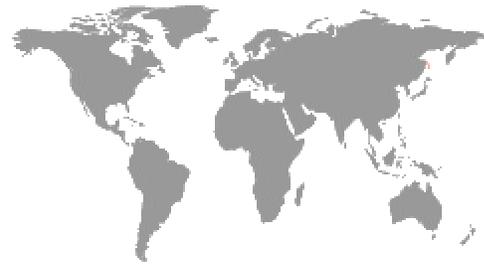


THE WORLD BANK OPERATIONS EVALUATION DEPARTMENT



OED: The First 30 Years
A Chrestomathy

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OPERATIONS EVALUATION DEPARTMENT

ENHANCING DEVELOPMENT EFFECTIVENESS THROUGH EXCELLENCE AND INDEPENDENCE IN EVALUATION

The Operations Evaluation Department (OED) is an independent unit within the World Bank; it reports directly to the Bank's Board of Executive Directors. OED assesses what works, and what does not; how a borrower plans to run and maintain a project; and the lasting contribution of the Bank to a country's overall development. The goals of evaluation are to learn from experience, to provide an objective basis for assessing the results of the Bank's work, and to provide accountability in the achievement of its objectives. It also improves Bank work by identifying and disseminating the lessons learned from experience and by framing recommendations drawn from evaluation findings.

OED Working Papers are an informal series to disseminate the findings of work in progress to encourage the exchange of ideas about development effectiveness through evaluation.

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OED: The First 30 Years

A Chrestomathy

The fiscal year 2003 (beginning July 2002) marks the 30th year of the establishment of the Operations Evaluation Department (OED) at the World Bank. This note briefly traces—through a select “chrestomathy”^{}—the evolution of the evaluation function at the Bank, some of the emergent challenges, and the institution-wide response to these challenges.*

The 1970s

The Beginnings

I feel that, with the growth of the Bank Group, the time has come to carry our systematic auditing procedures a stage further. I have therefore decided to establish a unit whose sole responsibility will be to evaluate the contribution of our operations to the development of member countries. The principal task of this unit will be to review past lending operations with the central objective of establishing whether the actual benefits of the completed projects are in accordance with those expected at the time of appraisal and, in case of divergence, the reasons. I believe that this initiative will have two principal benefits. It will contribute to the formulation of policy and procedures by enabling us to learn more from our past experience. And it will give us a degree of conviction about the impact of what we are doing which we could obtain in no other way.

Administrative Circular: Establishment of on Operations Evaluation Unit, signed by Robert S. McNamara, President, September 2, 1970.

^{*} The word “chrestomathy” was formed and first used in Greek, from the words *khrestos*, useful, and *mathein*, to know, hence useful learning. Its most frequent sense these days is that of a selection of passages designed to help in learning a language. The most popular title is that of *A Mencken Chrestomathy*, a selection of the choicest writings of the American journalist and writer on language, the late H.L. Mencken. *Source*: Michael Quinion, *World Wide Words*. 1996–.

A distinction may usefully be drawn between "Audit" and "Evaluation." In the work of the Operations Evaluation Division "Audit" has come to mean comparison between the targets and projections contained in the project appraisal reports on the one hand and actual developments on the other, in order to see whether or not appraisal objectives were attained; if not, why not and if so, was it due to the project? "Evaluation," on the other hand, has come to mean a deeper analysis of the contribution to development made by the project and by the Bank in its support of the project, with a view to seeing not only whether the project met its assigned objectives but also whether these objectives were themselves correct in retrospect and whether they might have been improved in any way.

Memorandum by the President to the
Executive Directors: *Future Work Program in
Operations Evaluation, July 20, 1972.*

Independence of the Evaluation Function

The unit responsible for this work has always had a high degree of independence from management, and it has grown in stature and experience its independence has been increasingly formalized most recently by making it a separate department in July 1973 under a Vice President without other direct operating responsibilities and giving it a formal link with the Joint Audit Committee of the Executive Directors in November 1973.

*Report of the Joint Audit Committee for 1973,
October 25, 1973 (Document R73-243/1); and Terms of
Reference of Joint Audit Committee, November 21, 1973
(Document SecM73-704).*

I think that the time has now come for the growing link between the Executive Directors and the Operations Evaluation Unit to be recognized formally by drawing lines on our Organization Chart directly linking the unit, and the Vice President in charge of it, to the Executive Directors as well as to the President. I also propose that, following the retirement in 1975 of the Vice President presently responsible, and in any case not later than December 31, 1975, a title of Director-General, more indicative of independence from the normal operations of the Bank, should be instituted for the manager of this function. Appointees would hold office for

renewable terms of five years, be removable only by the Executive Directors and be ineligible for subsequent appointment or reappointment to the Bank Group staff except in unusual circumstances.

The basic work program of the unit would be reviewed and approved periodically by the Executive Directors and all reports of the Operations Evaluation Unit would be sent simultaneously to the Executive Directors and to the President, without any interference by the latter with their content.

Memorandum by the President to the Executive Directors: *Operations Evaluation*, September 27, 1974.

The Evolving Operations Evaluation System

Project Performance Audits will be prepared on all projects in developing countries about one year after completion of loan/credit disbursement (i.e., typically 4 to 8 years after approval by the Board of Directors). The feasible sophistication of this enquiry, one year after completion of Bank/IDA disbursements, will vary considerably among projects, depending on the nature of the objectives sought, the sector to which the project belongs and the duration of disbursements.

Memorandum by the President to the Executive Directors: *Operations Evaluation and Project Performance Audits*, April 13, 1973.

This report is a summary review of the first 50 projects covered by Project Performance Audit Reports which were issued between October 1972 and March 1975. The overall average economic rate of return to the \$3,200 million of investment is now estimated at about 15%, and this figure is not very dependent on the changes in relative prices that have occurred in the last few years. This is considered a good performance on the part of the Bank as a development lending institution, especially in view of the difficult and changing environments, natural, political and economic, in which many of the projects were implemented.

First Annual Review of Project Performance Audit Results, September 26, 1975.

In accordance with the basic principle that, for most effective learning and impact on future operations, evaluation should be carried out by those directly involved in the operational side of the Bank's work, most of the evaluation activities are of a decentralized and self-evaluative nature.

*Operations Evaluation, World Bank
Standards and Procedures, June 1976.*

It has long been Bank practice to require progress reports from its borrowers. This is a regular part of the supervision process. In the past, these reports have focused primarily on the typically clearly specified and monitorable activities for which project monies are being disbursed (such as the construction of a road, an irrigation facility, a power plant or a school, or the commitment of monies by financial intermediaries to sub-borrowers), and related institution building. They have not focused as consistently on the impact of the projects on the society and on the intended beneficiaries; especially where, as in the fields of agriculture and rural development, education, population and urban development, special efforts are needed to establish a measure of the situation the project is intended to alter if the changes effected by the project are to be observed.

*Operations Evaluation—
Annual Report, October 13, 1976.*

The 1980s

From Projects to Policies

Policy-based lending is appropriate in the right circumstances, whether it is called program lending, as it was called in the 1960s, or structural adjustment lending, as it is called in the 1980s. But my own view is that policy-based lending is not the answer to all development problems; there is a role for intelligently conceived and well designed investment project lending. But most important is the role of intelligently conceived and managed country lending

programs. These lending programs are for me the key operational instrument of the Bank; that is, the aggregation of the structural adjustment loans and the sector loans and the project loans which, all together, can be designed to focus on an agenda of issues with the countries. The real Bank lever, as I see it, is neither an SAL nor a project, but the set of activities called the country program.

Transcript of interview with Mervyn L. Weiner
(first DGO, 1975–84), July 1986.

One of the most important services the Bank can provide is to ensure that the process of policy reform is “internalized” in the country as quickly as possible, so that the reform program is designed by the country itself and integrated into its long-term development program.

“Lessons Learned and Implications,” in *OED, Structural Adjustment Lending: A First Review of Experience*, September 24, 1986.

Structural Adjustment Loans (SALs) are rather difficult to evaluate because structural adjustment involves the interaction of many variables about which we still have much to learn. The first SALs were implemented in a very difficult world economic environment. SALs were a rapidly evolving product and their evaluation was like focusing on a moving target.

“All about OED,” Interview with Yves Rovani,
The Bank’s World, December 1986.

Bank-Country Relations (and Special) Studies

The Bank’s successful mediation efforts in the 1960 Indus Waters Treaty between India and Pakistan has awarded the Bank the benefit of doubt ever since.

[In Pakistan], the boundary line between the givers and receivers of aid became a fluid one. When necessary, the Planning Commission and the Finance Ministry could seek the alliance of the [Aid to Pakistan} consortium in persuading other departments

to accept a change in policy. On other occasions, the World Bank, the USA, or some other members of the consortium could seek the alliance of the Government of Pakistan in order to impress its own view on the consortium as a whole.

OED, *World Bank in Pakistan: Review of a Relationship*, 1986.

OED in the Reorganized Bank

The mandate and the independence of the Operations Evaluation staff have been reaffirmed by the reorganization. Internally, our independence helps ensure the choice of subjects, access to information and candor of reporting necessary for accessing the accountability and for drawing fully on the benefits of experience. Externally, it contributes to the credibility of the Bank's achievements by demonstrating publicly its openness and willingness to be the first to recognize its own shortcomings. The increased challenge is to revitalize: evaluation, the process by which we account for results and draw lessons from experience; dissemination, the way we share the experience across the Bank; and feedback, by which experience is reflected into new operations.

Yves Rovani, "The Bank's World: An Editorial," January 1988.

The 1990s

Ensuring Quality at Project Entry

To improve upon the Bank's portfolio performance management, the Task Force advances six principal recommendations and a comprehensive program of measures for their implementation: (a) introduce the concept of country portfolio performance management linked to the Bank's core business practices; (b) provide for country portfolio restructuring in adjusting countries including the reallocation of undisbursed balances of loans/credits; (c) improve the quality of projects entering the portfolio through better project analysis, appraisal methodology, and contractual arrangements; (d) define the Bank's role in, and improve its practices of project performance management; (e) enhance OED's

role as an instrument of independent accountability and refocus ex post evaluation on sustainable development impact; and create an internal environment supportive of better portfolio performance management.

Effective Implementation: Key to Development Impact,
Report of the Portfolio Management Task Force (the
“Wapenhans Report”), September 22, 1992.

Shifts in Evaluation Criteria

Conceptually, the Bank’s evaluation criteria have evolved to reflect the shifts in development paradigms over the decades. Gradually, the economic evaluation of projects became far more comprehensive and multidisciplinary than before. The main “unit of account” in the Bank’s operational work shifted from the project to the country. The full mix of lending and non-lending services that make up country assistance programs has become the dominant preoccupation of development policymakers. Sustainability of projects and the institutional development impact of projects began to be systematically rated beginning in the early 1990s. Priority attention began to be given to the relevance (in addition to efficacy and efficiency) of project goals reflecting country assistance priorities.¹

Robert Picciotto, “Evaluation in the World Bank: Antecedents, Methods, and Instruments,” from *The International Atlas of Evaluation*.

Real-Time Evaluations

Nearly fifty years of experience indicates that the vast majority of the Bank’s operations do in fact comply with our own policies and procedures. The Inspection Panel provides a safety net in exceptional cases where those high standards are not met—and in that sense, offers a link between the Bank and the people affected by the operations we help finance.

World Bank News Release: “World Bank Establishes Independent Inspection Panel,” September 23, 1993.

1. An overall development effectiveness index has recently been introduced to reflect the combined consideration of outcomes, sustainability, and institutional development impact.

The Bank's Strategic Compact established a "stretch goal" of zero defects in Bank workmanship. To that end, [Quality Assurance Group] QAG was established in 1996 with a mandate to increase accountability by conducting real-time assessments of the quality of the Bank's performance in its major product lines. An additional objective of QAG is to enhance learning and identify best practice, so as to catalyze changes in policies, programs and procedures.

QAG Web site.

Partnerships and Evaluation Capacity Development

Poverty reduction was the theme of the third Biennial World Bank Conference on Evaluation and Development, held in June 1999. The conference was sponsored jointly by two World Bank departments, OED and the World Bank Institute. It brought together more than 250 representatives of the international development evaluation community, including bilateral and multilateral donor agencies and civil society. Conference participants discussed lessons learned from evaluations of poverty reduction programs; ways to advance the methodological frontier; partnerships, ownership, and participation in evaluation. The participants also explored challenges for the evaluation of poverty reduction programs, both in methodology and in setting substantive priorities.

Evaluation and Poverty Reduction, World Bank Series on Evaluation and Development (Volume 3).

The main precondition for developing a national evaluation system is country demand. . . . There are particular risks if the impetus for an evaluation system is donor-driven. . . . Unless and until countries reach their own conclusions about the merits of evaluation, an evaluation system is unlikely to be sustainable.

Public Sector Performance—The Critical Role of Evaluation, Selected Proceedings from a World Bank seminar, 1998.

The 2000s

Toward a Comprehensive Development Agenda, and an Increasingly Complex Mandate

As it seeks to implement an increasingly crowded agenda, the Bank must learn to reconcile “client ownership” of activities with the Bank’s corporate priorities; to adapt global knowledge to local conditions; to balance support for countries with strong enabling environments with support to countries with poor enabling environments but a high incidence of poverty; and to be efficient and selective in implementing a holistic vision of development, making judicious use of partnerships.

Annual Review of Development Effectiveness, 2000.

The Bank has also taken upon itself the goals of generating and disseminating development knowledge, engaging its partners in global public policy debates, and dealing with global development challenges that cannot be tackled effectively at the country level. These institutional responses have given rise to tensions and trade-offs among goals.

Today’s interview with Robert Picciotto,
February 22, 2001.

Sharing Knowledge on Development Evaluation

The impetus for the program originates in a growing global demand for professional evaluation of development policies, strategies, programs, and projects. A rapidly changing environment, increasing public pressures for accountability and results, as well as an emerging consensus behind more comprehensive development strategies underlie the keen interest in acquiring up-to-date evaluation knowledge and skills within the development community.²

Today’s interview with Ray Rist (Senior
Evaluation Officer), July 23, 2001.

2. July 2001 saw the launch of an annual summer program for executive training in development evaluation, the International Training Program in Development Evaluation Training (IPDET)—an effort of OED in collaboration with Carleton University in Ottawa. Approximately 130 participants from 41 countries attended the first offering of this annual event.

We the participants of the Preparatory Meeting on IDEAS that was jointly sponsored by UNDP Evaluation Office and the World Bank Operations Evaluation Department, representing evaluators and development practitioners, mostly from the developing world, declare their commitment and support towards the establishment of an International Development Association (IDEAS). We believe that IDEAS would serve as an effective platform advocating development evaluation as a key tool for managing for results, promoting transparency and accountability in decision-making and governance processes, and facilitating knowledge learning on evaluation and development at the global level.

London Declaration on the
Establishment of IDEAS, 7–8 May 2001.