



## 1. Project Data

<b>Project ID</b> P115396	<b>Project Name</b> PUB INVST CAP BLDG	
<b>Country</b> Azerbaijan	<b>Practice Area(Lead)</b> Transport & ICT	
<b>L/C/TF Number(s)</b> IDA-45950	<b>Closing Date (Original)</b> 31-Mar-2014	<b>Total Project Cost (USD)</b> 10,000,000.00
<b>Bank Approval Date</b> 24-Jun-2009	<b>Closing Date (Actual)</b> 31-Dec-2015	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	8,000,000.00	0.00
Revised Commitment	7,760,388.88	0.00
Actual	8,085,363.02	0.00

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## 2. Project Objectives and Components

### a. Objectives

The Project Development Objective (PDO) as stated in the Financing Agreement (Schedule 1, page 4) was: **"To improve the quality and efficiency of preparation and implementation of investment projects in key priority sectors"**.

The PDO as stated in the PAD (page 5) was similar, although not identical. **"To improve the quality and efficiency of preparation and implementation of investment projects in key priority sectors, especially infrastructure."**

This assessment is based on the PDO as stated in the Financing Agreement.



**b. Were the project objectives/key associated outcome targets revised during implementation?**

No

**c. Will a split evaluation be undertaken?**

No

**d. Components**

There were four components.

**1. Thematic Capacity Building** (Appraisal estimate US\$4.10 million, actual cost at closure US\$2.35 million). This component aimed at developing the project management capacities of Government ministries and agencies working on infrastructure. There were two sub-components:

**a. Enhancing the capacity of government ministries and agencies to prepare and implement projects through training related activities** in: (i) project cycle; (ii) quality assurance in investment projects; (iii) procurement; (iv) financial management for non-specialists; (v) disbursement under International Financial Institution (IFI) contracts; (vi) contract management; (vii) project management techniques; (viii) human resources management; (ix) Information and Communication Technologies (ICT) for development; (x) corporatization and Private Public Partnership (PPP); and, project monitoring and evaluation.

**b. Developing capacity on environmental and social safeguards.**

**2. Sector Specific Capacity Building** (Appraisal estimate US\$3.10 million, actual cost at closure US\$2.30 million). This component aimed at developing knowledge and skills within the infrastructure sectors. This component had three sub-components:

**a. Capacity building in the road sector** through courses provided by local and international educational consultants, distance or e-learning, graduate studies, internship and twinning arrangements, curricula review of higher education institutions for developing local training capabilities.

**b. Capacity building for water supply and sanitation sectors**, using similar approaches described above.

**c. Capacity building for other sectors based on demand.**

**3. Activities in Support of Capacity Building** (Appraisal estimate US\$1.10 million, actual cost at closure US\$2.37 million.) This component aimed at funding activities for enhancing the effectiveness of capacity development activities. Activities included: (i) capacity needs assessments; (ii) activities aimed at establishing competencies for key staff positions; (iii) consultancy to develop accreditation and certification programs; (iv) distance learning or peer-to-peer seminars and workshops for senior government officials; (v) curriculum development, course materials translation and providing equipment for training; (vi) preparation of capacity-building strategy; (vii) development and implementation of a project communication strategy; (viii) website development and maintenance; (ix) knowledge products support and dissemination activities. and, (x) equipment, laboratory and activities for technical and job-related language skills improvement.

**4. Project Implementation** (Appraisal estimate US\$0.70 million, actual cost at closure US\$2.04 million.) This component aimed at funding the implementation costs of the Project Coordination Unit (PCU) including, staffing costs, recurrent costs, costs of audits, costs of consultancy for program management for



first-year activities and costs of goods and equipment for capacity-development activities.

**e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Project Cost.** Appraisal estimate US\$10.00 million. Actual cost at closure US\$9.06 million.

**Project Financing.** The project was funded by an IDA Grant of US\$8.00 million. Amount disbursed at closure was 91% of the appraisal estimate at US\$7.30 million. There was parallel financing for complementary capacity building activities associated with public expenditure reform support from the United States Agency for International Development (USAID).

**Borrower Contribution.** Appraisal estimate US\$2.00 million. Actual contribution at closure US\$1.46 million.

**Dates.** There were four Level 2 restructurings. **The first restructuring** on June 15, 2011 changed the percentage of eligible expenditure financed by IDA. This change was necessary because while the Financing Agreement allowed IDA financing of 80% of total project expenditure (including Value Added Tax (VAT)), the Project Coordinating Unit (PCU) had hitherto been submitting invoices for 80% of project expenditure net of VAT due to the government instructions that stipulated that all VAT for projects signed after January 1, 2008 should be financed by the government. As a result, in effect IDA had been financing only 67.8% of eligible expenditure and the counterpart funding for the project was being overcharged. The change made through the restructuring excluded VAT as an eligible expenditure and increased the percentage of expenditure to 100% net of VAT and this allowed the project to maintain the counterpart funding percentage as originally intended.

**The second restructuring** on February 23, 2013, six months before the original closing date, extended the project closing date by an year. This extension was granted for completing additional activities that were added to the scope of the project out of the US\$0.70 million unallocated funds. These activities included carrying out an assessment and preparing specifications of the government's electronic database for monitoring implementation of International Financial Institution (IFI) financed projects.

**The third restructuring** on September 23, 2013 was after the Mid-Term Review (MTR) on June 27, 2012. Following the recommendations of the MTR, changes were made to the results framework: (i) a key output indicator - establishment of a Master's program - was added; (ii) some output indicators and target values were modified; (iii) the indicator pertaining to adoption of certification and accreditation programs were dropped as it required higher level of reform of the educational system that was beyond the scope of this project.

**The fourth restructuring** on February 18, 2015, extended the project closing date by nine months. This extension allowed the government to utilize the final unallocated amount of US\$5.00 million to implement the second phase of the capacity building activities associated with establishment of a vocational training center at the Sumgait Chemical and Industrial Part (SCIP) under the Ministry of Education (MoE). The project was already financing the first phase of capacity building of the training center, entailing development of vocational educational standards in different areas and development of the curriculum for different schools. The second phase which included development of teaching materials and training of teachers and students could commence, only after completion of the first phase.

The project closed 21 months beyond the original schedule on December 31, 2015.



### 3. Relevance of Objectives & Design

#### a. Relevance of Objectives

Although Azerbaijan's Gross Domestic Product (GDP) grew at an annual growth rate 15.6% fueled by the oil and gas boom between 2000-2006, in the years just before appraisal the Government's development agenda of diversifying to the non-oil sector was affected by the global economic crisis in 2009-2010. This necessitated fiscal discipline and prioritization of public expenditure towards infrastructure investments. The Project Development Objectives (PDOs) of efficient and effective implementation of infrastructure investments, through addressing capacity constraints of relevant government agencies was highly relevant. The country's strategic goals as presented in the government's development strategy - *Azerbaijan 2020: Vision for the future* - highlighted the need for reducing Azerbaijan's dependence on oil and gas revenues and strengthening its resilience to external shocks. The PDOs were consistent with two pillars in the strategy: Pillar 7 of the strategy identified the need for Human Capital Development, and Pillar 9 identified the need for Institutional Capacity Development.

The PDOs continues to be relevant to the Bank strategy. At appraisal, the PDOs were consistent with all the four pillars of the Country Partnership Strategy (CPS) for the 2007-2010 period: (i) Improving quality and transparency in public sector governance; (ii) Supporting sustainable and balanced growth of the non-oil economy; (iii) Increasing access to quality social services; and (iv) Strengthening environmental management. The Bank's 2015 systematic country diagnostic for Azerbaijan - *Azerbaijan Systematic Country Diagnostic* - identified human capital, skills, fiscal management and institutions as key binding constraints for sustaining economic growth in Azerbaijan. The PDOs were consistent with the Bank's current *Country Partnership Framework* (CPF) for the 2016-2020 period: The Focus Area 1 of the CPF highlighted the need for improved public sector management and improved service delivery.

#### Rating

High

#### b. Relevance of Design

The statement of the PDOs is clear. Project activities and their outputs were likely to produce the specified outcomes. Component One activities aimed at capacity building of government ministries and agencies could be expected to contribute to improving their capacity to prepare and implement infrastructure projects. Component Two activities could be expected to improve the capacity to prepare and implement infrastructure investments in the specified infrastructure sectors, such as roads, water supply and sanitation and energy. This in conjunction with activities such as training on capacity needs assessment, accreditation and certification program, curriculum development, website development and project communication strategy could be expected to contribute to the PDOs of improving the quality and efficiency of preparing and implementing investment projects. This in turn could be expected to contribute to the higher level objective of broad-based economic growth by leveraging oil wealth to the non-oil sectors of



the economy.

Although the project activities envisioned improving the quality and efficiency of infrastructure projects, it is not clear if there was adequate diagnostics of what was wrong with the preparation and implementation of infrastructure projects until then. This in turn affected the choice of indicators which could have been better tailored to meet the needs of the project. For instance, the design aimed at improving infrastructure investments through subjecting such projects to an economic rate of return criteria. Given that economic rate of return is at best a narrow criterion, it would have been more useful to use the rate of return along with the net present value and other aspects of a wider economic analysis. The design included no details what would constitute an acceptable rate of return on government-financed projects. The narrow indicator limited the scope of project preparation only to economic valuation, while the project activities were much broader and focused on various aspects of project preparation including strategic alignment with the country/sector objectives, technical soundness and environmental and social aspects.

Finally, the original design did not incorporate formal indicators for evaluating the impact of training activities, even though capacity building through training was fundamental to realizing the PDOs. Measuring the extent to which training contributed to PDOs was particularly important, given that the project was a stand-alone capacity building project, with primary focus on capacity building activities.

**Rating**  
Modest

#### 4. Achievement of Objectives (Efficacy)

##### **Objective 1** **Objective**

To improve the quality of preparation and implementation of investment projects in key priority sectors.

##### **Rationale** **Outputs.**

- 1,210 persons in the relevant government ministries and agencies were trained in 22 project management courses. This exceeded the target of 805 persons. The courses included: feasibility studies and cost-benefit analyses, project management, Public-Private Partnerships (PPPs), accreditation and certification programs on International Financial Reporting (IFR) standards, monitoring and evaluation, strategic management and corporate governance, results based management and effective performance indicators, project impact evaluation, knowledge exchange program on advanced information management systems, and human resources management. Importantly training included project risk identification and management, procurement under Azerbaijani legislation and under International Financial Institution (IFI) standards, application of labor code, quality and environmental management



systems, statistical analysis, cost control and Information Technologies.

- 767 people (88%) as compared to the planned 870 were trained at 38 public agencies in the roads, water and sanitation and energy sectors. This exceeded the target of 85%.
- The new Master's Program in Project Management was established as targeted. The curriculum for the program was developed and adopted by the Academy of Public Administration (APA) as per the original target and the new Master's Program was operational at project closure as per the revised target.
- The solid wastewater Master's Program was established at the University of Construction and Architecture as targeted. At project closure, 20 people were trained in the program. An upgrading of the curriculum for the existing Master's program on wastewater management was completed in the same university.
- A new Master's Program in human resources management was established at the APA as per the revised target. 20 people were trained under the new program.
- The action plan for in-service training of public servants was drafted as originally targeted. The regulations for in-service training of public servants were developed as per the revised target.

**Outcomes.**

- Indicators were mainly output-oriented.
- 80% of Government-financed infrastructure projects from the road, water supply and sanitation and energy sectors, with project costs above US\$15.00 million were completed with some type of economic appraisal for government funding as per the revised target. This exceeded the original target of 50%. The included 84% of projects in the road sector and 100% for projects in the water supply and sanitation sectors and 100% for projects in the energy sector. In line with the presidential decree and the guidelines and rules produced by the project technical assistance, preparation and appraisal documents included economic, technical, environmental and social aspects.

**Rating**

Substantial

**Objective 2**

**Objective**

To improve the efficiency of preparation and implementation of investment projects in key priority sectors.

**Rationale**

**Outputs.**

The same outputs under objective 1 were also relevant to this objective.

**Outcomes.**



- The project envisaged improvement in the efficiency of project preparation and implementation in infrastructure investments through reduction of average project life for key projects, based upon disbursement rates. At appraisal in 2009, the average age of a World Bank project in Azerbaijan was 6.6 years (for years 2006-2009) and at project completion in 2015, project life remained at about the same averaging ((for 2010-2015) to 6.8 years. The appropriateness of this indicator was unclear, given that most projects would have a different mix of activities and hence in principle were not comparable.
- Two activities were conducted between May and September of 2013 to determine the effectiveness of the training program. The first was a short survey to participants and the second to a focus group session with Azeerroad Service, the Ministry of Economy and Industry and the Azeru Water Supply Company. The surveys and interviews indicated that 40% of trainees were using the newly acquired skills. This exceeded the target of 30%. The ICR however had little by way of details in the methodology followed in administering the survey. For instance, the ICR reports the number of past participants who responded to the survey. It is not however clear as to how many people were surveyed in the first place.
- Given that there were many other changes at the policy level (such as the decree issued by the President in March 2010 formalizing the need for all major public investments to be better prepared and appraised in a systematic way), it is difficult to assess the extent to which this project contributed to realizing the PDOs.

**Rating**  
Modest

## 5. Efficiency

A traditional economic and financial analysis was not conducted at appraisal or at closing, as the project was mainly a technical assistance operation focused on capacity building activities.

**Administrative and Operational Issues.** There were no cost overruns. The unit costs comprised mainly of remuneration and reimbursable expenses of the trainers and the costs of training materials and refreshments. Since the training sessions were delivered on government premises and on training centers provided by the project, there were cost savings associated with not renting hotel or other conference facilities. Also, where there was local expertise for providing training, this was availed of and this entailed cost savings associated with minimizing air fare, hotel and living allowances of out of town trainers. There were also cost savings of about US\$500,000 (representing 6% of the total project cost) associated with the competitive procurement process of project goods and services and these at government request, were used for financing additional capacity building activities. Although the project's initial focus was on training public servants from the relevant ministries and agencies, at government request, other agencies were allowed to participate in the training activities. This allowed training additional participants at minimal incremental costs. All training materials developed under the project were made publicly available through the dedicated training web portal and materials, including reports, were published in Azerbaijani and English. Since the training portal was



made available after project closure, by transferring its content to the website of the Ministry of Education of Azerbaijan, all training materials are still available to interested people. The Project Coordination Unit (PCU) of an ongoing Bank financed project (Azerbaijan: Education Project) was designated to take on the implementation of this project. This contributed to reduction of overall project costs as no unnecessary parallel institutions were created. The supervision missions for this project were combined with other transport projects in Azerbaijan and this ensured efficient use of Bank budget.

The project took 6.5 years from approval to completion as compared to the original project implementation period of 4.9 years. The extension of the project closing date was to allow the government to use unallocated funds for additional project capacity building activities which increased the scope of the project. By the original closing date, most of the initially envisaged activities were completed and 85% of the loan had been disbursed.

**Efficiency Rating**

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

**6. Outcome**

The project development objective was rated as High and relevance of design was rated as Modest. Efficacy of the first objective - – to improve the quality of preparation and implementation of investment projects in key priority sectors – was rated as Substantial. Efficacy of the second objective - to improve the efficiency of preparation and implementation of investment projects in key priority sectors - was rated as Modest. Efficiency was rated as Substantial.

Given the moderate shortcomings in the relevance of project design and in achievement of one of the two objectives, the overall outcome is rated as moderately satisfactory.

**a. Outcome Rating**

Moderately Satisfactory



## 7. Rationale for Risk to Development Outcome Rating

**Economic Risk:** The project outcomes are highly susceptible to the external country environment, especially the country's economic situation and governance. Given that Azerbaijan is now facing the dual challenges of lower oil prices and an uncertain regional economic environment, it is likely that these risks might materialize. However, the government's commitment to reform was demonstrated by decree issued by the President of Azerbaijan which formalized the need for all public investment projects to be better prepared and appraised in a systematic way. In view of this, the risk to development outcome is rated as Modest.

### a. Risk to Development Outcome Rating

Modest

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The project was prepared based on lesson from prior Bank financed projects in Azerbaijan and recommendations from the Independent Evaluation Group (IEG) report issued in 2008 - *Using Training to Build Capacity for Development* and the World Bank Institute (WBI) report issued in 2009 - *Renewable Strategy: An Emerging Direction and lessons*. A lesson incorporated from the IEG Report was that training has a better chance to translate to substantial change in work place behavior or enhancing capacity if they are based on assessment of capacity needs. In this project, training sessions were designed for the two State Owned Enterprises (SOEs) - the water and road service companies - based on assessments of their capacity needs. Several risks were identified at appraisal including substantial risks associated with implementing a multi-sector project in a country with weak governance, technical risks associated with multiplicity of small consulting contracts and risks associated with lack of communication among ministries. Risk mitigation measures were incorporated at appraisal and the overall project risk was correctly rated as moderate. Adequate arrangements were made for project implementation for fiduciary compliance (discussed in Section 11).

The short project preparation time (three months from the concept stage to Board approval) resulted in design flaws. It is not clear if there was adequate diagnostics of the challenges faced by Azerbaijan in implementing infrastructure projects. This in turn affected the choice of indicators which could have been better tailored to meet the needs of the project.

The original design did not incorporate indicators for evaluating the impact of training activities, which constituted a major part of the entire project. In the absence of such indicators, it is not clear the extent to which these activities contributed to realizing the PDOs.

### Quality-at-Entry Rating

Moderately Satisfactory



## **b. Quality of supervision**

Thirteen supervision missions were filed over a seven-year period, implying supervision missions of approximately twice a year. Given the significant number of project activities which entailed procurement and implementation of several small contracts simultaneously, the Bank supervision arrangements included a co-task team leader. This arrangement in conjunction with support from the Azerbaijan Country Office, aided in resolving implementation issues expeditiously. The supervision team also coordinated the project activities with multiple stakeholders and with all other Bank funded projects that provided technical assistance on capacity building to avoid potential overlaps. The supervision missions by the World Bank Transport Team for this project were combined with other transport projects in Azerbaijan and this aided in efficient use of the Bank budget. The supervision of fiduciary arrangements was deemed to be adequate (discussed in section 11).

Although the project was restructured four times, of which one was intended for improving the results framework, the indicators were not aligned with the wider project scope and there were no robust indicators aimed at assessing the extent to which the training activities contributed to realizing the PDOs.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory

## **9. Assessment of Borrower Performance**

### **a. Government Performance**

The Government provided strong support to the project from inception, through preparation and subsequent implementation. The request for the project was initiated by the office of the Deputy Prime Minister responsible for infrastructure sectors. Active support provided at the level of cabinet ministers and the project steering contributed to the inter-ministerial cooperation required for implementing the multi-sector project. In March 2010, the President of Azerbaijan issued the decree on the "Regulations for development, execution, monitoring and evaluation of the State Investment program of the Azerbaijan Republic". This decree required the cabinet of ministers to approve a set of instructions on assessment and provide expert evaluation of project preparation. This regulation formalized the need for all major public investment projects to be better prepared and appraised in a systematic way and this facilitated the achievement of project objectives. The project was in compliance with the provisions of the Financing Agreement and the government's co-financing was appropriately budgeted and provided in a timely fashion.

### **Government Performance Rating**

Satisfactory

### **b. Implementing Agency Performance**

The Project Coordination Unit (PCU) located in the Ministry of Economy and Industry (MoEd) - previously known as the Ministry of Education (MoED) - was in charge of implementing the project. The PCU had prior



experience with implementing technical and vocational training activities. This facilitated the coordination of major project activities and facilitated dialogue with universities and other educational organizations. The PCU had experienced staff who were familiar with Bank policies on financial management, procurement and disbursement procedures and this contributed to the smooth implementation of the project. Since the PCU was also responsible for implementing an ongoing Bank-financed Project (Education Project), the PCU was responsible only for the incremental costs of this project, and this contributed to efficient use of public resources. The PCU was adequately staffed, coordinated with project beneficiaries and diligently followed-up on the Bank's recommendations. It successfully managed a substantial number of activities within schedule and realized project savings, due to effective procurement, and these savings allowed important additional activities related to technical education and training. The PCU's overall M&E arrangements were satisfactory (discussed in Section 10). There was compliance with fiduciary issues during implementation (discussed in Section 11). Before project closure, the PCU also ensured the transfer of the training web portal with all of its content to the website of the Ministry of Education (MoE) and this provided access to the training materials developed under the project to all interested people beyond project completion. The implementing agency was the first agency from among the projects in the World Bank portfolio to test the implementation of an e-disbursement system for electronic processing of withdrawal applications and based on the positive results, the Ministry of Finance has endorsed implementation of an e-disbursement system for all World Bank financed projects.

### **Implementing Agency Performance Rating**

Highly Satisfactory

### **Overall Borrower Performance Rating**

Satisfactory

## **10. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

The M&E design included two key outcome indicators - the improvement in the quality of preparation of infrastructure projects as reflected in the percentage of projects which were prepared based on the rate of return criteria and improvement in the efficiency of implementation measured by the reduction of average project life for all key projects in key infrastructure projects (both government financed and International Financial Institution (IFI) financed disbursement projects). While the second indicator was appropriate, given that the economic rate of return is at best a narrow criterion, it would have been more useful to use the rate of return along with the net present value and other aspects of a wider economic analysis and multi-criteria decision analysis.

The original design did not incorporate formal indicators for evaluating the impact of training activities, even though this was a stand-alone capacity building project.

### **b. M&E Implementation**



Following the Mid-Term Review, the results framework was modified and two intermediate indicators were added to assess the application of acquired knowledge under two main project components (thematic capacity building and sector-specific capacity building). During implementation, arrangements were made for qualitative assessment of training activities interviews, focus meetings and questionnaires. However, no robust indicators were incorporated (such as through an impact assessment of trainings and assessment based on randomization techniques) which would have been more appropriate to assess the efficacy of training activities.

Data for monitoring the project was to be provided by the different beneficiaries, such as the two State-Owned Companies (the water supply company and the road service company), the Academy of Public Administration (APA) and the Azerbaijan Construction and Architecture University (ACAU). The Project Coordination Unit consolidated the data from different sources which was also linked to the budget and procurement plan. The PCU also embedded a monitoring program in the Web page of the training portal that counted the number of web page participants to assess the interest and use of training activities. This information allowed the PCU to analyze and present disaggregated data from different perspectives such as beneficiary organization, by subject, by gender, year and component.

### c. M&E Utilization

The M&E arrangements under the project were specific to the project and utilized for monitoring project performance.

### M&E Quality Rating

Modest

## 11. Other Issues

### a. Safeguards

The project was classified as a category 'C' project and OP/BP 4.01 Environmental Assessment. Since the project financed only capacity building and Technical assistance activities, no adverse environmental or social impacts were anticipated and no safeguard policies were triggered. (PAD, page 16). The ICR indicates no safeguard issues during implementation.

### b. Fiduciary Compliance

**Financial Management:** An assessment was made of the financial management arrangements at appraisal. The assessment concluded that the Project Coordination Unit (PCU) had the necessary financial management related human and technical resources to implement the project and the financial management arrangements were deemed to be satisfactory (PAD, page 16). The ICR (page 10-11) reports that the Financial Management activities were done in a timely fashion and in accordance with relevant Bank guidelines. The PCU prepared



unaudited financial reports and annual reports in a satisfactory manner and submitted them on time. Independent financial audits were done on time and issued unqualified opinions.

**Procurement.** An assessment was made of the implementing agency's capacity to carry out procurement at appraisal. The Azerbaijan Public Procurement Law (PPL) was generally comparable with internationally accepted public procurement legislation. The staff of the PCU had sufficient experience both with the national procurement system and with the Bank procurement guidelines and had an established organizational structure to carry out procurement. The procurement risk was rated as moderate at appraisal (PAD, page 16). The ICR (page 10) reports that procurement activities were completed on time and the activities were in accordance with the relevant Bank guidelines.

**c. Unintended impacts (Positive or Negative)**

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**d. Other**

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**12. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Satisfactory	Satisfactory	---
Quality of ICR		High	---

**Note**

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

**13. Lessons**

The ICR draws the following main lessons from implementing this project.

**(1). A holistic approach to capacity building through a stand-alone dedicated project can contribute to the success of a project.** The case of this project demonstrated that if the government is interested in a holistic targeted approach to capacity building and is willing to borrow for such purposes, such an approach



may yield better results than an approach having many smaller capacity-building projects scattered around different projects across the portfolio.

**(2). While impact evaluations are important, it is important to select the correct method of evaluation.**

This project made provisions for some evaluation of training activities through qualitative surveys based on interviews, focus group discussions and questionnaires, which were clearly not sufficient for the scope of the project. It would have been more appropriate to provide for robust evaluation methods, such as through impact assessments based on randomization techniques.

**(3). Commitment on the part of both government and development partners can contribute greatly to the success of a project.** In the case of this project, the commitment of both the government and development partners led to targeted consolidated efforts to tackle problems with the quality and efficiency of investment projects.

**(4). A short project preparation time could contribute to poor design.** This project was prepared in three months from concept to approval, to accommodate the government's request. However, rushed preparation time undermined the quality at entry as there was not enough diagnostics of the specific problems faced in the preparation and implementation of infrastructure projects until then. This in turn affected the choice of indicators.

**(5). Creation of knowledge materials in the local language in addition to English, can help in providing opportunities for self-learning beyond the project life.** One of the important outputs of the project was the creation of the training web portal, which contained the entire library of training materials throughout project implementation in both English and in Azerbaijani. This made the portal a unique knowledge source to the Azerbaijani public service as well as the wider public for providing opportunities for self-learning, beyond the project life.

#### 14. Assessment Recommended?

No

#### 15. Comments on Quality of ICR

The ICR provides a detailed overview of the project and is, for the most part, well written and the ICR is concise. The narrative supports the ratings and available evidence. It is candid particularly in discussing the issues at Quality of entry. The report generally follows the guidelines adequately. The quality of evidence and analysis is aligned to the messages and lessons offered.

The ICR however could have provided more details on the beneficiary survey. It reports the number of people who responded to the survey but provides no details on the number of people who were administered the survey.

Despite the small minor shortcomings, given that the reasons are well documented, the quality of ICR is rated as High.

##### a. Quality of ICR Rating



High