

GUIDELINES FOR THE PREPARATION OF PROJECT COMPLETION REPORT VALIDATION REPORTS

A. Principles of the Project Completion Report (PCR) Validation System

1. The Operations Evaluation Department (OED) will validate all PCRs from 2007. Benefits from this new system include:
 - (i) Improved accountability for achieving results through 100% coverage of completed projects by OED;
 - (ii) Higher quality PCRs that provide a more robust basis for higher-level evaluations and for future projects; and
 - (iii) More independent project ratings, where the OED validated rating will stand as official project rating.
2. OED will validate the PCR rating and rate the quality of the PCR. All PCRs for both public and private sector operations will be covered.
3. This PCR validation replaces the PCR in-depth review process and OED will no longer comment on draft PCRs.
4. OED evaluators (staff or consultants) will desk review PCRs using relevant documents and readily available information. Evaluators with relevant country/sector expertise will be assigned (see terms of reference and validation form in Appendix 1 & 2)—A norm of 3 working-days is budgeted for completion of the review, with additional time available for particularly complex or contentious projects, or those with poor PCRs.
5. OED quality control reviewers (OED sector specialists) will check the quality of the validation before it is sent to the regional department for its review and response.

B. PCR Validation Process

6. The PCR validation process will have the following steps:
 - 1) **OED** receives the approved PCR.
 - 2) **OED director** assigns the PCR review to evaluator and names a quality control reviewer.
 - 3) **OED evaluator** (staff or consultant) validates the PCR, completes the review form and emails it to the quality control reviewer; hard copy package follows.
 - 4) **OED quality control reviewer** (OED staff) checks the review, sends comments to evaluator if necessary. **Evaluator** makes necessary changes, sends soft copy PCR review back to the quality control reviewer. **Quality control reviewer** electronically “signs off” on the PCR validation when satisfied and sends this to the OED director.
 - 5) **OED director** checks the PCR validation review and, if necessary, meets or corresponds with evaluator/quality control reviewer. When satisfied, the OED director sends the completed validation form to the concerned operations division

- 6) **Operations division** reviews PCR validation report. If it concurs with the validation assessment an email confirmation to this effect is sent to the OED director; or if the operations division disagrees with the validation assessment, it sends an email to this effect to the OED director and supplies additional evidence to support its position.
- 7) **OED evaluator** reviews the additional material provided by the operations division. If OED agrees with the operations division's position, it changes the PCR validation; or if OED is not persuaded by new arguments/data, it sends the operations division an email explaining this decision.
- 8) **Operations division** either confirms by email that it accepts OED's or, if it does not, it may request a meeting at director level to seek further resolution.
- 9) **OED director, quality control reviewer, and evaluator** meet with the operations staff to resolve the differences of opinion.
- 10) **OED director** makes the final decision, informs regional department and issues final PCR validation. The regional department's final response (i.e. concurrence or disagreement) will be attached to the final validation report, which will be posted on the website for public release and circulated to the Board and Management.
- 11) The validated rating becomes the official rating for the project.

C. Criteria for Rating the Quality of the PCR

7. The following criteria will be used to rate the quality of the PCR:
 - (i) Quality and completeness of evidence and analysis to substantiate ratings;
 - (ii) Consistency with PCR Guidelines (PAI 6.07) and relevant OED guidelines;
 - (iii) Internal consistency of the PCR;
 - (iv) Plausibility of the assumptions underlying the Economic Internal Rates of Return (EIRRs), Financial Internal Rates of Return (FIRRs), and financial analysis;
 - (v) Adequacy of the treatment of safeguard issues;
 - (vi) Identification of exogenous factors affecting results;
 - (vii) Clarity and conciseness of the report; and
 - (viii) Quality of lessons and recommendations.
8. The quality of the PCR will be rated as:
 - (i) Highly satisfactory
 - (ii) Satisfactory
 - (iii) Partly satisfactory, or
 - (iv) Unsatisfactory
9. The project rating will follow OED Guidelines for project level evaluations.¹

¹ ADB. 2006. *Guidelines for Preparing Performance Evaluation for Public Sector Operations*, Manila, and ADB. 2007. *Guidelines for Preparing Performance Evaluation Reports for Nonsovereign Operations*, Manila.

TERMS OF REFERENCE FOR PCR VALIDATION

1. The Evaluator will examine the Project Completion Report (PCR) provided by regional departments, and critically assess the evidence, data, and ratings presented. On the basis of available information (see PCR Review Package, below), the Evaluator will make an independent assessment of the Performance of the Borrower and Implementing Agency, Performance of the Asian Development Bank, and of the Relevance and Effectiveness in achieving outcome, Efficiency in achieving outcome and outputs, preliminary assessment of Sustainability, and Impact of the project. The Evaluator will also make a similar independent Overall Assessment of the project, and state what in his or her view are the key recommendations and lessons. If the Evaluator believes it is necessary, he/she may also request additional information from operations division by telephone or email.
2. The Evaluator will summarize his or her assessments (as listed in para 1) in the PCR Review form, along with a substantiation of the Evaluator's independent assessment of each of the above areas where this assessment differs from the PCR rating. In addition, the Evaluator will rate the quality of the PCR itself (see PCR Rating Criteria), providing adequate substantiation for this rating as well.
3. When the draft PCR Review is complete, the Evaluator will provide it to the Quality Control Reviewer. If requested, the Evaluator will make him/herself available in person or by telephone and email to discuss the Review. The Evaluator will take into account comments from the Quality Control Reviewer and will modify the draft Review accordingly.
4. When the Evaluator and the Quality Control Reviewer have reached agreement, the Review will be examined by the Director. If requested, the Evaluator will once again make him/herself available for consultation.
5. The PCR Review is a desk exercise and is expected to require 3 staff-days. In unusual circumstances, the Evaluator may find that additional time is needed. This may be because:
 - a. The PCR is very poor, requiring extensive interaction between the Evaluator and operations division to obtain adequate evaluative information.
 - b. The issues involved in validating the PCR ratings are unusually complex or contentious.
 - c. The OED PCR Review is contested by operations division, requiring extensive correspondence or a meeting. If a meeting is held with operations division, the Evaluator will make him/herself available by teleconference, if required.

In these unusual circumstances, the Evaluator will inform the Director of the additional time needed, and such requests will generally be looked upon favorably.

6. The following information will generally be available on each project.

PCR Review Package (provided by OED):

- a. PCR, Report and Recommendations of the President (RRP), Legal Documents, Government's PCR (if available), Technical Assistance Completion Reports TCR(s) (if relevant)
- b. Management Review Meeting (MRM) and Staff Review Committee (SRC) documents and summary record of discussion of ADB' Board of Directors
- c. Tranche release documents, Board reports, other progress reports
- d. (ideally) Project Administration Memorandum (PAM) and list of archived documents
- e. Supervision reports, including most recent mid term review or progress reports, and back-to-office report of PCR Mission, etc.
- f. OED evaluations of previous projects, including PCR Reviews
- g. PAI 6.07, PCR Guidelines
- h. ADB annual report on NGO concerns (if relevant)
- i. On-line access to OED's website and evaluation information system

OED PCR Validation Report (Form)

1. Basic Project Data		PCR Review Date Posted:		
Project Number:			Appraisal	Actual
Project Name:		Total Project Costs (\$M):		
Country:		Loan/Credit (\$M):		
Sector(s):		Cofinancing (\$M):		
Financing (\$M):	ADF:	Borrower Contribution (\$M):		
	OCR:	Board Approval Date:		
Cofinanciers:		Closing Date:		
Project Officers:	Name:	Designation:	From	To
			(month/yr)	(month/yr)
Evaluator:		Director:		
Quality Control Reviewer:				

2. Project Description (as stated in RRP)

- a. Rationale and Expected Impacts:
- b. Objectives or Expected Outcomes:
- c. Outputs:
- d. Principal Activities:

3. Evaluation of Design and Implementation (Evaluator assessment of actual vs. envisioned)

- a. Relevance of design and formulation:
- b. Outputs (or conditions in the case of program loans) and Costs as envisioned during appraisal as compared to actual costs and achievement of outputs; reasons for any deviation:
- c. Project Cost, Disbursements, Borrower Contribution, and Conformance to Schedule (as relevant to project performance):
- d. Implementation Arrangements, Conditions and Covenants, and related Technical Assistance:
- e. Performance of the Borrower and Executing Agency:
- f. Performance of the Asian Development Bank:

4. Evaluation of Performance (Evaluator assessment)

- a. Relevance:
- b. Effectiveness in Achieving Outcome:
- c. Efficiency in Achieving Outcome and Outputs:
- d. Preliminary Assessment of Sustainability:
- e. Impact (both intended and unintended):

5. Overall Assessment, Lessons, and Recommendations (Evaluator assessment)

- a. Overall Assessment:
- b. Lessons:
- c. Recommendations:

6. M&E Design, Implementation, & Utilization (Evaluator assessment):**7. Other (Safeguards, including governance and anticorruption; Fiduciary aspects):**

8. Ratings	PCR	OED Review	Reason for Disagreement/Comments
Relevance:			
Effectiveness in Achieving Outcome:			
Efficiency in Achieving Outcome and Outputs:			
Preliminary Assessment of Sustainability:			
Borrower and EA:			
Performance of ADB:			
Impact:			
Overall Assessment:			
Quality of PCR:			

9. Comments on PCR Quality

Based on:

- (i) Quality and completeness of evidence and analysis to substantiate ratings;
- (ii) Consistency with PCR Guidelines (PAI 6.07) and relevant OED guidelines;
- (iii) Internal consistency of the PCR;
- (iv) Plausibility of the assumptions underlying the EIRRs, FIRR, and financial analysis;
- (v) Adequacy of the treatment of safeguard issues;
- (vi) Identification of exogenous factors affecting results;
- (vii) Clarity and conciseness of the report; and
- (viii) Quality of lessons and recommendations.

10. Instructions for PCR Validation Form

Overall Guidance: *In the relevant sections of the form, the evaluator should provide in summary form his/her independent assessment of project performance based on the OED Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations (OED Guidelines). In instances where the evaluator's assessment is different from that of the PCR, the rationale presented in the PCR Validation Form may need to be more detailed than where the assessment is the same.*

Section 1—Basic Project Data

- *List cofinanciers but not donors providing parallel financing².*

Section 2—State Rationale, Objectives or Expected Outcomes, Components, and Outputs as stated in RRP

Description of components (taken from the RRP) should be provided with sufficient detail to make clear what activities project funds were intended to be spent on. No evaluation is needed here—only description.

Section 3—Evaluation of Design and Implementation (Evaluator Assessment)

a. Relevance of design and formulation: *This section should give the evaluator's assessment of the overall ex ante relevance of design, and the relevance of design to expected outcomes and impact in accord with OED Guidelines. The assessment should also include the extent to which the project provided a clear statement of the causal chain between ADB funding and intended outcomes.*

b. Components (or Key Conditions in the case of Program Loans): *Outputs and costs by component as envisioned during appraisal as compared to actual costs and achievement of outputs; reasons for any deviation.*

c. Project Cost, Disbursements, Borrower Contribution, and Conformance to Schedule (as relevant to project performance). *Evaluator may choose to discuss number of extensions to closing date and reasons for these, as well as other factors to the extent that they were relevant to project performance.*

² Cofinanciers fund a joint operation with ADB in which expenditures from a common list of goods and services are financed in agreed proportions. Parallel financing is defined as an operation in which ADB and the parallel financier pay for different services, goods, or parts of the project.

d. Implementation Arrangements, Conditions and Covenants, and related Technical Assistance. *Evaluator assessment of the adequacy and appropriateness of implementation arrangements, conditions and covenants, and related Technical Assistance (or lack thereof) in achieving project outcomes.*

e. Performance of the Borrower and Executing Agency. *Evaluator's assessment of Borrower and EA performance over the entire project cycle, in accordance with the OED Guidelines.*

f. Performance of the Asian Development Bank. *Evaluator's assessment of ADB performance over the entire project cycle, including safeguard and fiduciary responsibilities, in accordance with the OED Guidelines.*

Section 4—Evaluation of Performance (Evaluator assessment)

a. Relevance: *This section should give the evaluator's assessment of the overall ex post relevance, assessing the continued relevance of the project during implementation. Consideration should be given to changes made to ensure that the project remained relevant, as described in the OED Guidelines. The evaluator should also assign an overall rating of relevance, both at the time of approval and at the time of evaluation.*

b. Effectiveness in Achieving Outcome: *The evaluator's assessment of the extent to which the outcome defined in the design and monitoring framework (DMF) was achieved or is expected to be achieved. Major shortcomings, if any, should be summarized, as well as key obstacles to achievement. Attribution issues should be noted (if relevant to project assessment), i.e., the extent to which there is a plausible association between project inputs, outputs, outcomes, and impacts. If the PCR does not provide sufficient data to allow assessment of effectiveness, this should be noted in this section (and described in detail in sec. 9, PCR quality).*

c. Efficiency in Achieving Outcome and Outputs: *Assessment of whether the project achieved an EIRR higher than the opportunity cost of capital (or 12%), or whether the economic benefits have been achieved at least cost.*

d. Preliminary Assessment of Sustainability: *Assessment of the probability that extant resources are sufficient to maintain the outcome achieved over the economic lifetime of the project, and that any perceived risks to the maintenance of this outcome can be managed or mitigated.*

e. Impact: *Impact is assessed against the DMF performance indicators, considering both intended and unintended impacts.*

Section 5—Overall Assessment, Lessons, and Recommendations (Evaluator Assessment)

a. Overall Assessment: *The evaluator should provide an overall assessment of project performance in accordance with OED Guidelines. In those instances where the OED assessment is different from that of the PCR, the evaluator should provide the rationale for the difference.*

b. Lessons: *Lessons should be important positive and negative aspects of the project experience that the evaluator considers most pertinent to potential similar projects in the sector or in the country. These may or may not include those presented in the PCR, as well as additional lessons considered significant by the evaluator.*

c. Recommendations: *Recommendations should be matters clearly derived from the project experience that require further action (by the EA, Borrower, or ADB). These may or may not include those presented in the PCR, as well as additional recommendations considered significant by the evaluator.*

Section 6—M&E Design, Implementation, & Utilization (Evaluator assessment)

The evaluator should assess:

- *Design—The extent to which the project aimed at collecting efficacious data,³ given project goals and the reasonable availability of data*
- *Implementation—The extent to which pertinent data were actually collected*
- *Utilization—The extent to which the data collected were used to inform decision-making and resource allocation*

Section 7—Other (Safeguards, Fiduciary)

The discussion should address safeguard and fiduciary compliance (including governance and anticorruption issues), where significant.

Section 8—Ratings

This section should summarize the OED and PCR ratings in each category and summarize the reason(s) for disagreement, if any. The last column may also be used for comments on ratings where there is no disagreement, e.g., where strong project supervision overcame unsatisfactory quality at entry and resulted in successful project achievement and satisfactory ADB performance. Statements in this section should be brief and should liberally refer to detailed discussions in other sections.

Section 9—Comments on PCR Quality

This section should comment on PCR quality, pointing out strengths and weaknesses, and noting any significant omissions. This discussion should provide the detailed rationale for the rating of PCR quality in sec. 8, based on the criteria listed in the PCR Validation Form.

³ That is, data that accurately reflected project goals and thus enabled a robust assessment of project achievement.