

**Concept Note**  
**IEG Review of Results and Performance of the World Bank Group 2017**  
**With a Special Focus on Environmental Sustainability**  
**June 23, 2017**

## **Introduction**

1. Results and Performance of the World Bank Group (RAP) is the annual review of what IEG evaluations reveal about the effectiveness of the World Bank Group (WBG), which includes IBRD/IDA, IFC, and MIGA, in addressing development challenges. The report synthesizes evidence from IEG evaluations and learning products complemented by relevant information from other sources (e.g., WBG corporate documents). RAP 2017 will be the eighth in a series that began in 2010, and it is the fifth one since IEG adopted the approach of focusing on a specific theme.
2. The theme for RAP 2017 is “Environmental sustainability”. IEG has produced several major evaluations where this theme has received significant attention: its 2008 evaluation on environmental sustainability, three evaluations on climate change over 2009-12, an Annual Review on Development Effectiveness (ARDE, the predecessor to the RAP) in 2009 on environmentally sustainable development, the 2010 evaluation of the WBG’s safeguards and sustainability policies, a 2013 evaluation of forestry, and a forthcoming evaluation on pollution management. Environmental sustainability has been a cross-cutting theme in other IEG evaluations, such as the 2017 evaluation of the WBG’s early experience with the implementation of the SCD and CPF and a forthcoming evaluation on urban transport. Other products have touched on specific aspects, such as learning products for environmental policy lending and environmental and social risk management in policy lending. Yet these previous evaluations have looked either at specific environmental themes or subsectors, or have looked only at environmental activities as identified by theme codes, which capture certain types of activities that concentrate on environment, but miss many others that may also have environmental effects. In this report, IEG will draw on both this work and its body of project level evaluative evidence with additional desk-based analyses to provide an overarching picture of how the WBG is addressing environmental sustainability.
3. The first chapter will address the special topic, a theme which will be carried through to chapters 2 and 3 as well. Chapter 2 will report on the results and performance of the WBG’s activities that closed during FY14-16, highlighting projects with environment-related objectives and addressing environmental performance and safeguards. The final chapter will be devoted to the Management Action Record (MAR) and review the degree to which recommendations based on IEG’s evaluations have been implemented, especially those focusing on environmental sustainability. The Regional and Global Practice (GP) Cluster updates (presented in an annex) will focus on the results and performance specific to Regions and GPs, together with a summary of IEG evaluation findings relevant to the specific Region or GP.
4. This concept note outlines the following for the FY17 report: context; objectives and audience; scope and key questions; approach and methodology; engagement, communication, and dissemination; and team, budget and timeline.

## **Context: Environmental Sustainability is critical to development**

5. The 2013 strategy of the World Bank Group outlines the objectives of the WBG, namely to support countries to end extreme poverty and promote shared prosperity in a sustainable manner. It notes that sustainability is critical to ensuring that “today’s development progress is not reversed tomorrow and that the pace of progress does not flag” (WBG 2013). The strategy further makes clear that sustainability covers a range of elements, including economic, social, and environmental sustainability. It highlights environmental degradation as an urgent challenge and notes how environmental constraints are already affecting progress on poverty reduction. The 2016 “Forward Look 2030” further reinforces these corporate goals, noting that pressures on environmental sustainability are accelerating (WBG 2016). The Sustainable Development Goals also emphasize key aspects of environmental sustainability, with specific goals on clean water, climate action, life below water and life on land, and important targets such as reducing deaths and illnesses from pollution-related diseases.

### **Environmental Sustainability – WBG definition and strategy**

6. The World Bank Group does not have a single definition of environmental sustainability, but it does indicate its environmental priorities in various documents. In its flagship report introducing the concept of green growth “*Inclusive Green Growth: The Pathway to Sustainable Development*” the Bank defines green growth as that which “is efficient in its use of natural resources, clean in that it minimizes pollution and environmental impacts, and resilient in that it accounts for natural hazards and the role of environmental management and natural capital in preventing disasters” (World Bank 2012a). The WBG’s environment strategy similarly emphasizes issues of “green” (including sustainable management of oceans, land and forests, including ecosystems and biodiversity), “clean” (including a low pollution and emission world with clean air, water, and oceans that allow for healthy lives), and “resilient”, (including resilience to climate shocks and adaptation to climate change) (World Bank Group 2012). The Bank’s analytical and partnership work on natural capital accounting emphasizes that natural capital includes both easily recognizable and measurable resources such as minerals and energy, timber, agricultural land, fisheries, and water, but also “invisible” ecosystem aspects including air and water filtration, flood protection, carbon storage, pollination for crops, and habitat for fisheries and wildlife (World Bank 2012b). In most ways, there is no significant conflict between the definitions: pollution abatement measures can be seen as a way of preserving natural air, water and soil resources. The main difference is arguably on whether environmental sustainability focuses on sustainability of natural resources, or whether it also includes protection of people and assets from natural disasters. Given the high level attention the WBG places in resilience, RAP 17 adopts the broad “clean, green, and resilient” formulation of the environment strategy.<sup>1</sup>
7. Environmental objectives appear in WBG high level environment strategies, WBG-wide frameworks and action plans, in some sector strategy documents, and in WBG institutions corporate strategies. Two key environment strategies (World Bank 2002, and World Bank Group 2012) lay out approaches for helping client countries address their environmental challenges and to ensure that WBG projects integrated principles of environmental sustainability. These strategies have supported an approach of mainstreaming of environment as a cross-cutting theme across the WBG, especially for the Sustainable Development Practice Group. Aspects of environmental sustainability have been a critical theme in other strategy frameworks and action plans, such as the Strategic Framework on Development and Climate Change (World Bank Group 2009a), the Climate Change Action Plan (World Bank Group 2016a), and the Forest

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<sup>1</sup> Another common formulation of environmental interventions is into “green” (forests and biodiversity), “brown” (pollution abatement), and “blue” (oceans and fisheries) agendas; the brown agenda is contained within Clean, the green and blue agendas are contained within Green.

Action Plan (World Bank Group 2016b). Environmental objectives have shown up in sectoral strategy documents, such as in the 2009 energy directions paper (World Bank 2009), which emphasizes the need for improvements in renewable energy and energy efficiency so as to minimize the environmental costs of expanding energy supply and reduce the environmental impact of the energy sector. The WBG institutions have also integrated environmental and social sustainability into their respective corporate strategies. IFC's FY18-FY20 Strategy and Business Outlook provides a recent example.

### **Environmental Sustainability – WBG approaches**

8. The implementation of the Bank's environmental strategy differs in certain ways across IBRD/IDA, IFC, and MIGA operations. Through all three institutions, the effects of WBG activities on environmental sustainability may be direct or indirect. Direct effects include benefits from improvements in natural resource management, from infrastructure improvements that help to displace polluting activities, or from improved environmental regulation, practices and behaviors. Indirect effects may come through activities such as pricing or subsidy reform, improvements in industrial technology and efficiency, improvements in natural resource governance, and many others.
9. The **World Bank** works to promote environmental sustainability directly through its country strategies, project operations, and advisory services and analytics. It also works through global partnerships and knowledge products. Specifically, the World Bank has often included environmental pillars and objectives in its country strategies, and it has financed a substantial portfolio of work that seeks directly to support environmental objectives, including in areas such as climate change mitigation and adaptation, environmental health and pollution management, natural resource management (including forests, fisheries, biodiversity, landscapes, and watersheds), environmental policies and institutions, and water resource management – but also as a cross-cutting issue in many other sectors. It supports these through investment project financing, development policy financing, and program-for-results financing, as well as through technical assistance, policy dialog, and knowledge and analytical work, including work on natural capital accounting and valuation of ecosystem services.
10. The World Bank also has specific policies which govern risk management of the potential for adverse environmental effects, under an approach of “do no harm”. Investment lending operations are covered by a set of operational policies including those on environmental assessment (4.01), natural habitats (4.04), forests (4.36), and pest management (4.09); these lay out the Bank's responsibilities for preparation and appraisal, identification and screening, and consultation and disclosure. Development policy financing considers environmental and social effects under OP 8.60, which outlines the responsibility of the Bank for identifying and assessing potential adverse effects from supported policies, assessing the client government's capacity for managing any such effects, and supporting the government in filling any gaps in this capacity. Program-for-results financing sets out requirements for assessing a program's environmental systems (OP 9.00), including considerations to promote environmental sustainability by avoiding, minimizing, or mitigating adverse impacts and promoting informed decision making. For investment lending, under the historic system the Bank is required to undertake the environmental and social assessment, and activities that pose a risk of potentially significant and irreversible adverse impacts on the environment or affected people (Category A) are explicitly excluded from support by the instrument. A new environmental and social framework for investment lending was approved by the Board in 2016 after a long set of consultations, and preparation work for implementation is in progress.
11. For the IFC, environmental sustainability is an important component for achieving positive development outcomes of the activities it supports. IFC aims to support environmental sustainability through a number of avenues. For IFC investments (direct or through financial intermediaries, asset management companies or other subsidiaries) and advisory services IFC requires that its clients have their own environmental and social management system (ESMS), and that investments that have moderate to high levels of

environmental risk or potential for adverse environmental impacts follow the Performance Standards and WBG environmental, health and safety (EHS) guidelines, and it provides support to help clients to do so as part of its due diligence, monitoring, and supervision efforts. Throughout its project portfolio, IFC aims to support resource efficiency and environmental sustainability such as in supply chains and financial intermediary on-lending. It supports particular types of investments and advisory services that are likely to have climate change benefits, such as renewable energy, energy efficiency and cleaner production. It has established and supported environmental standards and partnerships such as the Equator Principles which is a risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risks in projects. More recently, it initiated the Sustainable Banking Network, a partnership for financial market regulators and central banks to encourage wider adaptation of environment and social risk management by financial institutions.

12. IFC's approach to environmental sustainability is laid out in IFC's Sustainability Framework. This framework includes a policy on environmental and social sustainability (IFC 2012) which identifies IFC's mission both to "do no harm" to the environment, and to enhance the sustainability of private sector operations and the markets they work in. It calls specific attention to the serious global challenge of climate change, and IFC's explicit support for low carbon development through investments and advisory services, and for minimizing negative impacts on essential ecosystem services. At the core of the sustainability framework are the IFC Performance Standards (PS) which define client and IFC's responsibilities for managing their environmental and social risks. The Performance Standards lay out three areas for environmental risk management, namely (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS3: Resource Efficiency and Pollution Prevention; and (iii) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources. The standards provide guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business sustainably.
13. For **MIGA**, environmental sustainability also forms a key component for achieving positive development outcomes of its guarantee projects. It follows a similar approach to IFC, based on its Policy on Environmental and Social Sustainability (MIGA 2013) and similarly adopts a "do no harm" approach, seeks to enhance sustainability of the private sector, and to support climate change challenges and climate finance. MIGA's policy also adopted the Performance Standards and EHS guidelines to help its clients manage environmental risks but calibrated to MIGA's business model. Through its due diligence, specific provisions in the Contract of Guarantee, and monitoring of projects, MIGA aims to ensure that the investments it supports are implemented in accordance with the Performance Standards and EHS Guidelines.

#### **Environmental Sustainability – Knowledge gaps and RAP 2017**

14. Through these strategies and mechanisms, the WBG has established objectives of promoting environmental sustainability as an integral part of its operations, with growing emphasis as evidenced by the 2012 Environment strategy. It has intended to increase its attention and focus to environmental sustainability, including goals of mainstreaming this work across its operations and portfolio. Nevertheless, there has been no systematic assessment of the contribution of the WBG to environmental sustainability since IEG's evaluation almost a decade ago (IEG 2008). IEG's 2009 ARDE noted that efforts to mainstream environmental work across sectors were weak and needed to be strengthened. Though finance for climate change mitigation and adaptation is tracked at the corporate level and there are commitments for this to continue to rise, there is no corporate tracking of environmental mainstreaming more widely. IFC and MIGA track environmental and social effects of projects they support as part of environmental and social risk and development outcome reporting, but similar information does not exist for the Bank. In addition,

there are some concerns about the performance of Bank environmental operations, with evidence that environmental operations may perform more poorly than other sectors (IEG 2016)<sup>2</sup>.

15. This review will thus explore key aspects of how the WBG is trying to promote environmental sustainability. In particular, it will examine: a) the WBG's measurement of its impact on environmental sustainability, b) the extent to which the WBG portfolio has increased support for environmental sustainability activities, c) the performance of World Bank investments which specifically focus on environmental goals, and d) lessons learned from its environmental and social risk management systems. The focus will be on the WBG projects (including IPF, DPF, and P4R; IFC equity and loans, IFC advisory services and MIGA guarantees), which constitute the majority of the WBG activities and which have the most robust set of evidence on results and impacts.

## Objectives and Audience

16. The overarching purpose of RAP 2017 is to provide information on results and performance of the WBG overall, with a special focus on an enhanced understanding of the contribution of the WBG to environmental sustainability. The specific objectives are to: (i) take stock of how the WBG is measuring its contribution to environmental sustainability; (ii) assess the extent to which the Bank group portfolio includes activities that support direct or indirect environmental sustainability (and how this has changed over a 10-year period); (iii) distill lessons from IEG evaluations to support efforts to enhance the WBG's effectiveness with respect to environmental sustainability; (iv) report on the results and performance of the WBG's country- and project-level work, as captured in recent validation reports, evaluations, and other analytic work, including on environmental safeguards and performance standards; and (v) analyze and report on the management actions in response to recommendations of previous IEG evaluations. In addition to these broad objectives, the RAP will also continue the approach of previous RAPs and report on: a) the extent to which gender is addressed in Bank operations, b) performance in meeting IFC and MIGA environmental and social requirements and, c) reporting quality for World Bank safeguards. However, RAP 17 is not a major evaluation on environmental sustainability; the methodological, timing, and resource constraints of the RAP mean that there are many important evaluative questions on this topic that will not be answered (see Box 2 and Box 3 in Appendix D). Data limitations mean that the RAP can provide results on environmental effects for only a subset of the WBG's interventions. Nevertheless, the RAP 17 can provide preliminary findings that could enable future work.
17. The primary audience of RAP 2017 are the World Bank Group's Board of Executive Directors. Other important stakeholders include WBG's senior management; the OPCS Vice Presidency; management of the Global Practices and Regions (in particular for Environment and Natural Resources and other Sustainable Development Global Practices); IFC and MIGA Directors and Senior Managers; Country Directors and Representatives; IFC and MIGA environment and social managers/leads, and Task Teams of operational projects. WBG clients also constitute an important audience for this report. RAP 2017 will be released publicly, and therefore the external stakeholder groups, including other development agencies and non-government organizations are important stakeholders. A preliminary stakeholder analysis, based on document review and some discussions with management, is attached as Appendix F.

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<sup>2</sup> The ARDE 2009 looked at trends of project ratings for environment themed projects over time; it noted rising performance over 2002-2006 and then stabilization, but noted that in general these ratings did not usually reflect the environmental performance of the project as for most cases the projects were in non-environmental sectors.

RAP 15 report found that among the 14 global practices, the Environment and Natural Resources GP showed the only statistically significant decline in performance between FY09-11 and FY12-14, with the proportion of projects with Outcomes rated Moderately Satisfactory or above falling from 69 percent to 51 percent.

## Scope and Key Questions

18. RAP 2017 will comprise three distinct but interrelated chapters. Chapter 1 will focus on the special theme, environmental sustainability, to provide an overview of the WBG's approach. The main questions to be addressed in the chapter are: a) How is the WBG measuring its contribution to environmental sustainability, at the corporate, country, and project levels?; b) Do WBG projects have more activities than a decade ago that actively support environmental sustainability?; and c) What have been important findings from IEG reports on environmental sustainability?
19. As part of this work, a classification framework for activities in WBG projects that promote environmental sustainability will be articulated, based as much as possible on existing WBG strategic frameworks and definitions, and consultation with operational units. This framework will be the basis for a large sample portfolio review to identify the types of activities being supported and how this has changed over time<sup>3</sup>. In addition, it will help to identify the areas in which the WBG is measuring its contributions to environmental sustainability and areas in which there are gaps.
20. Chapter 2 will continue to present trends in WBG project- and country-level results and performance, based on IEG's validations of country-level and project-level self-evaluation reports. RAP 2017 will present the standard trend data in an online-only form as an innovation, with hyperlinks provided in the report to the standard trend and comparison graphs such as those available on IEG's external data page <http://ieg.worldbankgroup.org/data/ieg-ratings-and-data> or those available on the RAP 16 website <https://ieg.worldbankgroup.org/rap2016/wb-lending-3-year-rolling>. However, RAP17 will present fully disaggregated ratings data to provide a clearer picture of WBG project performance. In addition, the report will present new insights, including from: a) Compilation of existing analyses of drivers of project performance; b) Review of ex-ante risk ratings as they relate to project performance ratings; c) Analysis of the distribution of Bank and IFC commitments and MIGA guarantee exposure across different types of country groupings; and d) Analysis of the proportion of Bank and IFC commitments and MIGA guarantee exposure that are covered by self-evaluation.
21. In addition, Chapter 2 will specifically address results and performance related to environmental sustainability. The questions to be addressed are: a) What factors explain the performance of World Bank environmental projects?<sup>4</sup>; and b) What lessons have been learned from the implementation of performance standards and safeguards? This section will draw on IEG's existing E&S review work on IFC and MIGA projects, and will focus on environmental rather than social issues. The new environmental and social framework of the World Bank has not been launched yet, but the report will identify to what extent findings and recommendations raised by previous IEG work on WBG safeguards and performance standards have been reflected in the new framework, and what issues require continued attention.
22. Chapter 3 will report on the Management Action Record (MAR) and the influence of IEG's recommendations on changes in the WBG's work. The MAR keeps the WBG Board of Directors and the general public informed about the progress of Management's implementation of its action plans prepared in response to the recommendations from IEG's evaluations. The chapter will outline the implementation

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<sup>3</sup> A one-decade timeline is chosen to continue follow up on the portfolio review of IEG's 2008 Environmental Sustainability Evaluation, which covered projects approved from FY1990 up until FY2007. It also matches the start point of the World Bank Group's Strategic Framework on Development and Climate Change, the main strategic document relating to environment in between the 2002 and 2012 environment strategies.

<sup>4</sup> World Bank environment projects are selected for focused analysis because there are specific concerns that World Bank environmental projects have received ratings lower than other global practices. IFC and MIGA do not have specific environment operations in the same way that the Bank does; environment is more mainstreamed across the portfolio.

status of Management’s action plans in FY17 and provide an analysis of historical trends of both the implementation ratings and Management’s actions. Specifically, this section will examine the following key questions: a) What is the progress on the implementation of the Management Action Plans?; b) What specifically are the WBG’s responses and actions related to IEG’s recommendations that concern environmental sustainability since 2008?; and c) What is the status of the MAR-related pilots, specifically related to developing recommendations and tracking their implementation?

23. The report will also include annexes pertaining to results and performance at the Regional and GP Cluster levels. The standard project-level portfolio results and performance will be posted online with links to additional information from IEG evaluations covered in the report. The nature of the additional information will be discussed with the Executive Directors and WBG management in Q1 of FY18.

## Approach and Methodology

24. Consistent with previous years’ approach, RAP 2017 will use a variety of methodologies to answer the evaluation questions. Overall, it will synthesize findings from existing IEG project-level, country-level, corporate, and thematic evaluations and learning products and engagements, analyze existing IEG and WBG data, conduct desk reviews to draw information from WBG documents, and refer to other relevant information as needed. Additional data may be collected through select interviews with key WBG staff and management. Where there are evidence gaps, the report will acknowledge these and suggest areas for future studies to the WBG.
25. Table 1 below lists the key questions and provides a summary of the analytical approach to answer the question. Appendix D provides additional details on the methodology and rationale.

**Table 1: Questions and Analytical Approach**

Questions	Analytical Approach
<b>Chapter 1 – Environmental Sustainability</b>	
1. How is the WBG measuring its contribution to environmental sustainability?	
a) <i>What kind of information on environmental sustainability is provided by corporate scorecard and other indicators?</i>	Desk review of WBG and institution-specific corporate indicators on environmental sustainability, plus interviews with WBG staff and management.
b) <i>What kind of information on environmental sustainability is provided by country level and World Bank project indicators?</i>	Desk review of recently approved and recently exited World Bank environmental projects against defined criteria  Desk review of indicators in World Bank country strategies approved over last 10 years.
2. Do WBG projects have more activities than a decade ago that actively support environmental sustainability?	
a) <i>How has the composition of project portfolios changed over time in terms of activities that actively support environmental sustainability? Is there a compositional shift towards or away from particular types of activity?</i>	Development of classification framework for environmental sustainability activities, in close consultation with WBG staff and management.  Portfolio review of a sample of entire WBG project portfolio, based on approvals from now (FY15-17) and 10 years ago (FY08-10), using a classification

	<p>framework to identify and classify environmental sustainable activities in World Bank, IFC, and MIGA projects.</p> <p>Coverage of IFC and MIGA entails an in-depth analysis of selected thematic areas covered in the three environment-related IFC and MIGA performance standards (PS1, PS3, and PS6), such as resource efficiency, pollution prevention and protection, and conservation biodiversity.</p>
<i>b) How have environmental objectives in country strategies changed over time? Has there been a change in the type of instruments used to support environmental objectives?</i>	Desk review of country strategy documents (e.g., CAS/CPS/SCD and CPF) approved over the last 10 years
3. What have been important findings from IEG reports on environmental sustainability?	Synthesis of IEG reports on environmental sustainability
Chapter 2 – Results and Performance: Overall	
4. What are the patterns in results and performance in WBG Operations?	
<i>a) What are patterns in results and performance over time of WBG projects?</i> <i>b) What are the major factors (e.g., ex-ante risk ratings) related to outcome and performance ratings for World Bank Group operations?</i> <i>c) How are rated World Bank Group projects and commitments distributed across different types of country groupings (e.g., income levels, size of population, etc.) and what implication does this distribution have for the interpretation and use of aggregate project performance ratings?</i>	<p>Quantitative analysis of project performance data available through IEG databases, combined with data drawn from across the WBG data systems; disaggregation by GP or sector/industry clusters (for IFC and MIGA), regions, and other variables, based on standard RAP practice.</p> <p>A review and summary of empirical studies (IEG and DEC) that identify the key factors associated with project performance.</p>
<i>d) What are the patterns in performance over time of WBG country programs?</i>	Quantitative analysis of project performance data available through IEG databases, combined with data drawn from across the WBG data systems; disaggregation by regions and country status (e.g., FCV, income-level)
<i>e) To what extent is gender incorporated in project development objectives, components, and indicators</i>	Review of ICRRs regarding integration of gender-related objectives, components, and indicators.
5. What is the coverage of the WBG self-evaluation and independent evaluation systems for the <b>WBG's</b> client-related instruments? <i>a) What are the requirements for self-evaluation and independent validation for WBG client-related instruments, and for the WB, what is the distribution of its budget expenditure across these instruments?</i> <i>b) What proportion of approved WBG projects end up being covered by evaluation systems?</i> <i>c) What are the implications of IFC's new development impact framework in providing</i>	<p>Description of WBG self- and independent-evaluation system requirements across different client-related instruments. For the WB only, drawing on its budget expenditure data for these instruments, show the share of budget expenditure for each instrument for those closed in FY16.</p> <p>Tracing of the final evaluation status for a cohort of historic WBG projects that closed or eligible for evaluation during FY14-16.</p> <p>The report will update the analysis in the ROSES report, <b>in IEG's</b> Work Program and Budget (FY13),</p>



<i>information about its development effectiveness?</i>	Budget and Indicative Plan (FY14–15) and other IEG evaluations, and provide quantitative details. The report will also review the organizational and process changes and implications of <b>IFC's adoption of a new development impact framework</b> .
Chapter 2 – Results and Performance: Environmental Sustainability	
6. What factors explain performance of World Bank environment projects?	Structured qualitative analysis using a set of hypotheses to be based on evaluation findings.
7. What lessons have been learned from implementation of performance standards and safeguards?	
<i>a) Have WBG updates to performance standards (2012/2013) and safeguards (2016) addressed findings and recommendations raised by the IEG safeguards evaluation? Are key issues on performance standards noted by the IEG safeguards evaluation being implemented?</i>	Desk review comparing findings of <b>IEG's 2010</b> safeguards evaluation to 2012/13 IFC/MIGA performance standards updates and 2016 Bank environmental and social framework.  <b>Synthesis of IEG's desk and field-based reviews of Performance Standard compliance/ implementation.</b>
<i>b) To what extent have environmental and social requirements been met in projects supported by the IFC and MIGA? To what extent have environmental and social outcomes improved between approval and evaluation? <b>What has been IFC and MIGA's role and contribution to clients' environmental and social performance? How does environmental and social performance vary across sector, region, category or subsector? What factors have been important determinants of compliance at the project level? What risk factors (e.g., sponsor capacity, host country legislation, industry practice, etc.) affected environmental and social performance of IFC and MIGA projects? What has been IFC and MIGA's E&amp;S work quality?</b></i>	Synthesis of <b>IEG's desk and field-based E&amp;S reviews</b> for the XPSR/PCS/PER programs completed since the adaptation of PSES (IEG validations from 2011 for IFC and 2012 for MIGA).
<i>c) Is safeguards compliance being reported in completion reports?</i>	Desk review of World Bank ICRs completed in FY16-17
Chapter 3 – Management Action Record	
8. What is the implementation of the agreed management action plans?	Review of ratings in the MAR database, FY13-16
<b>9. What specifically are the WBG's responses and actions related to IEG's recommendations that concern environmental sustainability since 2008?</b>	Review of environment-related recommendations since 2008 and an assessment of related WBG responses and actions, based on document reviews, focus groups, and interviews.
10. What is the status of the MAR-related pilots, specifically related to developing recommendations and tracking their implementation?	Feedback from WBG staff and management participating in the pilots, based on a structured set of questions (methodology to be developed).

26. To provide sector-specific or theme-specific insights, recently completed IEG evaluations (FY14-16) will be used to identify findings applicable to the current WBG portfolio. The list of recently completed evaluations is attached at Appendix C.

27. The Regional and GP Cluster updates will be available online and presented to the Board ahead of the GP and Regional Updates to the Board.

## **Engagement, Communication and Dissemination**

28. The preliminary stakeholder analysis, attached as Appendix F. This analysis will provide the foundation for the development of an engagement, communication, and dissemination strategy.
29. In addition to the standard review process, the IEG team will undertake consultations with relevant WBG counterparts including IFC and MIGA, and with the Executive Directors on critical aspects of the report. These include the development of the environment classification framework and content of the Regional and GP Cluster updates.
30. Some communication-related activities will also take place during the preparation of the report rather than after the report is finalized, as part of creating the online-only version of the standard analyses in Chapter 2 (described above). In addition, IEG will create automated (dashboard) version of graphs and tables to be used for Regional and GP Cluster updates, connected to live data.
31. Initial dissemination ideas include workshops with relevant WBG staff and management, presentation at the 2018 Spring Meetings, and at the Global Business Meeting for the Environment and Natural Resources Global Practice, along with any other relevant global practice retreats (determined in consultation with the GPs and other WBG units during the course of the review and once results are available). In addition, the findings will be discussed at the Results Measurement and Evaluation Stream seminars, and the potential for engaging with evaluation units from other MDBs will be considered.
32. Ali Khadr (Consultant and former IEG Director), Kwame Boakye-Agyei (Director Health, Social, Environmental and Security, Kosmos Energy) and Olav Kjørven (UNICEF, Director of public partnerships) will serve as peer reviewers. Consultations with relevant Bank Group staff and management will be conducted following the usual practice of IEG's large-scale evaluations.

## **Team, Budget, and Timeline**

33. Auguste Tano Kouame (Director, IEGHE) and Marie Gaarder (Manager, IEGHC) will provide overall direction and guidance for RAP 2017, and Soniya Carvalho, Stephen Hutton, and Aurora Medina Siy will serve as Task Team Leaders. Core Team members will include: Joy Behrens, Gurkan Kuntasal, April Connelly, Jouni Erikainen, Xiaoxiao Peng, Mitko Grigorov, Elaine Ooi, Bahar Salimova, Maria Shkaratan, Anthony Tyrrell, and Yoshine Uchimura. Marie Charles will provide overall administrative support, assisted by Emelda Cudilla and Richard Kraus. The team will be supported by short-term consultants and by IEG staff responsible for maintaining the Management Action Record. The team will seek inputs from other IEG staff and consultants across the VPU on specific aspects of the report preparation and dissemination.
34. The RAP 2017 report will be prepared with an estimated budget of \$700,000 of which approximately 14 percent, or \$100,000, will be spent in FY17 and the remaining 85 percent, or \$600,000, will be spent in FY18. Approximately 10 percent of the total budget will be for the regional and GP Cluster updates, and 3.5 percent will cover outreach and dissemination activities upon completion of the report, also in FY18. The report will be submitted to WBG management in the second quarter of FY18 and submitted to the Board in the third quarter of FY18.

## Appendix A: Summary of Key Differences between RAP16 and RAP17

Chapters	RAP16	RAP17
Chapter 1: Theme	Managing for Results	Environmental Sustainability
Chapter 2: Performance	Analysis of factors associated with country-level performance	<ul style="list-style-type: none"> <li>• In-depth qualitative analysis of factors that explain the difference between high and low performing projects with environment-related objectives.</li> <li>• Disaggregated analysis of project performance ratings and gap analysis of IEG project-level validations.</li> <li>• A summary of the factors associated with project performance, as identified through quantitative empirical studies.</li> <li>• Review of portfolio concentration of IFC long-term investment commitment and MIGA exposure.</li> <li>• Review of MIGA guarantees cancellation trend and reasons for cancellations as part of the overall portfolio analysis and as input to the gap analysis of IEG's project-level evaluations mentioned above.</li> </ul>
Chapter 3: MAR	<p>Analysis on whether the recommendations targeted M4R issues.</p> <p>Greater emphasis on qualitative assessment of whether and how IEG's recommendations facilitate change in the WBG</p>	<ul style="list-style-type: none"> <li>• Analysis of the management action record with respect to recommendations related to environmental sustainability</li> <li>• Analysis of what worked well and what did not work well in the MAR pilots</li> </ul>

## **Appendix B: Principal Sources of Data to be used for RAP 2017**

***Project evaluations and validations.*** These products include Project Performance Assessment Reports (PPARs) for both World Bank and IFC projects; Implementation Completion Report Reviews (ICRRs) for World Bank projects; Expanded Project Supervision Reports (XPSRs), IEG sector highlights, and IEG cluster notes for mature IFC investments; Project Completion Reports (PCRs) for IFC Advisory Services; and MIGA Project Evaluation Reports (PERs). Specifically, the portfolio review analyses for the World Bank within RAP 2017 will be based primarily on ICRRs for projects exiting the portfolio in FY14-16 and PPARs prepared in FY15-17; XPSRs for IFC investments reaching early operational maturity in FY2011-16; PCRs for IFC advisory services operations closed in FY2011-16; and MIGA PERs for guarantees reaching early maturity by FY2011-16.

***Country evaluations***, including both Country Strategy and Completion and Learning Report Reviews (prepared for 54 countries during FY13-16) and 21 to be prepared in FY17. One CPE on MICs is expected in FY18.

***Sector, Global Practice, and thematic studies*** produced by IEG since FY16, including some reports that are expected to be completed by the second quarter of FY 2018 (see Appendix C).

***Learning products*** produced by IEG since FY16, including some studies that are expected to be completed by fall 2017 (see Appendix C).

***Management Action Records*** to capture the progress and gaps identified in degree of adoption of past IEG recommendations and to assess ongoing efforts.

***Databases*** that include IEG's ICR-R, XPSR-EvNote and PES, PCR-EvNote, PER-EvNote, and CASCR-R databases, as well as the World Bank's Business Intelligence data warehouse.

***Documents and records*** on relevant corporate strategies (especially the WBG environment strategy), initiatives, projects, programs, and evaluations, including the World Bank's Scorecard, country strategies, project appraisal documents and results frameworks, WBG climate finance tracking, the World Bank's Environmental and Social Framework, and others. Other, external research will be drawn on as relevant / appropriate.

## Appendix C: IEG Major Evaluations and Other Products Recently Completed or Expected to Be Completed (FY16-FY18)

Fiscal Year	Evaluation
FY 16	<ol style="list-style-type: none"> <li>1. The World Bank Group's Support to Capital Market Development</li> <li>2. Industry Competitiveness and Jobs: An Evaluation of World Bank Group Industry-Specific Support to Promote Industrial Competitiveness and Its Implications for Jobs</li> <li>3. Program for Results: An Early-Stage Assessment of the Process and Effects of a New Lending Instrument</li> <li>4. Behind the Mirror: A Report on the Self-Evaluation Systems of the World Bank Group</li> <li>5. World Bank Group Engagement in Situations of Fragility, Conflict, and Violence</li> <li>6. World Bank Group Engagement in Small States: The Cases of the OECS, Pacific Island Countries, Mauritius, the Seychelles, Cabo Verde, and Djibouti - Clustered Country Program Evaluation</li> <li>7. Results and Performance of the World Bank Group 2015</li> </ol>
FY 17	<ol style="list-style-type: none"> <li>1. Higher Education for Development: An Evaluation of the World Bank Group's Support for Higher Education</li> <li>2. A Thirst for Change: An Evaluation of the World Bank Group's Support for Water Supply and Sanitation</li> <li>3. Mobile Metropolises: An IEG Evaluation of the World Bank Group's Support for Urban Transport</li> <li>4. Growing the Rural Non-Farm Economy to Alleviate Poverty: an IEG Evaluation of World Bank Group Support 2004-2014</li> <li>5. Prosperity for All: The World Bank Group's Support for Shared Prosperity</li> <li>6. Data for Development: An IEG Evaluation of World Bank Support for Data and Statistical Capacity</li> <li>7. Results and Performance of the World Bank Group 2016 – In Independent Evaluation</li> <li>8. World Bank Group Country Engagement: An Early-Stage Assessment of the Systematic Country Diagnostic and Country Partnership</li> </ol>
FY18	<ol style="list-style-type: none"> <li>1. Cool Markets for GHG Emission Reduction in a Warming World</li> <li>2. Toward a Clean World for All: An Evaluation of World Bank Group Support for Pollution Management</li> <li>3. Engaging Citizens for Better Development Results: An Evaluation of World Bank Group Citizen Engagement</li> <li>4. An Evaluation of World Bank Group Support to Health Services</li> <li>5. Evaluation of IFC's Approach to Engaging Clients for Increased Development Impact</li> <li>6. Mobilization of Private Capital (postponed)</li> <li>7. Forced displacement</li> <li>8. Results and Performance of the World Bank Group 2017</li> </ol>

## IEG Learning Products Recently Completed or Expected to Be Completed for FY16-FY18

Fiscal Year	Learning Products
FY16	<ol style="list-style-type: none"> <li>1. Additional Financing for Transport and Information and Communication Technology (ICT)</li> <li>2. IFC's Additionality</li> <li>3. Jobs in IFC's Manufacturing Projects: Lessons from Project Evaluation</li> <li>4. Lessons from Land Administration Projects: A Review of Project Performance Assessments</li> <li>5. Managing Environmental and Social Risks in Development Policy Financing</li> <li>6. Supporting Transformational Change for Poverty Reduction and Shared Prosperity</li> <li>7. The Quality of Results Frameworks in Development Policy Operations</li> <li>8. World Bank Group Support for Housing Finance</li> <li>9. The Role of Political Economy Analysis in Development Policy Operations</li> </ol>
FY17	<ol style="list-style-type: none"> <li>1. Financial Viability of the Electricity Sector in Developing Countries: Recent Trends and Effectiveness of World Bank Interventions</li> <li>2. Findings from Evaluations of Policy-Based Guarantees</li> <li>3. Learning from IDA Experience: Lessons from IEG Evaluations</li> <li>4. Lessons from Environmental Policy Lending</li> <li>5. Lessons in IFC</li> <li>6. Public-Private Partnerships in Health: World Bank Group Engagement in Health PPPs</li> <li>7. Reliable and Affordable Off-Grid Electricity Services for the Poor: Lessons from the World Bank Group Experience</li> <li>8. Tax Revenue Mobilization: Lessons from World Bank Group Support for Tax Reform</li> <li>9. Women's Empowerment in Rural Community-Driven Development Projects</li> <li>10. World Bank Group Joint Projects: A Review of Two Decades of Experience - Lessons and Implications from Evaluation</li> </ol>
FY18	TBD

### Other Products Completed or Expected to Be Completed in FY16-FY18

	<b>PPARs</b>	<b>Validation Products</b>
FY16	World Bank: 50  IFC: 8  MIGA: 1	<ul style="list-style-type: none"> <li>• IFC Expanded Project Supervision Reports (XPSRs): 40% coverage: 74</li> <li>• MIGA PER: 14</li>   <li>• WB Implementation Completion and Results Report Reviews (ICRRs): 100% coverage</li>   <li>• IEG Reviews of Completion and Learning Reviews (or of Country Assistance Strategy Completion Reports) (CLRs/CASCRs): 22</li>   <li>• IFC PCR: at 51% coverage: 39</li> </ul>
FY 17	World Bank: 55 IFC: 8	<ul style="list-style-type: none"> <li>• IFC Expanded Project Supervision Reports (XPSRs): 40% coverage: (98 projects expected)</li> <li>• MIGA PER: (14 expected)</li>   <li>• WB Implementation Completion and Results Report Reviews (ICRRs): 100% coverage (340 projects expected)</li>   <li>• IEG Reviews of Completion and Learning Reviews (or of Country Assistance Strategy Completion Reports) (CLRs/CASCRs): 21 expected</li>   <li>• IFC PCR: at 51% coverage (info not available to date)</li> </ul>
FY18	World Bank: 60 IFC/MIGA: 8	<ul style="list-style-type: none"> <li>• IFC Expanded Project Supervision Reports (XPSRs): 40% coverage: (TBD in July 2017)</li>   <li>• MIGA PER: (exact number TBD in July 2017)</li>   <li>• WB Implementation Completion and Results Report Reviews (ICRRs): 100% coverage</li>   <li>• IEG Reviews of Completion and Learning Reviews (or of Country Assistance Strategy Completion Reports) (CLRs/CASCRs): TBD in late FY17</li>   <li>• IFC PCR: at 51% coverage: (exact number TBD in late 2017)</li> </ul>

## Appendix D: Detailed Methodology

Chapter 1 methodology will be tailored to the questions posed regarding WBG’s approach to environmental sustainability.

### 1. How is the WBG measuring its contribution to environmental sustainability?

*a) What kind of information on environmental sustainability is provided by corporate scorecard and other indicators?*

This question will be addressed by a desk-based review assessment of the WBG and institution-specific corporate indicators on environmental sustainability, combined with interviews with key WBG staff and management.

*b) What kind of information on environmental sustainability is provided by country level and World Bank project indicators?*

This question will be addressed by two desk-based reviews. For country indicators, the review will cover indicators for environmental objectives for country strategies approved over FY08-17. For project indicators, the review will cover indicators for recently approved World Bank environment projects (including investment lending, policy lending and any P4R) and for recently evaluated World Bank environment projects. By focusing on approvals, the review will ensure to draw on the most recent and relevant experiences and to capture potential progress that has been made. But by including some exiting projects, evidence can also be gathered on the extent to which planned indicator designs are actually measured ex post. The review will identify what types of information is captured by the indicators as well as noting gaps in information.

For indicators, it will document:

- the types of activities covered by the project/objective, and what type of environmental sustainability it contributes to (e.g. air pollution abatement, forest preservation, water quality, disaster resilience, etc.);
- the type of information covered by the indicators (e.g. land area, works completed, environmental measure, dollar value, number of households reached, etc.);
- the extent to which indicators capture inputs, outputs, intermediate outcomes, or more final outcomes;
- whether indicators were sufficient to demonstrate achievement of the objective;
- for projects, whether indicators were sufficient to demonstrate attribution of outcomes to the operation;
- for closed projects, whether planned indicators were actually implemented;
- for country strategies, the extent to which there is a clear line of sight from country program and project level activities with the country strategy indicators;
- any systematic issues of indicator quality that arise.

It will also capture the subsector of each operation (forestry, fisheries, pollution abatement, disaster risk management, etc.) and present results across these subsectors where meaningful.

The rationale for this work is that IEG has encountered a pattern of weaknesses in M&E for World Bank environment-focused projects – the exercise aims to test this hypothesis. The focus on “core”



environment projects is because those are the projects which have deliberately designed their results frameworks and indicators to measure environmental performance.

For IFC, the report will describe the types of environmental information provided by IFC's Development Outcome Tracking System (DOTS). For MIGA, the report will describe the environmental information captured by its Development Effectiveness Indicator System (DEIS). IEG will not evaluate or assess the achievement of these indicators since this would require a more detailed evaluation approach than is feasible for the RAP 2017.

### **Box1: Defining World Bank environmental projects for RAP 2017**

These reviews of project and country indicators (and the review of project ratings below in chapter 2) require assessment of a portfolio of World Bank environmental projects and objectives, which requires a definition of such. A detailed assessment of environmental projects would require a substantial portfolio review exercise, such as that carried out in IEG's major evaluations; this is beyond the scope of RAP 17. As a proxy for an environment portfolio, RAP 17 will follow a two-step process:

First, it will use the most recent World Bank theme codes to define environmental projects (following the practice of IEG 2008 and IEG 2009), including theme codes on Climate Change, Environmental Health and Pollution Management, Renewable Natural Resources Asset Management, Environmental policies and institutions, and Water Resource Management. Theme codes on Disaster Risk Management will also be included, to fit the "Clean, Green, Resilient" definition of environmental sustainability from the WBG environment strategy. Theme codes for energy will be excluded, as these include a large number of non-environmental operations focusing on for example energy access, and including the large energy portfolio would tend to dominate and overwhelm the rest of the portfolio. Other aspects of environmental sustainability covering wastewater treatment and solid waste management are not identified by the Bank's theme codes.

Second, these projects will be filtered based on their project development objective; projects with broadly environment-related objectives will be retained while projects with no environmental objectives will be discarded. The rationale for this is that the exercises are intended to focus on a "core" environment project portfolio, where this analysis may be more useful and more meaningful, and that projects lacking environmental objectives are unlikely to include environmental indicators or share environment-specific characteristics of success.

Note that this narrow definition will NOT be used for the portfolio composition exercise described below in question 2.

## **2. Do WBG projects have more activities than a decade ago that actively support environmental sustainability?**

*a) How has the composition of the World Bank Group project portfolio changed over time with regard to activities that actively support environmental sustainability? Is there a compositional shift towards or away from particular types of activity?*

This question will be answered through development of a classification framework, which takes into account different approaches used by the World Bank and IFC/MIGA in ensuring environmental sustainability, and a portfolio review. A framework will be developed that identifies the types of activities supported by WBG projects that actively support environmental sustainability, including both

direct and indirect effects. This framework will draw on existing WBG definitions and frameworks (and key external literature), and IEG will work in close consultation with operational units to ensure that the framework is fit for purpose. This framework will draw on the overarching framework of “clean, green, and resilient” and will cover WBG institutions’ activities with likely benefits for environmental sustainability, such as natural resource governance, environmental policy, pollution abatement, energy pricing and subsidies, public transport, energy efficiency, and renewable energy. An illustrative start point is included in Appendix G – but a full framework will be developed during implementation.

A portfolio review will cover a large random sample of all WBG institutions’ projects approved by the Board in FY08-10 and in FY15-17.<sup>5</sup> This will allow for comparisons to be made between an older set of projects and a set of recent projects. The full period from FY08 to FY17 will not be covered because of resource and time constraints of conducting such a review across the entire WBG project portfolio. The start date was chosen to follow up from the portfolio review of IEG’s 2008 environmental sustainability evaluation, which covered the portfolio up to FY07. A three-year period is chosen for each period to obtain a representative sample that is not overly influenced by unusual annual fluctuations. The sample size will be finalized after some initial scoping to determine more accurately the resource costs of the review, but the rough target would be to cover 1/3 of the FY08-10 and 1/3 of the FY15-17 portfolio.

The sampled projects will then be analyzed to identify environmental activities that support environmental sustainability, as determined by the classification framework developed as part of the methodology. This analysis will only consider the existence of activities that are expected to have environmental benefits and it will not cover outcomes or results of those operations. The analysis however will describe any substantial compositional shifts in activities over time.

Projects for review in RAP 2017 encompass investment project lending, development project financing, and program for results financing for the World Bank; long-term investments (equity and loans) for IFC, and political risk guarantees for MIGA. IFC advisory services will not be included in the full portfolio review. However, RAP 2017 will identify general trends in environment-related advisory services based on IFC’s classification codes. Projects financed by IFC’s Asset Management Company are excluded from the review.

One rationale for this composition-focused exercise is that environmental results are often not measured for non-environmental projects, so any exercise that relies on results and performance data could capture only a portion of the WBG portfolio. Yet the rest of the portfolio may also have significant environmental benefits and should not be ignored. Another is to provide preliminary evidence on the extent to which environment has been successfully mainstreamed across the WBG project portfolio.

To provide background and context, IEG will also produce a brief summary of how environmental sustainability goals have featured into the WBG’s structure and major strategies over time.

*b) How have environmental objectives in country strategies changed over time? Has there been a change in the type of instruments used to support environmental objectives?*

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<sup>5</sup> Note that this review is of a sample of all WBG projects, not just those determined by environment theme codes or others. The rationale for this is that there are many activities with environmental benefits that may not be captured by theme codes, and theme codes are usually not capable of capturing well activities that are not a major project focus. IFC’s coding for projects also identifies climate change projects, but not projects with other environmental benefits (e.g. on pollution abatement).

This question will be answered through a review of environmental objectives (as identified by theme codes) in CAS/CPS/CPF country strategies approved over FY08-17. The review will identify the types of objectives in the country strategies and the instruments used to support them, and for evaluated strategies will assess which types of objectives were successful and which types were not, based in information from IEG's CASCR and CLR reviews.

### **3. What have been important findings from IEG reports on environmental sustainability?**

This question will be answered by synthesis of findings from IEG reports over the last decade on topics relating to environment sustainability. It will include IEG's 2008 evaluation on environmental sustainability, three evaluations on climate change over 2009-12, its 2010 evaluation of the WBG's safeguards and sustainability policies, its 2013 evaluation of forestry, and forthcoming evaluations on pollution management and urban transport. Environmental sustainability has been a cross-cutting theme in other IEG evaluations, such as on early experience with the 2017 SCD/CPF evaluation. Elements of environmental sustainability have been covered in some country program evaluations, such as the 2016 Cluster Country Program Evaluation on Small States. Other learning products and evaluations have touched on specific aspects, such as for environmental policy lending, and environmental and social risk management in policy lending.

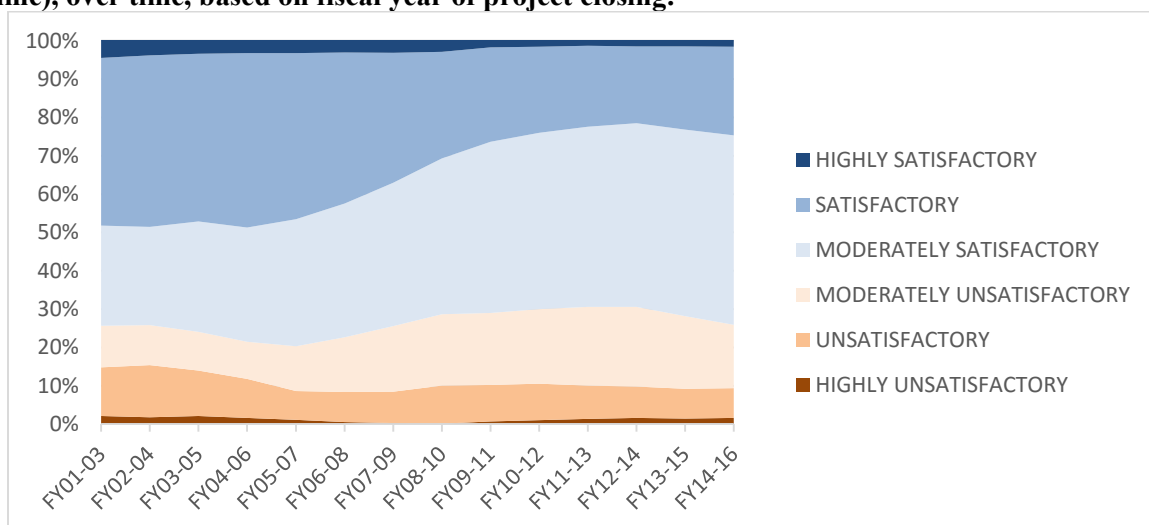
**Chapter 2** methodology will comprise the traditional tools of quantitative analysis presented in prior RAPs, focusing on World Bank Group trends in performance and results, with additional distributional and structured qualitative analysis to answer the questions posed below. RAP 2017 will present patterns in the performance of the WBG portfolio by region, income level, IDA/IBRD, global practice, sector/industry, instrument, and other breakdowns, as relevant. For World Bank projects, in addition to the traditional percent Moderately Satisfactory or above, Chapter 2 will present a disaggregated view of Outcome ratings as well as Bank Performance ratings, based on the six-point rating scale currently in use. A similar presentation of disaggregated outcome ratings of IFC and MIGA evaluated projects is also envisioned in Chapter 2. The analytical approach envisioned for questions in Chapter 2 is as follows:

### **4. What are the patterns of performance over time of WBG projects?**

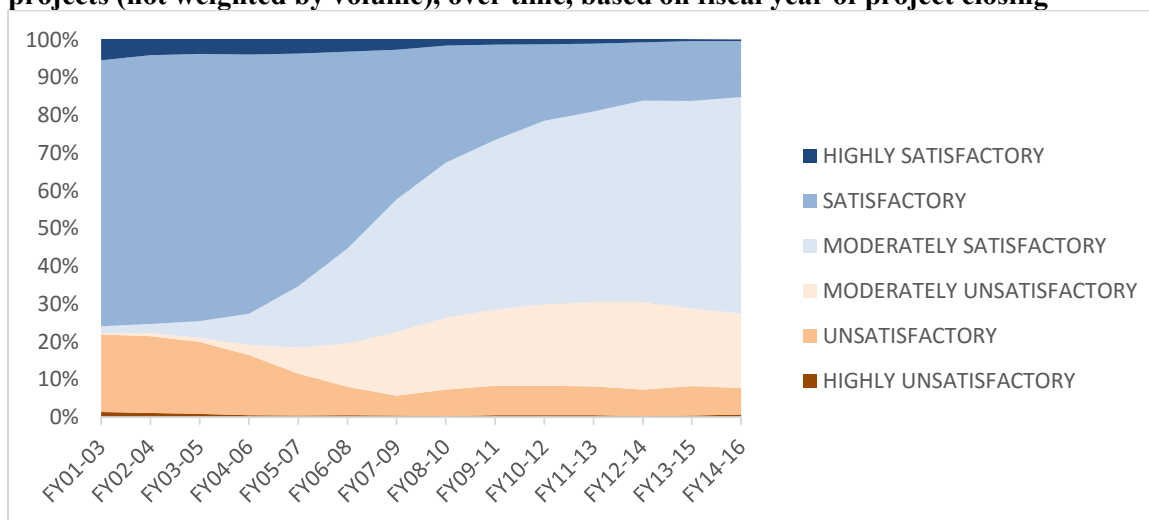
#### *a) What are the patterns of performance of World Bank Group projects?*

Similar to RAP 2016, the report will present overall trends in the outcomes and WBG institutions' performance (or IFC Work Quality and MIGA Effectiveness). RAP 2017 will present overall trends in terms of both Outcome ratings and Bank Performance ratings. It will also provide disaggregated ratings, to give a finer-grained view of the ratings. Example of what these could look like, based on preliminary data as of February 15, 2017 is as follows:

**Figure 1: Percentage distribution of Outcome ratings, across World Bank projects (not weighted by volume), over time, based on fiscal year of project closing.**



**Figure 2: Percentage distribution of Bank Performance ratings, across World Bank projects (not weighted by volume), over time, based on fiscal year of project closing.**



The report will continue to present information on IFC and MIGA performance by reviewing operationally mature projects for IFC and MIGA, based on a three-year rolling average of IEG’s ratings (ratings of projects validated in FY14 to FY16 will be added to update the long-term trend tracked by IEG in the past RAPs). Similar to RAP 2016, analysis of trends and performance of IFC and MIGA projects will be organized by region, industry/sector, country income levels, their respective strategic priorities, and other variables or indicators reviewed. In reporting the performance of IFC advisory projects, RAP 2017 will present ratings and trends based on the new classification of IFC’s advisory business lines. IEG will also review IFC’s long-term investment portfolio concentration (by sector, country, client, risk) and support for state-owned enterprises in the report.

IEG will also continue reporting on MIGA's evaluated portfolio. IEG will re-evaluate the previously evaluated MIGA projects which received No Opinion Possible (NOP).<sup>6</sup> In the case of MIGA, IEG will continue the assessment in RAP2016 of (a) general and sector-specific indicators at the portfolio aggregate level, and (b) its support for sovereign financial obligations, sub-national financial obligations, and state-owned enterprises. Additionally, for RAP 2017 and consistent with the review of World Bank and IFC portfolio concentration and the self-evaluation gap analyses IEG will also review MIGA's portfolio concentration (by sector, country, client, etc.) and cancellation trend.

*b) What are the major factors (e.g., ex-ante risk ratings) related to the outcome and performance ratings for the World Bank Group operations?*

RAP17 will present a summary of what has been learned about factors of project performance. It may also conduct additional analyses with newer data (e.g., ex-ante ratings of risk, if sufficient data are available). This summary will include information from DEC papers and academic papers on project performance, in order to provide background that can respond to frequently-asked questions about project performance. An appendix will provide frequently-requested background information on the evaluative framework and methodology for IEG's validations of implementation completion and results reports for World Bank projects, which provide the basis for ratings of project performance.

The report plans to undertake a disaggregated ratings analysis for evaluated IFC investment and advisory as well as MIGA projects in terms of Development Outcomes and Work Quality.<sup>7</sup> For IFC, depending on data availability, the report will update the analysis in RAP 2016 on new corporate results indicators such as Mandate-to-Disbursements (which is treated as a measure of IFC internal efficiency). The analysis will look into high-low ratings (i.e., Highly Successful versus Highly Unsuccessful; Excellent versus Unsatisfactory) and adjacent ratings (i.e., Moderately Successful and Successful or Partly Unsatisfactory and Unsatisfactory, as examples) and possible explanatory factors. Consistent with the review of disaggregated outcome ratings for evaluated IFC projects, a similar exercise will also be undertaken for MIGA evaluated projects.

*c) How are rated World Bank projects and commitments distributed across countries, and what implication does this have for interpreting and using aggregate project performance ratings?*

Findings from RAP 2016 suggest much of the World Bank's portfolio of projects with ratings is concentrated by volume in a few very large projects and in a few countries. This analysis will be updated to see if similar observations hold with the new cohort of projects. The analysis will thus focus on identifying and disaggregating the portfolio by groups of countries with different levels of investment.

*d) What are the patterns of performance over time of WBG country programs?*

RAP17 will continue the trend analysis for country program performance, disaggregated by region and country status.

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<sup>6</sup> IEG will re-evaluate the previously evaluated MIGA projects which received NOPs. If there is no additional information available or the additional information is insufficient to arrive at a clear judgment on performance, IEG will either rate the concerned projects based on the available information as is IEG's current practice for project validations in IBRD and IFC, or report the MIGA results with and without projects with NOP.

<sup>7</sup> Development Effectiveness rating for IFC advisory projects. For MIGA projects, its 'work quality' indicator is measured through "MIGA's Assessment, Underwriting, and Monitoring."

## **5. What are the coverage requirements of WBG self-evaluation and independent validation systems for the WBG’s client-related instruments?**

Not all WBG instruments receive equal treatment from evaluation systems – World Bank projects meeting certain requirements receive universal coverage, and IFC projects and advisory services are covered on a sample basis. But many other instruments are not required to be covered by evaluation systems. Is this a lot or a little of what the WBG does? Not all approved operations end up being evaluated, because of exemptions for various reasons. What ends up happening to them?

For assessing the evaluation coverage of the Bank’s client-related instruments, IEG will describe the coverage requirements of self-evaluation and independent validation by instrument, and collect and present data on the number of items for each instrument type, and on the Bank Budget expenditure for each for FY16.

For estimating the proportion of loans/grants covered through self-evaluations and IEG validations, IEG will identify a cohort of Bank projects that largely exited during FY14-16, and will trace what happened to the projects to determine how many (and what volume) were completed with results reporting and ratings, were exempt from results reporting for various reasons (e.g. GEF, RETF under \$5 million, trust funded, etc.), were dropped, cancelled, or are still active.

A similar analysis will be carried out for IFC and MIGA, describing the respective evaluation system requirements, process, and tracing of a cohort of projects to describe how they were evaluated and validated.

In answering this question, the report will draw upon the findings of ROSES, the gap analysis in IEG’s Work Program and Budget (FY13) Budget and Indicative Plan (FY14–15), and the Learning Note on WBG Joint Projects (FY17). The report will also review the implications of the IFC’s new development impact framework, which will be implemented starting FY18.

## **6. What factors explain the performance of World Bank investment projects with environment objectives?**

To answer this question, IEG will carry out on a pilot basis, a qualitative comparative analysis (QCA) on recently evaluated World Bank environmental projects (as defined in Box 1). The analysis will look for key explanatory factors, including ambition of objectives, adequacy of evidence from monitoring and evaluation, and other topics. A set of hypotheses based on previous IEG environment work, literature review, and other IEG analysis of factors related to high vs. low performance will inform this analysis. The rationale for this exercise is that ENR GP projects have typically achieved lower outcome ratings than others – the exercise will try to shed light on the causes of this, as well as to indicate whether this is a property of ENR GP projects, of environmental projects more broadly, or of other factors (e.g. GEF-financed projects).

Depending on the results of the QCA, IEG could apply this approach to IFC and MIGA projects in subsequent evaluations.

Preliminary hypotheses to test include:

- Were low ratings driven by objectives framed in an overly ambitious manner?
- Were low ratings driven by non-completion of expected project outputs?
- Was M&E quality sufficient to provide needed evidence to assess efficacy?
- Was a lack of evidence on outcomes specifically cited as a reason for ratings downgrade?
- Was lack of evidence on efficiency specifically cited as a reason for ratings downgrade?

- Was the implementing agency effective in implementation?
- Does the project have GEF financing?
- Was the project mapped to the ENR GP or a different GP?
- Were low ratings more common for complex/multi-sector projects, or projects promoting behavior change?
- Is there a correlation between project size and outcome rating?

## **7. What lessons have been learned from implementation of IFC and MIGA performance standards and safeguards?**

*a) Have WBG updates to performance standards (2012 for IFC/2013 for MIGA) and safeguards (2016) addressed findings and recommendations raised by the IEG safeguards evaluation? Are key issues on performance standards noted by the IEG safeguards evaluation being implemented?*

These questions will be answered based on a desk review comparison of major findings and recommendations from IEG's 2010 safeguards evaluation to the update to the two institutions' performance standards and the 2016 Environmental and Social Framework. It will also draw on evidence from IEG's desk and field-based E&S assessment of IFC and MIGA projects to assess implementation issues noted from IEG evaluation work on performance standards over FY12-17<sup>8</sup>. RAP 2017 does not intend to evaluate the adequacy of the 2016 Environmental and Social Framework, or the IFC and MIGA Sustainability Frameworks.

*b) To what extent have environmental and social requirements been met in projects supported by the IFC and MIGA? What has been IFC and MIGA's role and contribution to clients' environmental and social performance? How does environmental and social performance vary across sector, region, category or subsector? What factors have been important determinants of compliance at the project level? What risk factors (e.g., sponsor capacity, host country legislation, industry practice, etc.) and to what extent these affected environmental and social performance of IFC and MIGA projects? What has been IFC and MIGA's E&S work quality?*

Every RAP summarizes high level results on Performance Standards; RAP2017's focus on environmental sustainability will provide detailed analysis of outcomes, drawn from IEG's desk and field-based E&S validations of projects in the XPSR/PCR/PER program in FY12-17. The emphasis will be on environmental requirements in performance standards, rather than social requirements. It will pay careful attention to client/project confidentiality and IFC and MIGA's access to information policies.

*c) Is safeguards compliance being reported in completion reports?*

As in RAP16, this question will be answered based on IEG's desk reviews of ICRs. The review will cover projects evaluated by IEG in FY16 and FY17.

**Chapter 3** of RAP 2016 will provide an update on IEG Recommendations to WBG Management and follow-up on those recommendations. The chapter will specifically conduct a qualitative analysis of the adoption of environmental sustainability-related recommendations. Finally, the chapter will provide an update on the MAR-related pilots, based on a set of structured questions. The specific methodology for this will be developed in consultation with the stakeholders of the pilot. MAR data and analysis will be also presented in the regional and GP updates, as relevant.

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<sup>8</sup> Covers the period when IEG started evaluating IFC and MIGA projects against its respective performance standards requirements instead of their previous safeguard policies.

## Box 2: Limitations and coverage: What is not covered in the review of WBG’s environmental sustainability?

IEG’s RAP report provides a synthesis of existing evaluative materials, supplemented by evaluative materials from new but limited desk-based reviews. Its purpose is to provide an annual review of recent IEG evaluations and what these reveal about the Bank Group’s effectiveness in addressing development challenges. A special topic is selected for each year but its assessment is limited in scope compared to IEG’s thematic, sector, corporate or other major evaluations. For RAP 2017, ‘Environmental Sustainability’ was selected as the special topic but is not intended to have the scope of a major evaluation in terms of questions, coverage, or evaluative methods. It is limited also by resource costs and feasibility, and has to focus on areas where evidence is available and where additional desk work will be most useful. These limit both the scope of evaluative coverage and the types of conclusions that can be drawn. Many of the exercises will be able to present only descriptive conclusions: the report can describe the composition of the portfolio with regard to the main activities supporting environmental sustainability, but cannot determine what the composition should be or what institutional factors have helped or hindered environmental mainstreaming; it can describe how the contribution of the WBG is and is not being measured, but cannot determine how it should be measured.

Two data limitations are particularly important: first, IEG does not directly evaluate or rate World Bank ASA work, so it is not possible for RAP 17 to cover this work. Second, the World Bank’s project evaluation methodology (used also by IEG) is objectives-based; this means that project results frameworks, indicators, and ratings generate information focused on the main project development objective – and so are unable to capture effects on environmental sustainability for projects that did not have major environmental goals. Together, these limitations mean that RAP 17 will be able to assess results on environmental sustainability only across a partial range of WBG interventions.

The following aspects will not be covered in this report:

- WBG partnerships on environment including global programs and convening roles will not be covered directly. It will not directly cover effects from standard setting or other forms of influence.
- Standalone carbon finance projects will not be covered; IEG has an evaluation on carbon finance being carried out in parallel which will be delivered at the end of FY18. The report will however make sure not to draw conclusions which ignore the presence of this work, for example on the substantial amount of work on forestry through the FCPF.
- The Bank’s advisory services and analytics (ASAs) support are not covered directly.
- IFC’s advisory services support to environment will be captured in the question on “*How has the composition of the World Bank Group project portfolio changed over time with regard to activities that actively support environmental sustainability?*” using their primary business line coding, rather than from detailed analysis from the large portfolio review.
- Program-for-results lending is relatively new and with little evaluative evidence so far, and so will not be covered directly.
- The review of project indicators and explanatory factors of project ratings will cover World Bank environment projects only. For RAP 2017, IEG is piloting the application of Qualitative Comparative Analysis (QCA) method to analyze key explanatory factors. Through this pilot application, IEG will explore the potential to apply the QCA method to IFC and MIGA projects in the future.
- Environmental outcomes of projects are typically measured and evaluated only for those projects with environmental objectives (with the exception of environmental footprint effects,



which are measured for IFC and MIGA projects). Hence, much of the RAP will focus on the type of activities that are being reported and on measurement systems, rather than trying to give identify results of the WBG on environmental sustainability.

- The report will not assess the adequacy of the new World Bank ESF or IFC and MIGA performance standards, a topic that is more suitable as an IEG thematic evaluation.
- Activities financed by IFC's Asset Management Company (AMC) are not covered.
- The corporate footprint of the World Bank Group (in terms of energy use, resource use, recycling, etc.) will not be covered in the report.

However, some of these topics can be covered indirectly from synthesizing findings from existing IEG evaluations.

### **Box 3: Possibilities for future evaluations**

During preparation of this concept note, commenters suggested a number of evaluative questions and topics that are beyond the scope of RAP 17 but would be important questions that could be suitable for future evaluations carried out either by IEG or by WBG operations.

These included:

- How do WBG non-lending activities, such as TA, policy dialogue, knowledge and convening role come together to support the lending activities to promote environmental sustainability?
- How effectively has the Bank mainstreamed environment in its country and sector policies? What institutional factors have supported or hindered mainstreaming?
- What have been the longer term and indirect impacts of the WBG on environmental sustainability?
- Which projects are more effective in promoting environmental sustainability – standalone/core environment projects, or projects where environmental concerns are mainstreamed?
- Do tradeoffs exist between promoting environmental sustainability vs promoting economic growth and poverty reduction? Are there synergies between these objectives? How well is the WBG positioned to address these?
- How significant has WBG engagement been with often-weak environmental agencies as compared to other sectoral ministries?
- Have interventions been sequenced appropriately - e.g. for use of analytical work, TA, policy dialog, investment lending, and policy lending?
- How effective has WBG analytical and knowledge work been on environmental sustainability?
- How effective has the WBG been in building resilience in client countries?
- What are explanatory factors of success or failure for WBG environmental performance at the country program level?
- How effective are monitoring frameworks (structures, systems and processes) at the project level for tracking environmental requirements?
- What is the track record of Bank performance in the resolution of safeguards-related concerns and grievances? How effective are the grievance mechanism and accountabilities?
- What is the verification process of monitoring information of safeguards? How effective have stakeholders, third parties, and NGOs been in the verification process?
- Given the linkages between climate change and fragility/conflict, are there any differentiated lessons concerning the Bank's work on environmental sustainability in FCV and non-FCV contexts?
- Are the IFC and MIGA performance standards adequate for managing E&S risks? How efficient and effective are the standards? Are they realistic for all client country situations?

- Has the WBG focused on the most important environmental issues?
- Are there tradeoffs between environmental and social goals in natural resource management?  
How has the WBG managed these tradeoffs?
- Are the WBG's environmental goals consistent with the SDGs?
- Are World Bank interventions environmentally sustainable?
- How is the WBG managing environmental risks to operational implementation?

**The Regional and GP Cluster Updates** in RAP 2017 will provide specific results and performance information and be presented online as well as in the report annexes. The information provided will include results and performance by region and GP, as compared with other regions and GPs, respectively. In addition, each Regional and GP Cluster update will contain summaries of key evaluation findings from IEG's major evaluations, learning products, and PPARs, as relevant to the Region and the GP cluster. The format for presenting this information will be discussed with the Regions and the GPs ahead of its full preparation, and the final drafts will be shared with the relevant units prior to their dissemination to the Board.

## Appendix E: References

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## Appendix F: Preliminary Stakeholder Analysis (ongoing)

Analysis and grouping of stakeholders comprising audiences for this report is based on experience in previous IEG evaluations.

Stakeholder Group	Stakeholder (or stakeholder Group)	Their interests (what they want from RAP2017)	Types of decisions this stakeholder Makes (that RAP2017 could feed)
<b>Board</b>	1 WBG Board (as a whole)	<input type="checkbox"/> Information on how the WBG is performing – timely feedback <input type="checkbox"/> Project performance in countries <input type="checkbox"/> The WBG’s work on environmental sustainability <input type="checkbox"/> Inform “Forward Look”	⇒ How to deliver of the WBG Goals and Strategy, focusing on environmental sustainability ⇒ Project results’ focus ⇒ Institutional focus on Results
	2 WBG Board, CODE	<input type="checkbox"/> How “green” is the WBG? <input type="checkbox"/> How is the WBG measuring environmental sustainability	⇒ Board on the types of issues to consider in approving project/country programs from the lens of environmental sustainability ⇒ Topics for future IEG evaluations ⇒ Priorities for OPCS, IFC, MIGA
<b>WBG Senior Management</b>	3 WBG Senior Management	<input type="checkbox"/> Twin goals: Eliminating poverty, Boosting shared prosperity <input type="checkbox"/> Enhancing development effectiveness <input type="checkbox"/> Ensuring sufficient attention to environmental sustainability	⇒ WBG strategy, priorities ⇒ Enhancing results focus ⇒ Enhancing environmental sustainability in WBG’s work
	4 GP Senior Management	<input type="checkbox"/> How this GP is doing vs other GPs <input type="checkbox"/> How is environmental sustainability being mainstreamed?	⇒ GP strategy, priorities ⇒ Enhancing results focus ⇒ Considering effective strategies for and approaches to environmental sustainability
	5 Region Senior Management	<input type="checkbox"/> What results are being achieved in this Region?	⇒ Region priorities ⇒ Relationships with country clients

<b>Stakeholder Group</b>	<b>Stakeholder</b> (or stakeholder Group)	<b>Their interests</b> (what they want from RAP2017)	<b>Types of decisions this stakeholder Makes</b> (that RAP2017 could feed)
		<input type="checkbox"/> What results are being achieved in particular countries? <input type="checkbox"/> What factors to consider to enhance countries' results' focus?	⇒ Design of country programs, projects
	7 Country Directors	<input type="checkbox"/> Attention to results	⇒ Content of country portfolio
	9 IFC Senior Management	<input type="checkbox"/> Factors that affect performance <input type="checkbox"/> Attention to results	⇒ Content of portfolio
	MIGA Senior Management	<input type="checkbox"/> Factors that affect development effectiveness <input type="checkbox"/> Attention to results	⇒ Prioritization of new product Lines and projects by sector
<b>OPCS and other WBG stakeholders</b>	10 OPCS	<input type="checkbox"/> Reporting on portfolio (e.g. at ABCDQ meetings) <input type="checkbox"/> Reporting on corporate performance (Corporate Scorecard), including for indicators related to gender integration <input type="checkbox"/> Management of results	⇒ Content of operational policies and guidance ⇒ Improvements to systems, tools; simplification
	11 IEG Senior Management	<input type="checkbox"/> High quality, credible work <input type="checkbox"/> Evidence understandable to stakeholders <input type="checkbox"/> Ability to provide a timely messages	⇒ Focus of future IEG evaluations
<b>Clients</b>		<input type="checkbox"/> WBG work on environmental sustainability	⇒ Deciding on WBG support for environment

## Appendix G: Preliminary Classification Framework for Environmental Sustainability

Below is an early draft start point to illustrate the kind of analytical framework that will be developed during production of RAP 17. The actual framework will be developed in consultation with WBG operations.

Area	Subsector	Illustrative Activity Examples
<b>Clean</b>	Climate change mitigation	Renewable energy financing/policy Energy efficiency financing/policy (demand-side or supply-side) Energy subsidy reform Climate change strategies/action plans/other policy Climate smart agriculture (mitigation) Land use planning that reduces carbon footprint Climate change mitigation institution/capacity building Cleaner production
	Air pollution abatement	Air pollution abatement financing/policy Air pollution abatement institution/capacity building/enforcement Public transport Indoor air pollution abatement financing/policy Air pollution monitoring systems
	Water pollution abatement	Wastewater treatment financing/policy Fertilizer/pesticide policy reform Other water/marine pollution abatement financing/policy Water pollution monitoring systems Water/marine pollution institution/capacity building/enforcement
	Waste management	Solid waste management financing/policy Hazardous waste management/cleanup financing/policy Environmental management of extractive industries Waste management institution/capacity building

<b>Green</b>	Biodiversity conservation	Protected areas management/corridors Wildlife protection and conservation Improving environmental sustainability of tourism Environmental awareness raising/education Biodiversity institution/capacity building
	Forests	Sustainable forest management Forest governance/monitoring Reforestation/afforestation Plantation forestry Forest management institution/capacity building/enforcement
	Landscapes	Sustainable land management Watershed management Sustainable supply chains Landscape management institution/capacity building
	Fisheries and oceans	Sustainable fisheries Coastal zone and marine ecosystem mgmt. Fisheries/oceans institution/capacity building/enforcement
	Natural resource efficiency/governance	Sustainable water management Watershed management Irrigation efficiency improvements Loss reduction in water supply systems Groundwater extraction reduction Natural resource governance improvements Natural resource management institution/capacity building/enforcement Ecosystem service valuation/natural capital accounting Subsidy/price reform that eliminates environmentally perverse incentives

<b>Resilient</b>	Disaster risk management/ Climate change adaptation	Disaster reconstruction that includes building back better Early warning systems Protective infrastructure construction/retrofits Disaster management institutions/capacity building Disaster/climate change adaptation policy/planning reform Land use planning reducing disaster/climate vulnerability Hydromet systems development Climate resilient infrastructure Weather insurance Climate smart agriculture (adaptation) Watershed management (flood mitigation) Disaster-related safety nets
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**Approach:**

The intention is to identify activities which are *prima facie likely* to generate benefits for environmental sustainability (in terms of Clean, Green, Resilient) – i.e., activities for which there are well-established literatures that demonstrate the case that environmental benefits occur. There are other activities and policies which might in some cases also generate benefits for environmental sustainability (e.g. privatization of state owned enterprises), but would need case-specific evidence of intentionality to record – these will fall outside the framework. The goal is to detect those activities which: (a) Are found in projects as observed from appraisal/ Board documents; and (b) Fall within the direct bounds of the project (e.g. in components, prior actions, project description). There will be no attempt to calculate the net effect of activities (e.g. for those activities which might both benefit and harm the environment), or to track activities likely to harm the environment. There will be no attempt to determine whether a particular activity did in fact lead to environmental benefits; only on whether the activity was likely to have such effects. It is recognized that the framework cannot be complete, some activities inevitably cross boundaries. For example, many activities (such as public transport) will have both climate change mitigation and air pollution benefits; waster-shed management may provide both Green and Resilient benefits.

The exercise will not attempt to separate/distinguish between disaster risk management vs. climate change adaptation.