

Précis



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Evaluation and the Development Challenge

EVALUATION STRENGTHENS ACCOUNTABILITY (by assessing performance), improves the quality of operations (by disseminating lessons from experience), and informs strategy, resource allocation, and personnel management. To help adapt the Bank's evaluation system to the changing development and institutional landscape, the Operations Evaluation Department (OED) assesses the adequacy of Bank evaluation and performance management practices each year. It focuses on evaluation processes rather than on evaluation findings.

Last year's evaluation traced the Bank's progress in implementing results-based management. The 1999 evaluation tracks recent trends in the Bank's operating environment, policy orientation, and organizational development, drawing implications for performance management and evaluation. Remarkably, Bank performance trends have continued to improve, despite the financial crisis, but there are signs that, for certain indicators, performance improvements may be plateauing. One factor is the rising complexity of development assistance, which has made it more difficult to deliver projects in the field.

OED's review of progress made on recommendations from the 1998 assessment confirms the validity of the evaluation strat-

egy the Board and senior management endorsed in 1997 (see box 1). But it also concludes that the Bank's performance management (especially that of networks) must improve, and evaluation practices and priorities must evolve, to meet the Bank's rapidly changing organizational needs.

New Challenges in Development

The twin forces of globalization and localization are transforming the development landscape. Globalization increases the rewards of connecting with the world economy, but aggravates inequalities and development risks. Decisionmakers in developing countries show stiffened resistance to standard policy prescriptions and seek a greater voice in the design and coordination of development programs.



Citizens demand more local say in policymaking and better access to public services. And development agencies, more focused on results, encourage greater local participation in, and ownership of, the delivery of development assistance services.

Globally, progress on poverty alleviation has stalled: Half of the world's population still lives on less than two dollars a day. Taxpayers in industrial countries increasingly insist that development assistance be more accountable and responsive to the needs of the poor. Awareness is growing that the keys to development effectiveness are a sharper focus on reducing poverty, more selective aid allocation, better coordination among development partners, and more attention to gaps in global public policy.

The Bank's Response

Poverty reduction is the overarching priority in Bank activities. To that end, the Strategic Compact, approved in 1997, redirected Bank operations toward human, social, and institutional development. A Bank initiative to deal with the severe indebtedness of poor countries (highly indebted poor countries, or HIPC) has garnered broad support, and the Bank is committed to outcome-based poverty reduction and growth strategies jointly agreed to by the country, the IMF, and the Bank. This agenda has "raised the bar" of development objectives, putting severe pressure on the Bank's human and budget resources.

These new demands have strengthened the case for greater strategic selectivity; an intensified focus on operational quality; more systematic corporate risk management; clear, mutually agreed-upon priorities; closer links between control and evaluation; and a relentless focus on results.

The Comprehensive Development Framework (CDF) takes these efforts a step further, emphasizing the interdependence of social, structural, governance, environmental, economic, and financial factors—within a holistic, long-term framework. New roles and objectives and a broadened focus will require appropriate performance indicators, systematic monitoring, and timely evaluation, with a focus on results. A major challenge will be to help borrowing countries develop the capacity to measure their own performance, using development assistance for more effective allocations, for learning, and for accountability.

Operational Quality

Under the Bank's matrix structure, responsibility for operational quality (in lending and in economic and sector work) is shared between sector and country managers under guidelines established by each Regional vice president. Through sector boards, networks are responsible for supporting quality enhancement (through advice, good practice, and training), but not all networks give this work the same priority.

The Bank's more comprehensive development agenda has somewhat shifted the emphasis to thematic, cross-cutting, often supranational operational priorities—an environmental strategy for the energy sector, for example, or systemic crisis management—which require the coordination of efforts across many sector boards and thematic groups.

Recent changes in the matrix of management responsibilities—giving networks and sectors joint responsibility for quality and compliance issues—are meant to enhance development effectiveness.

The Bank should also explore external experiences in integrating strategic quality assurance and risk management within decentralized frameworks. The networks could improve operational quality assurance by reviewing project quality and risks early in a project cycle. Stronger network leadership will also be required as the Bank is called upon to provide leadership in collaborative programs to fill global public policy gaps (eradicating malaria, for example, or preventing the spread of AIDS). Another challenge is monitoring progress toward poverty reduction, environmental sustainability, gender equity, public sector management, and other Bank priorities.

Earlier Evaluation and Feedback

Responsibilities for operational evaluation are divided between OED, which tracks the quality of Bank operations at exit, and the Quality Assurance Group (QAG), which assesses the quality of appraisal, supervision, and portfolio management. QAG's reviews of project quality at entry occur after Board approval (often after the project is effective), and OED's evaluations occur after project completion. There has been no systematic assessment process before a project is approved to signal the degree of project risk, the likelihood of a failure to achieve results, or how those risks will be monitored. QAG's new Quality Enhancement Review (QER) program, which examines the quality of projects still in preparation, when corrective adjustments are possible, is a useful step in this direction.

Strengthening project monitoring and evaluation during implementation will make it easier for task managers, line managers, and borrowers to identify problems at an earlier stage and to assess project prospects more accurately. Strengthening the Bank's internal evaluation processes will facilitate learning through self-evaluation and will allow prompt feedback to operations staff.

Improved Sector Work

Economic and sector work greatly improves the quality and efficiency of Bank lending. The average quality of economic and sector work varies greatly, however; its management and production are often inefficient and need strengthening. Sector strategies feed into the Bank's economic and sector work at the country level, laying

Box 1: 1997 Evaluation Strategy

IN 1997, A NEW EVALUATION FRAMEWORK was endorsed by senior management and the Board, consisting of: (i) filling evaluation gaps; (ii) shortening the feedback loop; (iii) broadening participation; (iv) strengthening organization learning; and (v) enhancing evaluation coordination. Since then, considerable progress has been achieved toward these goals. The past year is no exception.

the foundation for country economic and sector strategies and individual operations.

Sector strategy papers now being prepared for all major sectors need further strengthening, to focus on implementation results and to specify monitorable indicators. The Bank should be more selective in designing sector strategies, emphasizing global policy issues that reflect the Bank's comparative advantage. Quality assurance for sector operations would be more effective if it were moved further upstream, before implementation approval.

More Emphasis on Country Assistance

Under the CDF, the Bank has committed itself to new business principles and a broader development agenda. The unit of account is shifting from the individual project to the country assistance program. The CDF and the Strategic Compact together put the country in the driver's seat, emphasizing increased reliance on partnerships and participatory development, bringing institutional development center stage, and raising social and structural concerns to the same level as sound macroeconomic management.

Much progress has been made in improving the quality of country assistance strategies by making them more transparent and participatory and providing a comprehensive diagnosis of the client country's main development challenges. Bank staff are working to make comprehensive development operational at the country level and to develop monitorable indicators that can be used to evaluate country and Bank performance. Independent and self-evaluation benchmarks must be adapted to the new agenda, and evaluation capacity must be developed well beyond the 13 countries where the CDF is being piloted. Country-level monitoring should permit measurement of a program's impact on economic performance and poverty reduction. Findings and lessons of experience from country assistance evaluations should systematically be made available early enough to incorporate them into country assistance strategies.

Evaluating Results-Based Management

The Bank is becoming more results-oriented and there has been progress in evaluation and self-evaluation in such areas as knowledge management and training. But

no senior Bank manager is clearly answerable for implementation and oversight of results-based management, few steps have been taken to address obstacles to it, and construction of a corporate scorecard responsive to results-based management—which could be a major step toward its implementation—has proceeded at a halting pace. Progress has also been slow in linking results, planning, and resource allocation and in using lessons from operational evaluations in performance management.

Considerable progress has been made toward the goals of the 1997 Bank evaluation framework, as outlined in box 1. OED has been carrying out an ambitious, comprehensive internal renewal program, centered on meeting the new Bank challenges and moving evaluation to a higher plane. The Bank is being called upon to provide leadership in collaborative programs aimed at filling global public policy gaps. For broader impact, OED's evaluations are increasingly focused on higher units of account—countries, sectors, and themes—and are better aligned with Bank operational cycles. The evaluation agenda has moved from control to partnerships for learning.

The 1997 evaluation strategy remains relevant, but evaluation practices and priorities must be significantly improved to fulfill organizational learning potential. Selected impact indicators were for the most part not measurable, mechanisms were not in place to systematically monitor all outcome indicators, and OED has inadequate evidence of its impact on operational task managers.

The Bank should try to improve monitoring and evaluation efforts in three areas: develop improved monitoring and evaluation capacity (inside and outside the Bank); harmonize performance indicators (at the project, country, and sector levels); and enhance coordinate evaluation and control programs to make them more user-friendly. To remain in step with the Bank's evolving agenda, OED must:

- Focus on getting results from performance audits and evaluation studies through increased participation of borrowers and the poor in evaluations.
- Increase the impact of evaluation and make better use of OED's comparative advantage by emphasizing the development impact of the Bank as a full-service institution.
- Produce real-time feedback to management.
- Strengthen internal evaluations and performance reports as learning tools, as part of general support for the Bank's efforts to become a learning organization.
- Pay more attention to financial accountability, social and institutional development, safeguards, and private sector development.
- Provide more effective outreach with respect to evaluation capacity development, harmonization of evaluation methods, coordination of evaluation programs, and broadening evaluation alliances.

Next Steps

Last year, management placed the highest priorities on the quality, quantity, and strategic balance of economic and sector work; the design of pragmatic, meaningful ways to measure the Bank's impact on results on the ground; and the use of evaluation results in managerial performance assessments. The recommendations emerging from this year's evaluation require common effort between operational and evaluation management; that is, an action plan to:

- Reinforce efforts to align and manage strategies
- within a results-oriented corporate framework.
- Emphasize monitoring and evaluation inside and outside the Bank in support of the Comprehensive Development Framework by addressing deficiencies in monitoring and evaluation of Bank operations and by stepping up and mainstreaming recent initiatives for developing evaluation capacity in client countries.
- Assess the Bank's quality assurance and risk management practices against good practices in elite organizations.
- Fully resource, streamline, and integrate Bank Group evaluation programs to minimize overload and enhance learning.
- Manage OED for results.