Consultant Performance and Bank Handling. More precisely, it appears that less successful operations are explained for basically two reasons: At least one of the roles is not fulfilled and/or the co-ordination of the three roles does not work.

Figure 1 on the previous page presents a summary of the most frequently mentioned Lessons Learned for each of these three categories during the past five years. The subsections below present comments for each of those areas.

2.1 Client Commitment

As can be seen in Figure 1, a few *challenges* emerge concerning how/why Clients fail to show commitment. Most lessons relate to cases where the Client does not provide a clear go-ahead for the TC; is uncertain about how the political environment will unfold; does not collaborate with the effort once launched; or does not pay the Consultant.

The most frequently mentioned lessons to deal with the Client's initial reluctance to the TC are to include the Client at an early stage in the project design, and to ensure strong commitment from top Client management. The TC has to be meaningful to the Client and clearly address Client's needs. It is also important to make sure that the Client is fully aware of the objectives and the benefits of the TC from the outset.

<p>EXAMPLES:</p> <p>Include the Client in project design</p> <p>"Participation of the Client in the TOR preparation is critical for assignment design and implementation."</p> <p>"Close co-operation of the Client during the project design phase is essential ultimately to the successful implementation of the assignment."</p> <p>"Comprehensive involvement of the Client in project design (TORs) and consultant selection obtains good buy-in of counterparts from the start."</p> <p>"The Client should be involved in the preparation of the terms of reference (TOR) and Client's needs should be taken into account."</p>	<p>EXAMPLES:</p> <p>Ensure strong commitment from Client management</p> <p>"Even more attention needs to be paid to obtaining the Clients full commitment to all aspects of the project and to align their views on a strategic level before launch of the project."</p> <p>"Smooth adaptability of the TC project to vital Clients needs even in circumstances where such needs require advice that had not initially been anticipated."</p> <p>"We should have co-ordinated more closely with Client top management to avoid TORs amendment."</p> <p>"Without strong support from the senior management the TC input is under-utilised."</p>
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Furthermore, the most frequently mentioned lessons to deal with Client's uncertainties about how the political environment will unfold, are to use sufficient time in the preparation phase to assess risks related to the external environment and potential changes in the approach; to establish policy dialogue at higher levels to follow events; and to develop a good relation with state authorities and the business community to ensure that they are aligned with the objective of the TC.

EXAMPLES:

Sufficient time in preparation phase

"Bank's involvement in project preparation at early stages greatly contributes to a proper structuring of the project."

"Maintaining preparation thoroughness should not be compromised."

"More time should have been allocated to the preparation of the assignment"

"Quality at entry is of essence for a successful outcome of the TC project. Sufficient attention has to be given to economic, financial and institutional obstacles."

EXAMPLES:

Policy dialogue and good relation with the state authorities

"Establishing a dialogue with the authorities has helped to formulate the objectives of the assignment and to feed the results of the consultants work to the policy makers."

"Political willingness of local governments to follow the consultant's recommendation has major impact on the implementation of the whole project."

"Politically sensitive assignments should have a broad political base ensured."

"Much closer involvement of the EBRD would be required using also the leverage of the World Bank to make local authorities more amenable to co-operate. "

The most frequently mentioned lessons to deal with Client's reluctance to collaborate with the TC effort once launched are to maintain regular meetings/contact with the Client throughout the TC assignment; to clarify what is expected from the Client from the outset; and to explore shared payment of the TC to avoid "free riding".

EXAMPLES:

Maintain regular contact with the Client

"It has been beneficial to have a monitoring team member based locally to enable close contact with the Client."

"Close supervision by both the Bank and the Resident Office through independent and separate contacts with the Client is crucial in order to understand fully the outstanding issues and deal with them effectively."

"It is useful to maintain close contacts with the Client to monitor the implementation of the project."

"It was useful for the success of the TC to maintain close but informal contacts between the team and the Client management to exchange views on and discuss any issues which arose during the implementation of the TC."

EXAMPLES:

Clarify what is expected from the Client

E.g. Staff allocation

"The appointment of a dedicated team on Client's side was one of the most important elements of the effective implementation of the assignment."

"Greater emphasis should have been placed on forming the PIU members into a team including training in working together and project management."

"It was crucial for the success of the study that Client appointed a dedicated team to co-ordinate the task and deal with day-to-day issues (release of information, office space travel translation etc.)."

"It is essential for Client to provide experienced staff who are able to support the project through implementation. "

29 per cent of the lessons during the past five years fall in the category of Client Commitment.

The three most frequently mentioned lessons on Client Commitment relate to the following key issues:

- Include the Client in project design/Client involvement at an early stage/ Client involvement in ToR/ Consultant selection
- Develop good relation with the state authorities and the business community to ensure that they are aligned with the objective of the TC
- Verify Client contribution from the outset, including level of budget support, staff allocation, supply of required information/data and senior management time as appropriate

2.2 Consultant Performance

A few *challenges* emerge concerning poor Consultant Performance, where the dominant challenge is that the Consultant does not have relevant skills or delivers a shallow report. The second most frequently mentioned challenge is that the Consultant's emphasis is not in line with the Bank's requirements.

As shown in Figure 1, there are several frequently mentioned lessons to deal with the Consultant's skills level and report quality, including to use sufficient time to select the Consultant; to perform systematic evaluation and follow-up of Bank's experience with Consultants; to make sure that the Consultant has solid experience and required technical expertise; and to assure the Consultant's understanding/awareness of all the tasks and deliverables to be performed. Prior experience in the region and knowledge of the local political and legal situation are also emphasized. In smaller TCs, a stronger focus on interviewing is also recommended.

EXAMPLES:

Consultant's skills level:

Follow-up with Bank's experience with Consultants/ Sufficient time to select Consultant

"Consultant consultant consultant. Take your time to find the right person to implement the assignment.

"The most important lesson learned in this assignment was that the choice of Consultant. The selection of the right individual was a determining factor in the continuity of the project which might otherwise have been lost."

"More attention should be paid to the process of Consultant selection."

"After having identified the main areas to be covered by the assignment the most effort and if needed time should be devoted to the selection of the most appropriate Consultant."

EXAMPLES:

Consultant's skills level:

Ensure Consultant's understanding of all tasks and deliverables to be performed

"That the Consultant understands the objectives of the assignment and deliverables required."

"Consultant awareness/understanding of all tasks to be performed."

"For successful execution of the assignment it is essential that the Consultant clearly understand the objectives of the assignment."

"Frequent reminders to the Consultants that the objectives they have been asked to achieve should be maintained throughout the assignment."

In addition, the most frequently mentioned individual lesson related to ensuring that the Consultant's emphasis is in line with the Bank's requirements is greater monitoring; in particular to maintain regular contact with and supervision of the Consultant during implementation, including more frequent feedback to the Consultant. Resident Offices should be involved in this process.

EXAMPLES:

Ensure that the Consultant's emphasis is in line with the Bank's requirements

"The quality of the Consultant's output could benefit from improved monitoring and project implementation procedures. Specifically, Teams should carry out regular informal discussions of the interim results with the Consultants and should provide more frequent feedback to the Consultants on their performance."

"Close monitoring of Consultants is required, particularly for more complex project"

"It is beneficial to have a monitoring team based in the local regional office which provides closer communication between the EBRD and the Consultants in the field."

27 per cent of the lessons during the past five years fall in the category of Consultant Performance.

The three most frequently mentioned lessons on Consultant Performance relate to the following key issues:

- Make sure that the Consultant has a solid track record of implementing similar projects/ Ensure that the Consultant has the experience and technical expertise required
- Assure the Consultant's understanding/awareness of all the tasks and deliverables to be performed
- Maintain regular contact with and supervision of the Consultant, including more frequent feedback to the Consultant/greater monitoring/ensure commitment. Also involve the Resident Office in this.

2.3 Bank Performance

Most of the Bank's lessons learned in TC operations during the past five years relate to Bank Performance. Lessons in this area are frequent and encompass several challenges, including issues related to project design; management performance; standards for Bank monitoring; limited Bank resources; and the lack of coordination between the TC and the underlying investment project.

As can be seen in Figure 1, frequently occurring lessons relate to poor or incomplete TC project design, including incorporating proper time for the preparation and design of the assignment; having clearly defined objectives and deliverables; as well as designing realistic ToR, scope, delivery time and output details, balanced with budget / resources. In addition, the importance of

clearly stating beforehand the risks of the TC, anticipating unforeseen events and how to deal with them, and building flexibility in the ToR in this regard are also often emphasized.

<p>EXAMPLES:</p> <p>TC Project Design:</p> <p>Incorporate more time for proper TC preparation and design</p> <p>“More time should have been allocated to the preparation of the assignment, including more realistic assumptions re economic growth, tariff increases, pay back periods etc.”</p> <p>“The Bank needs to devote more time and expertise in designing ToRs of TC operations.”</p> <p>“The team could have better checked the degree of accessibility of data in preparation of this TC.”</p> <p>“Deficiencies at appraisal stage normally come to bear whilst the project is still under implementation or shortly thereafter. Their mitigation or remedy, if possible, is mostly time-consuming and costly. Quality-at-entry is therefore of essence.”</p>	<p>EXAMPLES:</p> <p>TC Project Design:</p> <p>Realistic delivery time and output details within existing budget</p> <p>“Realistic timetable and objectives should be set at the outset taking account of country specific difficulties and possible delays on the Client’s side.”</p> <p>“Unrealistically short time envisaged for initial objective resulted in a need to change the purpose of funds.”</p> <p>“The logistics took much longer than expected. We should have allowed for more time.”</p> <p>“During the project implementation it became obvious that changes take much longer in reality than they would seem.”</p> <p>“The scope of work should be carefully restricted so that the assignment can be completed in the allotted timeframe.”</p>
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Regarding management performance and standards for monitoring, the most frequent lessons relate to the need for stronger involvement from the Resident Offices and ensuring a high degree of Bank monitoring of the TC project. There is an emphasis on maintaining a greater “hands-on” approach throughout the TC to deal effectively with any problems that could lead to potential project delays, and on ensuring that there are no key issues that will impact project implementation. Interestingly, several lessons relate to the importance of ensuring timely support from Bank legal counsel or partnership with local legal advisors, and to coordinate better with the Legal Department. The importance of maintaining proper co-ordination and management performance when several TCs relate to the same investment project is also emphasised.

EXAMPLES:

TC Project Management Performance:

Ensure a high degree of Bank monitoring

“The EBRD had little control and no feedback on implementation.”

“We should only undertake assignments if there is true buy-in from Banking to follow the study and get involved more closely than we did here. Otherwise there is not enough visibility / impact for EBRD.”

“Close co-operation with both the Consultant and the Client throughout the assignment provides for a clear understanding of the progress of the assignment and helps to identify and solve problems on early stage to better achieve the assigned objective.”

EXAMPLES:

TC Project Management Performance:

Stronger involvement by Resident Offices

“More local input should be required, including relations with local authorities.”

“Involvement by Resident Offices is very important.”

“Involvement of the RO in the monitoring process makes the communication between the consultant and the EBRD easier as it provides for more efficient resolution of any day to day problems that may arise between the Client and the Consultant.”

“Close involvement of the Banks resident office can contribute greatly to the success of a technical co-operation assignment.”

Another key challenge is the coordination, or lack of such, between the TC and the underlying investment project.

EXAMPLES:

Better alignment with the related investment project:

“Better aligned timing of the investment with the TC, would have improved the TC.”

“If possible try to delay the project preparation TC until it looks more likely that the investment project will proceed.”

“Concrete steps for restructuring, as in this case, should be more strongly covenanted in the loan agreement if restructuring should be supported by TC.”

“Careful attention needs to be paid to the development of the underlying investment project to minimise the risk that TC resources are being used and no project being completed.”

44 per cent of the lessons during the past five years fall in the category of Bank Performance.

The four most frequently mentioned lessons on Bank Handling relate to the following key issues:

- Incorporate proper time for the preparation and design of the assignment
- Establish clearly defined objectives and deliverables
- Design realistic ToR, scope, delivery time and output detail, balanced with budget / resources
- Clearly state beforehand the risks of the TC, anticipate unforeseen events and how to deal with them, build flexibility in ToR

5. CONCLUSION: KEY LESSONS

The 11 Lessons Learned that are most frequently quoted as significant for success are the following (in descending order of frequency):

1. Design realistic ToR, scope, delivery time, and output details, balanced with budget/resources;
2. Maintain regular contact with and supervision of the Consultant, including more frequent feedback to the Consultant / greater monitoring/ensure commitment. Also, include Resident Office in this regard;
3. Clearly state beforehand the risks of the TC, anticipate unforeseen events and how to deal with them, build flexibility in ToR;
4. Verify Client Contribution from the outset, including level of budget support, staff allocation, supply of required information/data and senior management time as appropriate.
5. Develop good relation with the state authorities and the business community to ensure that they are aligned with the objectives of the TC;
6. Incorporate proper time for the preparation and design of the TC assignment;
7. Establish clearly defined objectives and deliverables;
8. Ensure a high degree of Bank monitoring throughout the assignment;
9. Include the Client in project design / Client involvement at an early stage. / Client involvement in ToR/Consultant selection;
10. Maintain regular meetings/contact with the Client throughout the TC period.
11. Ensure strong commitment from top Client Management so the TC project is perceived as clearly addressing the Client's needs;