Report Number : ICRR0020637

1. Project Data

Project ID	Project Name
P120125	BD: Strengthening Auditor Gen.'s Office
Country	**Practice Area(Lead)**
Bangladesh	Governance

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-98656	30-Jun-2014	16,900,000.00
Bank Approval Date	**Closing Date (Actual)**	
27-May-2011	30-Jun-2016	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	16,600,000.00	16,600,000.00
Revised Commitment	13,030,000.00	12,232,364.63
Actual	12,497,985.52	12,232,364.63

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The original project development objectives (PDO), as stated in the Project Appraisal Document (PAD), were: (a) strengthen the institutional arrangements of the Office of the Comptroller and Auditor General (OCAG); (b) enhance the quality and scope of audits; and (c) enhance the institutional capacity of the Financial Management Academy (FIMA).

The PDO was revised at a Level 1 restructuring on July 7, 2014. The revised PDO was: to strengthen the quality, scope, and follow-up of audits; and (b) create a cadre of internationally accredited professionals in

OCAG.

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

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

07-Jul-2014

c. Will a split evaluation be undertaken?

Yes

d. Components

Component 1: Strengthening the institutional arrangements of the OCAG (appraisal: US$3.1 million; This component was dropped at restructuring). This component aimed to strengthen the institutional context within which the OCAG operates, to provide for greater impact from the audits that are conducted by OCAG. Key activities included: strengthening the legislative framework to enhance the independence of the audit office; strengthening the interface between OCAG and the Executive; and improving the interface between OCAG and the Public Accounts Committee (PAC). The component had two sub-components (as listed in the Project Information Document: Strengthening institutional arrangement and relationships; and project management and coordination.

Component 2: Enhancing the quality and expanding the scope of external audit (Appraisal: US$6.63 million). This component was to assist the OCAG to enhance the quality and expand the scope of audits in line with the International Standards of Supreme Audit Institutions (ISSAI) Framework of the International Organization of Supreme Audit Institutions. The component had two sub-components: enhancing the quality of external audit; and expanding the scope of external audit.

Component 3: Enhancing the institutional capacity of the FIMA (Appraisal: US$6.84 million). This component was to address inadequate staff capacity—a key constraint to sustainable improvements in public sector audit in Bangladesh. The component supported FIMA -- the government training institution, to deliver appropriate short courses in public financial management (PFM), and to become approved to deliver internationally recognized professional accreditation courses in PFM. Selected staff were to complete such accredited courses. It also supported a limited number of scholarships for top achievers to pursue advanced studies overseas. The component was also to finance the costs of equipping FIMA with training technology, library and other resources for local and distance learning (PAD, p. 11).

The components were revised during the Level I restructuring. Component 1 was dropped due to: slow progress in activities under the component, which meant that the objective of strengthening the institutional arrangements of OCAG would not be achieved; and factors beyond the project's control, which affected the enactment of the Audit Act. Until the government introduced the Audit Act, the activities under this component were to be discontinued during the two-year extension period of the closing date from June 30, 2014 to June 30, 2016 (Restructuring Paper, June 30, 2014, p. 7).

The revised components, as stated in the Restructuring Paper, are listed below. The original Component 2 was revised as Component 1, and the original Component 3 was revised as Component 2. The original Component 1 was dropped, but its project management elements were included under the restructured project as the new Component 3, Project Management and Coordination (ICR, p. 4).

Revised Component 1: Enhance the quality and scope of audit through ISSAI compliance (US$5.93 million). The revised activities were to concentrate on enhancing the quality and scope of audits by rolling out and scaling up the ISSAI-compliant audit procedures already designed, field-tested and submitted within 30 days of completion of audit. In addition, joint audits and knowledge sharing were undertaken with the Comptroller and Auditor General of India (SAI India) under a twinning arrangement. Twinning arrangements also included arrangements with SAI India's National Academy of Audit and Accounts, India's International Centre for Information Systems and Audit, and India's International Centre for Environment Audit and Sustainable Development, as well as joint audits in specialized audit areas such as revenues, information technology (IT), and environmental audit (Restructuring Paper, p. 9 and ICR, p. 5).

Revised Component 2: Professionalize OCAG officials through Chartered Institute of Public Finance and Accountancy (CIPFA) qualification (US$5.80 million). The revised focus of activities was on the delivery of globally accredited CIPFA professional courses (certificate, diploma, advanced diploma, and professional level) to OCAG officials. The courses were to enable the auditors to better understand public sector financing, accounting, and auditing processes, and improve the quality of audits in meeting international standards. In addition, OCAG staff were expected to be trained to a standard enabling them to deliver CIPFA-accredited courses in the post-project period. Activities that were dropped from the original component were: building institutional capacity of FIMA; and the twinning arrangement between FIMA and PFM institutions in the region (although twinning between OCAG and PFM institutions were to continue to be supported through (new) Component 1) (Restructuring Paper, p. 9).

Revised Component 3: Project management and coordination (US$1.30 million). The OCAG was the implementing agency for the project. The project management and implementation structure consisted of a high-level Project Steering Committee chaired by the Comptroller and Auditor General, Project Management, and Coordination Unit within OCAG. The Project Steering Committee was responsible for providing strategic guidance to the project; approving annual work plans, budgets, and procurement plans; monitoring project implementation progress. (ICR, p. 5-6).

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

Project Cost: At appraisal, the total project cost was estimated at US$16.6 million. The actual expenditure up to June 30, 2014 (at restructuring) was US$6.70. The estimated expenditure July 1, 2014 to June 30, 2016 was US$6.33 million. Hence, the revised project cost was US$13.03 million. US$3.57

million was cancelled due to project downsizing, and returned to the Strengthening Public Expenditure Management Program (SPEMP) parent Multi Donor Trust Fund (MDTF). (The ICR does not indicate actual costs under the revised components.)

Project Financing: The total MDTF grant at appraisal was for US$16.6 million. After restructuring, it was expected to be US$13.03 million. The actual disbursed amount was US$12.497 million (ICR, p. i. However, the ICR's Annex 2 has a disbursed amount of US$11.04 million.)

The Borrower's contribution was US$0.3 million, which was expected at appraisal.

Dates: The project was approved on May 27, 2011, extended for two years from the original closing date of June 30, 2014, and closed on June 30, 2016. This extension was due to slow implementation of several activities, and helped in completing core prioritized activities.

3. Relevance of Objectives & Design

a. Relevance of Objectives

The project's original objectives were relevant to country context at the time of appraisal and remained relevant throughout the project. The revised PDO was also relevant, and remained so at project closure. Bangladesh had witnessed uneven progress over several years in transforming PFM policies and institutions, and public sector governance posed risks to enhancing inclusive growth and to empowering citizens (PAD, p. 7). The Government of Bangladesh (GoB) considered effective PFM a priority to achieving its economic and social agenda. GoB, in its "Perspective Plan of Bangladesh 2010-2011" called for a vision to simultaneously achieve fulfillment of economic and social rights of the people alongside civil and political rights. Two 12 consecutive medium-term development plans, the 6th (FY11-15) and the 7th Five Year Plans (FY16-20) were formulated to implement the vision outlined in the Perspective Plan. The 7th Five Year Plan aims to empower citizens and promote sustainable development (Country Partnership Framework FY16-FY20, CPF, p. 11-12). The project is also very relevant to the Bank's strategy articulated in the CPF, and which supports the 7th Five Year Plan. Overall PFM reforms, and strengthening the OCAG had been identified as key areas under the 2005 Public Expenditure and Financial Accountability (PEFA) Performance Report, which was input into the previous FY2006-09 Country Assistance Strategy. The Bank had supported the development and reform of the OCAG through two Institutional Development Fund grants over the years, and this project was to continue the Bank's engagement in supporting effective external audit as a key element of strengthening PFM (Project Information Document, p. 3).

Following restructuring, the project's scope was revised, and the revised PDO focused on areas that were reasonable and could be achieved during the project's extended period. This was to strengthen the quality, scope and follow up of audits, and to create a cadre of internationally accredited professionals in OCAG. The revised PDO was highly relevant.

Rating	Revised Rating
Substantial	High

b. **Relevance of Design**

Original Design: There was a plausible link between some of the activities and the expected outcomes. Activities that aimed to strengthen the institutional arrangements at OCAG and enhance the quality and scope of audits were very pertinent. This included support to finalize the draft Audit Bill, which was a priority for OCAG, formulating rules to ensure operational independence of OCAG, and developing audit methodologies based on international standards. Indicators to measure progress were also aligned to the PDO; however, the results framework was unrealistic in calling for the submission of the Audit Bill. It included several steps of approval: OCAG; the Ministry of Finance (MoF); Cabinet; and the Parliament. Believing this would be passed was an unrealistic expectation. The mitigation measures introduced at design to ensure passage of the Bill, i.e. including all stakeholders in discussions, were also too simplistic, as acknowledged in the ICR (ICR, p. 7). The design also overestimated the overall capacity at OCAG, and, in particular, the procurement capacity. The twinning arrangement was beyond the control of this project, and the contracting arrangements were too demanding, especially in the early stages of the project. These factors in design led to implementation delays. Overall, the original design was too complex and tried to achieve too much in too short a time period.

Revised Design: The design was improved at restructuring. The revised PDO had a narrower focus; to enhance the quality and scope of audits and follow up in line with capacity and commitment. The results framework had a clear, causal chain between activities such as delivering internationally-accredited courses to OCAG officials to enhance the quality of audits and to help their understanding of public sector financing processes, and the revised PDO. Several activities related to strengthening the institutional arrangements of OCAG and FIMA were dropped, as the passage of the Audit Bill was key to strengthening the institutional arrangements of OCAG, and to enhancing FIMA's capacity. The twinning arrangement to enhance FIMA's capacity was beyond the control of this project.

The lending instrument (Technical Assistance (TA) Grant) was appropriate.

Rating	Revised Rating
Modest	Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Strengthening the institutional arrangements of the OCAG (original PDO 1—dropped at restructuring)

Rationale

The passage of the Audit Bill was essential to achieving this objective. Although several outputs were achieved, as listed below, the failure to pass the Act, which would have provided OCAG with the mandate and powers of a modern supreme audit institution (SAI) to produce timely public audit reports in line with operational norms, meant that this objective was not achieved (see PAD Results Framework, p. 24).

Outputs and Outcomes: In addition to the activities that focused on supporting the passage of the Audit Bill, other activities aimed to strengthen the interface between OCAG and the Executive, and improve the interface between OCAG and the PAC. Inputs included consultant support to finalize the Bill, prepare rules to implement the Audit Law and enhance audit functions, and summary reports to implement software in three ministries. The project did strengthen the interface between OCAG and the Executive; however, strengthening the interface between OCAG and PAC was more challenging.

The indicators to measure outcome achievement included the percent of audit observations contained in the current year's audit reports that are acted upon by the Executive within 90 days from receipt of the audit report involving serious financial irregularities (ICR, p. 12). The baseline was 22 percent. The revised target was 50 percent at restructuring, and the project achieved 79 percent. Summary reports prepared covered 55 ministries and divisions (ICR, p. 23). However, two key targets were not achieved. These were the improved interface between OCAG and PAC, and the submission of the Audit Bill to Parliament. The interface between OCAG and PAC were to be measured by the degree of satisfaction by the PAC with the quality of audit reports. The baseline for this was not set. The strategy paper was not fully completed and dropped during restructuring. On the Audit Bill, no agreement was reached between OCAG and the Ministry of Finance (MOF) on the Bill. As the ICR states, the passage of the Audit Act was an essential tool to ensure the functional, operational and managerial independence and effectiveness of OCAG. The Bill was dropped from the restructured project. This objective was not achieved.

Rating
Negligible

Objective 2
Objective
Original Objective 2: Enhancing the quality and scope of audits
New Objective 1: Strengthen the quality, scope and follow up of audits

Rationale
Outputs: The original objective had two parts: (i) enhancing the quality of audits; (ii) enhancing the scope of audits. The revised objective added: (iii) enhancing follow-up audits. Overall, outputs include advancing compliance with ISSAIs, improving audit timeliness, through monitoring the submission of audit reports to the Executive, independent peer review of pilot audits conducted by SAI India, revising audit methodology to cater to improved audits, training of audit teams on ISSAI and ISSAI-compliant audits to understand the new methodology, and strengthening the audit follow up procedures (ICR, p. 11-12, and Annex 1). Outputs

include: 185 OCAG offices provided with hands-on training in new ISSAI methodologies, 594 officials completing short courses (target of 380), 17 outreach events including dissemination workshops of ISSAI-compliant pilot audits, and peer review of audits (ICR, p. 14). The project strengthened the relationship between the PAC and OCAG through the interaction and cooperation necessitated by the work on the Audit Bill and the strategy paper on cooperation between PAC and OCAG. CAG Deputy C&AG was assigned on a full-time basis, and another one Deputy on a part-time basis to help the PAC in the backlog clearing process. In addition, six OCAG officials along with the C&AG had helped PAC while it was in session and explained the causes of observations and their impacts, thereby enabling PAC members to make better decisions on audit observations. The project had provided OCAG officials with experience in conducting high quality risk-based audits in compliance with international auditing standards facilitated through the direct training, the pilot audits, and the follow up on OCAG observations. The PAC recommendations and Executive responsiveness to audit queries have significantly increased as evidenced by the increased number of senior government officials directly interacting with the PAC.

Outcomes: In terms of the outcome of strengthening the quality of audits, five rounds of pilot audits were conducted. Each round of audit lasted 7 months. A total of 32 audits were completed using ISSAI-compliant audit methodology, exceeding both the original target of 20 and revised target of 29. The pilot audits included 6 financial audits, 13 compliance audits, 6 performance/environment audits, 1 revenue audit, and 1 forensic audit. The pilot audits covered 20 ministries and 9 Directorate Generals. Compliance with ISSAI has improved the quality of audit reports, including follow-up on audit observations (ICR, p. 14).

Audit scope was widened to cover all types of audit and to perform an entity audit rather than a transactional audit, thereby assessing the performance of the operation in achieving its objectives. These 32 pilot audits included 870 observations. Around 77 percent of these observations were enacted upon by the Executive within 90 days; this exceeded the target of 50 percent (ICR, p. 13-14).

Audit follow-up included the achievement of clearing 95% of the backlog of OCAG audit reports pending legislative scrutiny by PAC. It also facilitated the recovery of BDT 39.3 billion through a rapid resolution of a backlog of audit reports and administrative enquiries exceeding BDT 50 billion. Due to the resolution of the audit backlog, legislative scrutiny has shifted from age-old observations to current audit issues, thereby enabling PAC to advise ministries on matters of current public interest. The more efficient use of the time by Members of Parliament also contributed to enhancing fiscal discipline on expenditures by preventing fraud and corruption.

On balance, the rating is Substantial with regard both to achievement of the original and revised objective.

Rating

Substantial

Objective 3

Objective
Original Objective 3: Enhance the institutional capacity of the Financial Management Academy (FIMA)
Revised Objective 2: Create a cadre of internationally-accredited professionals in OCAG

Rationale
Outputs and Outcomes: The original objective is relevant to overall strengthening PFM. Although computers and other equipment were procured, as the ICR states, the twinning of FIMA with another training institution did not take place, and the activity was dropped. Once the Memorandum of Understanding rather than a twinning arrangement was completed with the Chartered Institute of Public Finance and Accountancy (CIPFA), FIMA's capacity to provide accredited PFM courses increased according to the ICR, though no detailed analysis is provided (ICR, p. 15). The rating under the original objective is modest

The revised objective was to be measured by OCAG officials awarded four levels of internationally recognized professional accreditation and still employed by OCAG. Outputs listed in the ICR include:
At OCAG, 251 officials passed several levels of CIPFA accreditation: 176 officials passed the certificate level, 40 passed the diploma level, 25 passed the advanced level, and 10 passed the professional level. There were an additional 79 officials enrolled in the diploma level and 10 enrolled in the professional level. These results exceeded the targeted numbers. The Project also contributed to clearing 95 percent of the backlog of OCAG audit reports. OCAG has mainstreamed the project's achievements, and 99.2 percent of CIPFA qualified personal have been retained by OCAG. It is also encouraging that International standards of Supreme Audit Institutions (ISSAI)-compliant audit practices have been mainstreamed in regular audit practices.

The delay in mobilizing CIPFA trainers caused delays in running the courses; however, the end result was good. CIPFA expressed satisfaction with the trainees' performance. The training contributed greatly to the level of professionalism. It gave trainees a comparable competitive advantage to be certified by an international PFM association such as CIPFA. These courses widened OCAG officials' knowledge of subjects beyond external audit, including overall PFM, risk-based strategy, internal audit, internal control, and budget execution.

About 97 officials also participated in overseas training events on procurement, financial and compliance audits, management of training centers, performance measurement framework, performance audits, and CIPFA strategic-level training. Training included visits to institutions such as the International Training Centre of the International Labor Organization, the United Kingdom's National Audit Office, Thailand Asian Institute of Technology, and the United States' Government Accountability Office (ICR, p. 15).

In summary, the project exceeded expectations in its achievements under the revised objective. With respect to attribution, it is important to note other projects that were also part of the comprehensive SPEMP that was approved in December 2008, and funded by a MDTF of $113.6m. The SPEMP comprised of three projects—SPEMP-A, supporting strengthening in budget preparation and execution and internal audit; this project, SPEMP-B, supporting strengthening of the OCAG, including this project; and SPEMP-C supporting strengthening of the Parliamentary oversight committees (PAD, p. 7).

However, the achievement of creating a cadre of internationally-accredited professionals in OCAG can be directly attributed to this project, SPEMP-B, with its narrow focus, realistic indicators, the leadership and ownership of OCAG management, including its extensive cooperation with FIMA and CIPFA, and the dedication of both the trainers and trainees. The other projects listed above had different objectives other than CIPFA accreditation.

Rating
High

5. Efficiency

In the early part of the project's implementation, there were some inefficiencies due to design issues and implementation delays that resulted in the restructuring and dropping of objective 1, among others. The implementation delays were due primarily to OCAG's limited capacity in managing large consulting contracts, the change in OCAG project leadership, and other factors beyond OCAG's control (ICR, p. 6) .

The ICR stated that the Bank attempted to obtain good value for money during project implementation, including savings under the Management and Implementation Support Consultant contract and the free use of project offices and conference rooms provided by the OCAG, although no data are provided on the value of the savings.

With the project restructuring in 2014, some project efficiencies were noted. The project scope was reduced, eliminating unrealistic goals, and an amount of US$3.57 million was canceled. Project outputs were mostly achieved and some exceeded. Although the project was extended by two years during restructuring, the project was completed within five years, well within the norm for this type of operation. On balance, while there were initial implementation delays and inefficiencies, the resulting efficiency gains realized after restructuring more than offset the inefficiencies at the early stage of implementation. Hence, the rating for efficiency is substantial, on balance.

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 ☐Not Applicable
ICR Estimate	0	0 ☐Not Applicable

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

6. Outcome

The relevance of the original objectives is rated substantial and the revised objectives is rated high based on country conditions, the Bank's strategy and the Government's strategy. The original design is rated modest, based on several shortcomings, including the overly optimistic expectation of passing the Audit Bill through Parliament, and in the related outcome indicator; the twinning arrangement, which was beyond the project's control; and a complicated results framework that had several baselines missing. The revised design is rated substantial. The achievement of the three original objectives is rated negligible, substantial and modest. The achievement of the revised two objectives is rated substantial and high. Efficiency is rated substantial given overall efficiency gains realized after the restructuring that more than offset some shortcomings in the initial period that were mainly corrected at restructuring.

The project disbursed US$6.70 million of the total US$12.497 million (54 percent) prior to restructuring and 46 percent after. IEG rates project performance before restructuring as moderately unsatisfactory, and after restructuring as satisfactory. Weighting these ratings by amounts disbursed, the overall rating is calculated according to the formula =0.54*(3)+0.46*(5)= 3.92, where the numeric value for satisfactory is 5, moderately satisfactory is 4, and moderately unsatisfactory is 3. This is rounded to 4.

a. Outcome Rating

Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

The project strengthened several areas that could help in longer-term sustainability. These include: revising the audit methodology, improving the scope of audits and overall budget execution; training officials and bringing their knowledge up to international accreditation standards; offering training-of-trainer programs to ensure dissemination of the gained knowledge. However, as the ICR points out, these were achieved with the assistance of international and local consultants, and through donor support (ICR, p. 18). OCAG's capacity remains an issue. Without continued external support, the achievements are at the risk of reversal. There is a project proposal under discussion that includes continuation of training for the officials already enrolled in CIPFA to get accredited, translating manuals and guidelines into Bangla, reviewing the ongoing Audit Strategic Plan, and formulating a new plan through 2023 to ensure that ISSAI is used for all audits. (ICR, p. 9-10, 15).

a. Risk to Development Outcome Rating

Substantial

8. Assessment of Bank Performance

a. Quality-at-Entry

The Bank team incorporated lessons from previous experience with projects that involved OCAG (ICR, p. 18). Engaging OCAG as the implementing agency assured ownership and commitment. The team had a strong relationship with the government and with OCAG, and having most team members in the field helped. However, the team misjudged the risk of failure to gain approval of the Audit Bill—a critical first step in strengthening OCAG's institutional arrangements (the first PDO), and included this as a key outcome indicator. The risk mitigation measures, which included consultations with all stakeholders involved in the passage of the Audit Bill, proved to be inadequate. Other shortcomings in design were the overestimation of OCAG's capacity in procurement in the early stages of the project, the selection of an unworkable twinning arrangement for FIMA, and the complicated, initial results framework with PDO indicators without baselines.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

The Bank team was proactive in restructuring the project when it seemed clear that the original PDO would not be achieved due to delays in passing the Audit Bill and other issues related to the third objective. The restructuring itself presented a more realistic project, with a well-specified revised PDO, and clearer and achievable targets. The team seems to have made a concerted effort to keep close tabs on the implementation plan that was agreed on during the restructuring, to help the Government achieve the project objectives. With respect to monitoring, however, although data were collected by the project team, they were not examined to inform project management and facilitate timely recognition of performance issues and any necessary adjustments.

There were several factors on the Bank side, as mentioned in the ICR, that could have affected implementation. These include: the fact that there were three Task Team Leaders serving over the 3-year (extended to 5) project period, which may have negatively impacted relations with OCAG; and contracting and procurement methods, which may have been difficult to understand. Providing an expert procurement specialist at OCAG to help manage procurement arrangements could have helped. A more proactive stance or frequent visits from the Bank team to resolve the standstill in relations between OCAG and the consulting firm may also have been warranted (ICR, p. 19).

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

As stated in the ICR, the Government seems to have been committed at project start-up, and throughout initial implementation, working closely with the Bank team. With regard to the Audit Bill, based on the relationships between all stakeholders—OCAG, MoF, and PAC, at project preparation, the Bank team expected that the Bill would be passed. This was not achieved due partly to changes in government and the end of the parliamentary term. Parliament ended its term a year and a half after project start-up. The new Parliament brought with it a new PAC (ICR, p. 8). Following restructuring, the GoB demonstrated a high level of commitment to see that the project's objectives were met.

Government Performance Rating

Moderately Satisfactory

b. Implementing Agency Performance

The project's implementing agency was OCAG. It was supported by a high-level Project Steering Committee that included representatives from OCAG, SPEMP MDTF donors, the SCOPE Field Project Manager and the Project Management and Coordination Unit (PCMU) within OCAG. There were some bottlenecks during implementation, mainly with regard to MISC—the Management and Implementation Support Consultant. The MISC consultant team leader was not spending adequate time on the project (Aide Memoire, March 31- April 8, 2015). He eventually left the position due to health reasons and the position remained vacant for a period of time (ICR, p. 20). As noted in the ICR, there were also conflicts between MISC and OCAG, with neither party showing flexibility (ICR, p.20). However, as previously mentioned in Section 5, the temporary absence of a team leader and M&E specialist did not affect project activities as OCAG adapted with other arrangements.

The team informed IEG that despite a delay in appointing the M&E specialist, this did not affect project activities since the Project Management Coordination Unit performed these activities. The short absence of the team leader did not affect project activities, since one of the international project consultants worked as de facto Team Leader prior to the appointment of the new Team Leader.

Implementing Agency Performance Rating

Moderately Satisfactory

Overall Borrower Performance Rating

Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The PAD presented the results framework and monitoring arrangements, including indicators, baselines, targets, and the parties responsible for collecting data (PAD, p. 24-26). The project attempted to collect the relevant data, but there were too many indicators, which made it difficult to monitor. The overall results framework could have been much tighter, with fewer indicators and proper baselines. Two out of the four original PDO indicators had no baselines, making it difficult to measure project progress. These were: the percentage of audit observations that are acted upon by the Executive within 90 days; and the degree of PAC satisfaction with the quality and focus of audit reports (ICR, p. 12 and PAD, p. 24).

b. M&E Implementation

The number of output indicators were reduced at restructuring. The revised PDO indicators, intermediate results indicators and targets were more realistic (ICR, p. ICR, p. 11).

As stated in the ICR, some achievements are not captured in the results framework, especially achievements towards the end of the project. These included the peer review completed by SAI India in February 2015, the publishing of the 2013 OCAG Annual Report and the OCAG website; the MOU between FIMA and CIPFA; and the twinning arrangement signed between SAI India and OCAG on June 19, 2015 (ICR, p. 8-9). Some of these achievements are written up in the project file.

Overall, the project team made a good effort to collect data and maintain adequate records of project achievements. At the outset several factors hampered this: there were too many indicators; and the recruitment of an M&E specialist was delayed by over six months, and only joined the project team in mid-April 2015. Due to these weaknesses in monitoring, M&E performance was downgraded to moderately unsatisfactory. However, as noted in section 9 b these issues were somewhat addressed after the restructuring.

c. M&E Utilization

Although the project team maintained records of project realizations, in the period prior to restructuring these records could have been better consolidated and analyzed in a timely manner to inform whether the project was on track. This would have enabled timely identification of performance issues, and allowed for adjustments to be made, if needed, to achieve project results.

M&E Quality Rating

Modest

11. Other Issues

a. Safeguards

The Project was not expected to have any effect on the environment and was therefore classified as environmental category “C”.

b. Fiduciary Compliance

The project’s FM performance was rated satisfactory throughout implementation. According to the ICR, audit reports were submitted in a timely manner (ICR, p. 9). The ICR states that procurement and contract management were largely conducted according to the Grant Agreement’s provisions; however, due to limited OCAG capacity and training, procurement of the single consultancy was delayed, which affected implementation (ICR, p. 9).

c. Unintended impacts (Positive or Negative)

None

d. Other

None

12. Ratings

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

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 following lessons are taken from the ICR, with some revisions to the wording (ICR, p. 20-21):

The ICR offers useful lessons for Bank teams involved in institutional and capacity development of supreme audit institutions (SAIs). They are as follows:

- The WBG would need to use all instruments at its disposal to make sure necessary reforms are achieved. For example, a policy lending operation in combination with this TA could have helped to push a key reform, i.e. passage of the new Audit Bill;
- When an implementing agency has limited capacity and knowledge of Bank requirements (in procurement, in this case), training and hands-on support needs to be provided at project start-up and in the first year of implementation. Added supervision and implementation support must be built into the project supervision budget. Agreed procurement methods would need take into consideration the implementing agency's capacity. Deliverable-based contracts versus time-based contracts provide better incentive to deliver.
- A well thought out and clearly defined results framework with measurable outputs, outcomes, and key indicators under control of the project can be important to successful project implementation and measurement of achievements. However, in multi-faceted PFM reform programs, where different bodies must play a role, implementing agencies need the freedom to innovate and improvise as unexpected challenges emerge.
- Only a realistic number of priority activities should be selected to focus the project team's attention and help direct efforts into completing the planned objectives within the original time-frame. For example, selecting the most prioritized audit types to be part of the pilot, such as compliance and financial audit would have probably helped to achieve the objectives within the original project duration.
- Twinning with a suitably-selected peer institution that combines training with TA, and allows for flexibility on both sides is a good approach for transferring knowledge and expertise. The twinning arrangement with SAI, India followed the process for a beneficial twinning arrangement and helped the project to proceed with pilot audits and develop a long-term relationship between the two institutions.

IEG adds an additional lesson:
Reforming audit as part of overall PFM improvements requires continuous support over the long term from the Bank and other development partners to sustain and deepen achievements.

14. Assessment Recommended?

Yes

Please explain

To assess the project's impact and sustainability and learn lessons from design and implementation experience.

15. Comments on Quality of ICR

The ICR provides reasonable details on outputs, outcomes and objectives. It also provides details on the other projects that were working to reform various areas of PFM, and their contributions to this project. The ICR provided a good presentation of how the ICR arrived at the split rating of efficacy under the original and revised objectives. However, the ICR could have provided the actual costs of each component following the restructuring. Also, the ICR efficiency rating is modest on p. 15, and modest/substantial before and after restructuring on p. 17, without justification for the change. On balance, the ICR is of good quality, and presents a well thought-out list of lessons.

a. Quality of ICR Rating

Substantial