

# LESSONS FROM ENVIRONMENTAL POLICY LENDING

## Designing results frameworks



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The Independent Evaluation Group has produced a Learning Product on the Bank's experience and environmental policy lending. Among other topics, the report provides lessons on the design of results frameworks.

### Selecting policy actions

***In choosing policy areas there can be tradeoffs between depth and breadth.*** Environmental management challenges are often multi-sectoral, so there are advantages from using a development policy operation to provide an environmental lens to multiple sectors. But there are also risks from program designs that are too broad, increasing coordination challenges and implementation risks.

***The choices of specific prior actions and triggers are central design decisions.*** Selected policies may be the highest priority reforms, or those where the Bank can provide the most significant added value.

***The choice of policy actions often involves tradeoffs between ambition and realism.*** There is a risk that reducing ambition too much can dilute the impact while still requiring substantial financing. But overly ambitious actions may not be feasible to implement.

***There can be tensions between additionality and ownership:*** reforms are unlikely to succeed without government ownership, but if ownership is very strong then in some cases a Bank policy lending operation may have little additional impact.

***Sometimes policy actions have been chosen that were convenient rather than high impact.***

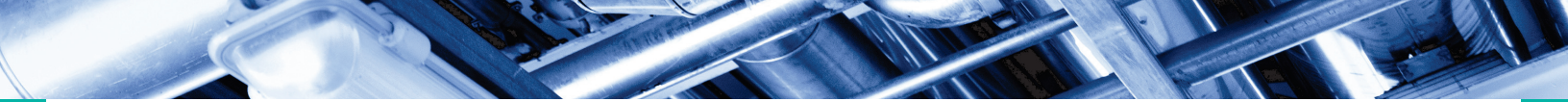
***IEG informally uses criteria for assessing the quality of prior actions*** that considers *relevance* (will the policy action achieve the desired result?), *criticality* (will the precise policy action achieve significant results or will many subsequent steps be required?), *additionality* (how is the Bank adding value?) and *measurability* (is it easy to determine if the action has or has not been achieved?).

### Setting objectives

***The choice of program objectives is important*** both for helping to create a storyline and vision for a program and in establishing goals against which progress will be assessed. As much as possible, objectives should be outcome-oriented: they should capture the goals that determine environmental and economic wellbeing

***Objectives must balance ambition and realism.*** If objectives are pitched too high, they may be unachievable and subject to poor ratings from accountability systems. If objectives are pitched too low, then there can be a problem of insufficient relevance or evaluability.

***Objectives should be clear and evaluable.*** They should focus on the desired outcomes, rather than on means and methods. They should cover the specific achievable objectives rather than higher level motivating goals. Macroeconomic goals driven by the budget support financing rather than the policy reforms should usually



be avoided. Long term goals are not likely to be achievable by the time of the evaluation.

## Choosing indicators

**Results indicators are useful because they provide evidence on achievement of desired outcomes** – which allows for performance assessment and course correction – and because the indicators established by the program tend to create incentives for implementers to focus on those metrics that are measured and reported on. These incentives can be desirable when set appropriately, because they can help to set priorities and implementation goals beyond the formal conditionalities.

**Indicators are most useful when they accurately reflect and are framed in terms of outcomes.** Sometimes it may not be possible to observe changes in outcomes by the time of evaluation, and so indicators can be selected that measure progress on intermediate outcomes.

**Output indicators can be useful in establishing that a results chain is being implemented.** They can be more useful if they build in a measure of quality such as compliance with a particular relevant standard.

**Indicators should be clearly identifiable,** ideally in quantitative terms – qualitative indicators can be easy to “fudge”. If used, qualitative indicators should carefully consider measurability issues.

**Care should be taken not to use too many indicators** – this can overwhelm client capacity, and can crowd out meaningful policy dialog.

The full report gives some specific examples of policy actions, objectives, and indicators that have been used in environmental development policy operations, and on how they perform against these goals.

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The full report is available at <http://ieg.worldbankgroup.org/learning-envidpo>