

C. Chapter II: Design and Implementation

18. The purpose of this chapter is to provide supporting information for the performance assessment, which follows in Chapter III. Data such as investment cost or outputs would be reported as at the time of the OEM, at appraisal, and at the time of the PCR. PCR findings would be validated, and wherever possible cross-referenced, and summary tables presented. The text would indicate concurrence with PCR findings unless the OEM found otherwise. In the latter case, the PPER would describe its findings and discuss the effects of the OEM's findings on the overall conclusions reached in the PCR. The chapter includes the following sections:

- (i) Formulation
- (ii) Rationale
- (iii) Cost, Financing, and Executing Arrangements
- (iv) Procurement, Construction, and Scheduling
- (v) Design Changes
- (vi) Outputs
- (vii) Consultants
- (viii) Loan Covenants
- (ix) Policy Framework

1. Formulation

19. This section describes how the project was formulated and why a particular modality was chosen. It also discusses the extent to which the feasibility study constituted an adequate basis for project appraisal. Where project preparatory TA was provided, its contribution to the formulation process should be assessed. The extent to which the borrower and beneficiaries were involved in project formulation should be described and comment should be provided on the degree of ownership. Coordination with development partners during the formulation process should be assessed.

2. Rationale

20. This section briefly describes the need for the project at the time of appraisal in the context of the country's development program and ADB's strategies at the time. It should assess the soundness of this rationale both at appraisal and performance evaluation.

3. Cost, Financing, and Executing Arrangements

21. This section summarizes information about the expected and actual project cost and financing arrangements, including cofinancing and associated TA as appropriate. Details should normally be presented in an appendix, and this section refers readers to that appendix. The expected and actual (if different) executing and implementation arrangements are briefly described, including the division of responsibilities between the main stakeholders.

4. Procurement, Construction, and Scheduling

22. This section describes the bidding and contract award procedures, suppliers, contractors, design and supervision consultants, and results of commissioning and performance testing. Technical problems related to procurement and construction, particularly those related to quality, that prevent the project from attaining design outputs or that might affect sustainability are discussed. The section also discusses expected and actual construction schedules and any

remedial action taken during implementation. The PPER may cross-reference and confirm the findings of the PCR or, if it disagrees with these, describe the findings of the OEM.

5. Design Changes

23. This section should describe any major changes in scope or implementation arrangements approved by ADB subsequent to appraisal and whether the project design was flexible enough to accommodate necessary changes. Factors responsible for changes in design or scope and the effects of such changes are discussed under effectiveness in a later section of the report.

6. Outputs

24. This section describes the project's outputs, activities, and inputs, including those for any associated TA, as planned and realized. Tables should clearly illustrate planned and actual achievements. An appropriate basis for describing outputs would be the component structure of the project, following the description of outputs as stated in the design and monitoring framework. Describing the quality of the physical achievements or their ability to deliver the expected benefits, as well as the quantity or size of the achievement with respect to the targets, is important. If unintended outputs occurred that might affect the achievement of the project's outcome, for example, a negative environmental output, these should be explicitly recognized.

7. Consultants

25. This section describes the inputs and outputs of consultants, whether financed under the loan or associated TA, including (i) the quality and timeliness of design work; (ii) the extent of technology transfer through advice, training, and studies; and (iii) the extent of institutional strengthening. Any associated TA is to be evaluated and rated using the guidelines in Addendum 2.¹¹ A detailed evaluation of the TA will be included as an appendix to the PPER with a summary included in Chapter IV of the report.

8. Loan Covenants

26. This section includes a review of loan covenants applicable until project completion and the compliance with these, particularly as it relates to the achievement of outcome. The discussion about covenants should focus on those for which the PCR had identified noncompliance or for which the OEM disagrees with the PCR. Progress with implementing the PCR's recommendations for compliance should be assessed. Reference should be made to the full list of covenants that is normally included in the PCR.

9. Policy Framework

27. This section considers any significant changes in macroeconomic and other policies through the implementation period. Changes in trade and exchange rate policies could, for example, have a significant effect on the competitiveness of beneficiaries' enterprises and the extent to which new technology is taken up. Changes in the external environment and their effect on prices, in particular, should also be considered. The effect on the project, if any, of changes in government and/or "project champions" should be noted. Major changes in the political economy that had a significant impact on project performance are described.

¹¹ Currently only advisory TAs are rated. OED will prepare guidelines for rating project preparatory TAs in due course.