

Approach Paper
Report on Results and Performance
of the World Bank Group, 2011

Independent Evaluation Group
March 2, 2011

Background and Context

1. The Report on Results and Performance (RAP) is IEG's flagship report that provides a corporate-level review of recent results and performance of the World Bank Group (including IBRD/IDA, IFC, and MIGA). The 2011 RAP will provide an overview assessment of (i) the effectiveness of the WBG in contributing to core development goals; (ii) factors influencing the effectiveness of the WBG; (iii) progress in the managing-for-results agenda in the WBG; and (iv) follow-up to IEG recommendations and their influence on WBG strategy and operations.
2. The 2011 RAP aims to consolidate and build on the format introduced in 2010. In 2010, IEG introduced a consolidated WBG annual report that replaced three separate IEG annual reports.¹ The FY11 report will maintain the integrated presentation of results and performance across the three WBG institutions. At the same time, given the differing organization and business models, it will identify institutional performance issues specific to each institution. Past annual reports focused on the share of satisfactory projects for each institution, as evaluated or validated by IEG, as the main indicator of performance. This year's RAP will seek to go beyond project ratings as the main indicator of results and will include assessments from country, sector, and thematic evaluations. Evaluative evidence accumulated by IEG in recent years will be synthesized to form an overview of the WBG's development effectiveness. The report will also seek to leverage IEG's information-base to further explore factors that affect the WBG's results and performance. The presentation of results will be organized around the four core goals of the WBG that have been consistently part of WBG's strategic focus: generating inclusive growth; enhancing human development; reducing socio-economic and environmental risks; and ensuring good governance and public sector management. These results will aim to inform the new WBG post-crisis directions.
3. This 2011 RAP is being prepared in the context of new initiatives by the WBG to report aggregate results and performance. The World Bank, for example, is developing a Corporate Scorecard and plans an annual report on results. IFC has developed a set of aggregated "Development Goals" and plans to report regularly on progress towards them. MIGA has introduced Key Performance Indicators that it will begin reporting regularly on. The RAP seeks to complement and help the development of these monitoring and reporting initiatives. At the same time, the RAP retains a distinct function: it is an independent assessment

¹ These were the *Annual Review of Development Effectiveness (ARDE)* that covered the World Bank; the *Independent Evaluation of IFC's Development Results*; and the *Independent Evaluation of MIGA's Development Effectiveness*.

of the WBG's development effectiveness rather than a management tool to monitor and report on progress. That is, the RAP will synthesize IEG findings on the outcome of WBG interventions based on the evaluation criteria of relevance, effectiveness, and efficiency as opposed to reporting on progress toward a set of indicators.

Scope of the Report

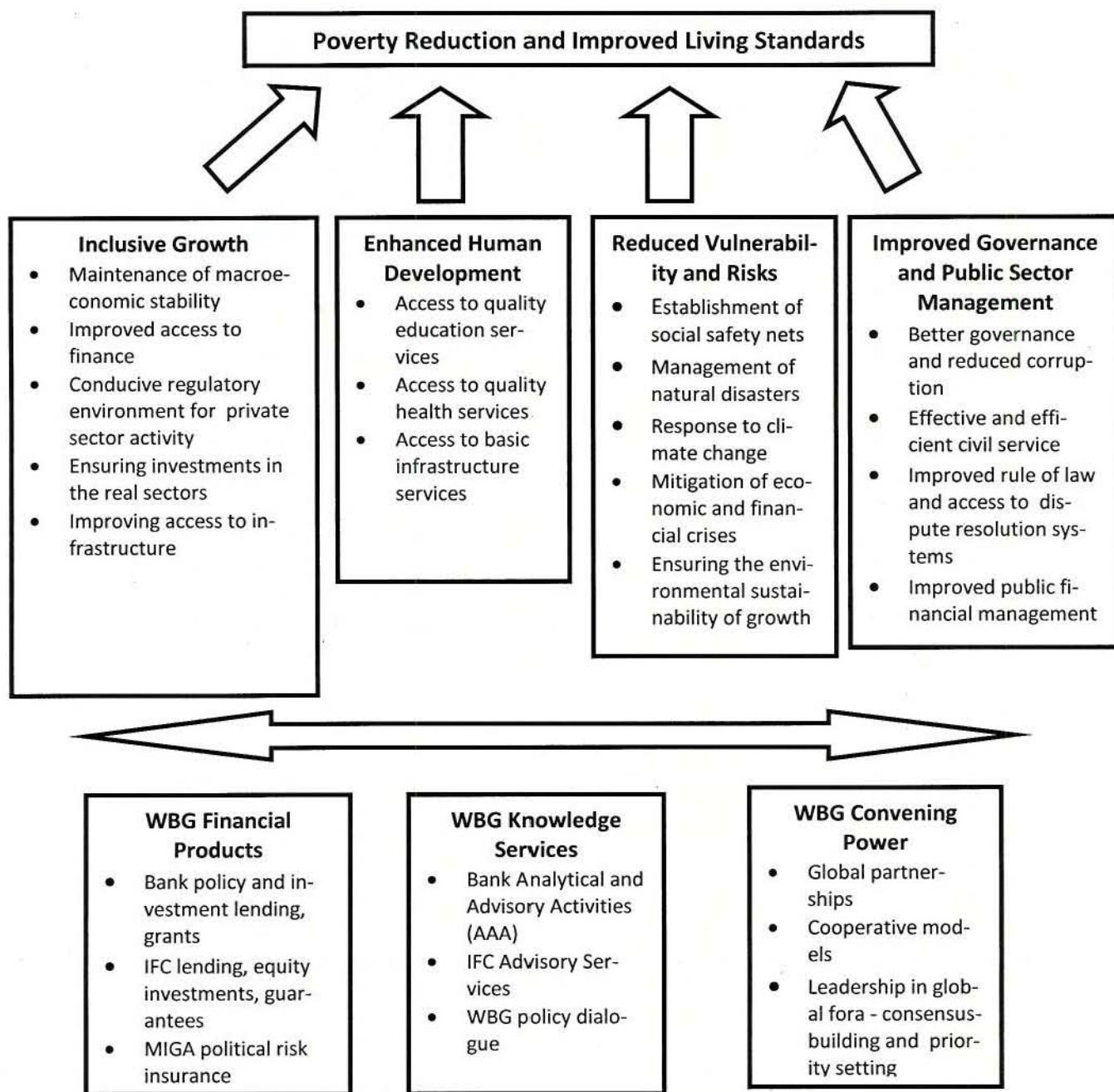
4. The 2011 RAP will be structured around the core set of development goals that the WBG seeks to help member countries achieve. This will serve as a framework for the presentation of results in this and possibly future RAPs. The report will briefly review progress in member countries toward each of these core goals. It will then summarize findings on the effectiveness of WBG interventions in support of these goals, based on recent evaluative evidence. While the selectivity in terms of themes and issues will be driven by the framework for assessing development effectiveness, coverage of progress will be more in-depth in areas where IEG has recent evaluative material (evaluations conducted over the last three years) and lighter in areas where IEG has not undertaken studies in the recent past. It is expected that the latter areas will be covered in greater depth in future RAPs, based on the availability of IEG studies. The report will then go on to highlight selected institutional performance issues in each of the three WBG institutions, including the instruments for performance measurement and reporting such as development goals, corporate scorecards, and key performance indicators. Finally, the RAP will review recent Management follow-up to IEG recommendations and their influence on WBG strategy and operations.

A Framework for Presenting the WBG's Development Effectiveness

5. The overriding purpose of the WBG is to help realize poverty reduction and improvements in living standards in developing countries. At present, the WBG has elucidated several priorities under its Post-Crisis Directions strategy toward this end: targeting the poor and vulnerable; creating opportunities for growth; providing cooperative models; strengthening governance; and managing risks and preparing for crises. These priorities build on and integrate the six broad strategic directions established by President Zoellick in 2007. Underlying these strategic priorities are four core goals that embody the WBG's approach to poverty reduction and that have been consistent over the last decade. These are: (i) generating inclusive growth; (ii) enhancing human development; (iii) reducing socio-economic and environmental risks; and (iv) ensuring good governance and public sector management.

6. Although stated in different forms, they are reflected in various WBG's corporate strategies; in major analytical reports such as the 1990 and 2001 *World Development Reports* on poverty; and in WBG country-level strategies that have "pillars" broadly along these lines. Given the consistency of the four core goals over time, they provide a stable framework within which to present IEG's findings. Their breadth, in terms of encompassing all WBG activities, in turn provides a basis for extracting relevant implications for current WBG strategies, such the Post Crisis Directions.

Figure 1. Development Goals Supported by the World Bank Group



Source: IEG, WBG

7. The presentation of results in the RAP will therefore be organized around the four core goals that the WBG aims to help member countries achieve in order to reduce poverty and improve living standards in a way that can also inform the WBG post-crisis strategic directions. WBG interventions in support of these objectives include (i) its financial services such as Bank policy and investment lending; IFC lending, equity investments and guarantees;

and MIGA political risk insurance; (ii) non-lending services, such as Bank Analytical and Advisory Activities (AAA), IFC Advisory Services, and WBG policy dialogue; and (iii) the WBG's convening power. The conceptual framework is depicted in Figure 1.

- **Generating Inclusive Growth.** A central goal supported by the WBG is to help member countries achieve market-driven, private sector-led economic growth that engages a broad share of the population. Poverty is reduced as individuals obtain income through returns to labor and capital. Growth in economic activities increases such opportunities for the poor. The WBG supports progress toward this goal by helping countries achieve a range of intermediate objectives. These include: (i) establishing and maintaining a stable macroeconomic environment; (ii) establishing an appropriate regulatory environment for private sector activity; (iii) developing the financial sector to increase access to financial services; (iv) improving access to infrastructure, including transport, power, and communications; and (v) catalyzing direct investment and growth in the productive sectors, including agriculture/agribusiness; industry; manufacturing; and the service sectors.
- **Enhancing Human Development.** A second core goal in support of poverty reduction has been to accelerate human development. This has included support to improve (i) access to quality health services; (ii) access to quality education services; and (iii) access to basic infrastructure services, including water supply, sanitation, and rural electrification. Consumption of these services helps meet basic needs, thereby improving the quality of lives. In addition, by building human capital, consumption of these services allows individuals to better gain from opportunities created by economic growth.
- **Reducing Socio-economic and Environmental Risks.** A third core goal has been to help reduce vulnerability to shocks (e.g. financial and economic crises, natural disasters, climate change), ensure the environmental sustainability of development, and protect the poorest and most vulnerable through a social safety net. Achievement of this goal helps reduce poverty by both transferring income to the poorest as well as preventing or mitigating income loss following shocks. To support this goal, the WBG has sought to help: (i) establish efficient public social safety net and welfare transfer systems; (ii) manage preparedness and response to natural disasters; (iii) mitigate consequences of economic and financial crises; (iv) address long-term threats such as global climate change; and (vi) ensure that economic growth is environmentally sustainable.
- **Ensuring Good Governance and Economic Management.** The foundation for achieving the core goals in member countries has been a public sector capable of establishing appropriate policies and public investment through good governance and economic management. Such capabilities are necessary to create an environment for broad-based private sector-led growth; expand the reach of quality basic social services; and build adequate income transfer and crisis response systems. To help realize this goal, the WBG has sought to help member countries (i) improve governance and reduce corruption; (ii) improve the effectiveness and efficiency of the civil ser-

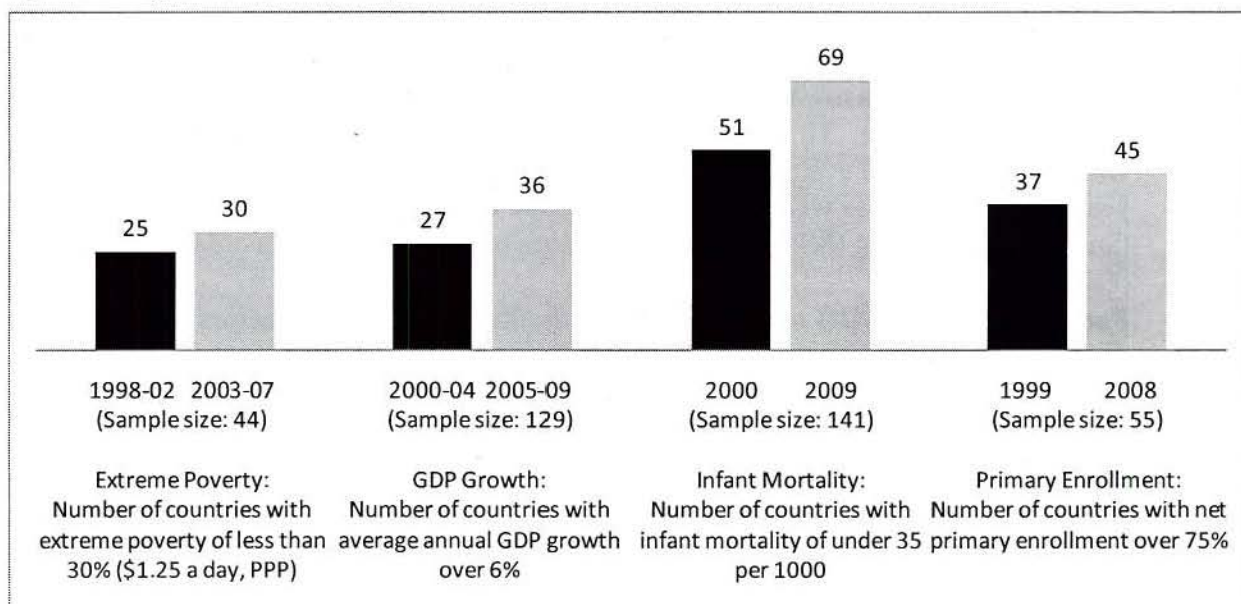
vice; (iii) improve public financial management; and (iv) improve the rule of law and access to dispute resolution systems.

Main Evaluative Questions and Methodological Approach

(a) What progress have developing countries made toward the core development goals supported by the WBG?

8. Over the past decade, developing countries have seen substantial progress toward a broad range of quality of life indicators covering health (including child mortality and life expectancy), education (e.g. primary enrollment), and infrastructure (see Figure 2 for an illustration of some positive trends in developing countries). The 2011 RAP will provide an overview of progress toward the core goals supported by the WBG and key intermediate objectives. This presentation will be parallel to "Tier 1" of the Bank's corporate scorecard indicators. In recognition of the WBG's need to support progress in all its member countries, presentation of overall trends will be supplemented by indicators of country-level progress toward core development goals. The presentation is subject to significant gaps, time lags, and weaknesses in the availability of data. Information on poverty reduction since 2007, for example, is largely not yet available. While trends in welfare and income indicators are largely encouraging, progress has been uneven and widespread poverty remains. Furthermore, achievements have been facing growing challenges of sustainability—economic, social and environmental.

Figure 2. Progress toward Development Goals



Source: World Bank databases

(b) How effective has the WBG's contribution been in supporting progress toward the core development objectives?

9. The central component of the 2011 RAP will be to provide an overview assessment of the *effectiveness of the WBG* in supporting progress toward the four core goals and their intermediate objectives. The assessment of effectiveness will not imply attribution to country results. Instead, it is a self-standing assessment of WBG outcomes based on IEG's relevance, effectiveness, and efficiency criteria: Are WBG interventions relevant and are they achieving their objectives efficiently? The WBG may thus play a small but effective role in a given country by undertaking relevant and successful interventions. While the country's development results may not be attributable to the WBG, the WBG can make an *effective contribution* toward these goals. The assessment of the effectiveness of the development contribution also does not apply to a certain period of WBG operations. Instead, it is an assessment of effectiveness as informed by IEG evaluations prepared over the last three years. The operational periods of the underlying WBG interventions will vary substantially. The assessment of effectiveness toward each objective will comprise several steps:

- **WBG approach and recent trends.** First, the RAP will identify the WBG's overall approach and interventions in support of each strategic objective. For example, in assessing the WBG's effectiveness in human development, the RAP will first identify current strategic initiatives as well as trends in approaches toward human development.
- **WBG effectiveness, based on IEG evaluations.** Second, the assessment of WBG effectiveness will draw on three constituent elements: (i) the outcome ratings of projects in each institution that supported this objective; (ii) the outcome assessment of WBG support toward this objective in country evaluations; and (iii) assessments of WBG's effectiveness toward the objective drawn from sector and thematic evaluations where available. To help ensure current relevance, the overview assessment will be based on IEG evaluations that have been conducted over the last three fiscal years, i.e. FY09-11, as well as attempt to expand on the findings of earlier evaluations, complementing their databases with more recent data, where available.
- **Factors affecting WBG outcomes.** Third, the RAP will identify factors which, according to IEG evaluations, help explain different degrees of effectiveness. Subject to evaluation material available, the analysis will identify lessons as to why some things worked and others did not; under what conditions WBG interventions are more/less effective; and what future directions for the WBG are suggested by IEG evaluations. The issues raised by the RAP will be drawn from project level evaluations such as PPARs, XPSRs, PERs, and PCRs; from country-level evaluations; and from IEG sector and thematic studies produced during FY09-FY11.
- **Outcomes by WBG institution.** In addition to assessing outcomes by pillar across the WBG, outcomes will also be presented by each WBG institution. This will allow trends and patterns to be identified and analyzed by institution as it has been the practice in past IEG annual reports.

10. As IEG's apex overview report, the RAP will draw largely on IEG's recent and ongoing evaluation work, particularly material produced over the last three fiscal years. As such the coverage of the RAP on progress under the overall framework presented in Figure 1 will have gaps, depending on the evaluation material available. The ensuing RAPs will then focus on the other areas of the overall framework presented in Figure 1. Along with FY09-11 project evaluations for each WBG institution and CASCR-Rs, the major evaluations that the RAP will draw on will be studies on Governance and Anti-Corruption; Social Safety Nets; Information and Communication Technology; Gender and Development; Nutrition Impact Evaluations; Employment and Labor Markets; Water and Development; Agriculture and Agribusiness; Safeguards and Sustainability Policies; Climate Change; several reports on Natural Disasters; Crisis Response; Health; the Africa Action Plan evaluation; IFC and Poverty Alleviation; Global Program evaluations and others.

(c) How effectively have WBG institutions managed factors within their control?

11. Outcomes of WBG support can be a function of WBG institutional performance, client performance, and external factors. The report will identify selected issues pertaining to WBG institutional performance arising out of recent evaluations. Given the differing organizations and business models of the three WBG institutions, the RAP will distinguish institutional performance issues particular to each institution.

- **World Bank Institutional Performance.** Bank performance issues will be drawn from three sources: (i) Bank project evaluations (ICR-Reviews and PPARs) that have a formal rating for *Bank Performance*. This rating broadly covers the Bank's performance during the project's design and supervision stages. These ratings will be aggregated by region, sector, and other parameters to provide an overview of Bank performance in projects; (ii) CASCR-Reviews that have a formal rating for *Bank Performance* that includes factors such as the Bank's role in strategic priority setting, its responsiveness, instrument mix, design and supervision of interventions; and (iii) assessments of Bank Performance in sector, country, and thematic evaluations. Following an overview of Bank performance ratings, the RAP will highlight several Bank performance issues that arise from recent evaluations. Given the recent work on the scorecard, the FY2011 RAP will look at recent initiatives in managing for results in the Bank. This will include a review of the recent work on the Corporate Scorecard and other initiatives to strengthen its M&E systems.
- **IFC Institutional Performance.** IFC performance issues will be drawn from (i) investment project evaluations (XPSRs) that have a formal rating for IFC Work Quality. This assessment covers IFC's performance in project screening, appraisal, and structuring; project supervision and administration; and IFC's role and contribution; (ii) IFC-Advisory Services project evaluations that have a formal rating for IFC role and contribution; (iii) CASCR-Rs that assess IFC performance in the country based on its strategic relevance, project appraisal and supervision (and recently introduced formal ratings for IFC Performance); and (iv) assessments of IFC performance in country, sector, and thematic evaluations (such as the ICT and agribusiness evaluations). The RAP will also synthesize the findings on IFC's additionality from recent

evaluations. Following an overview of IFC performance ratings, the RAP will highlight several IFC performance issues that arise from recent evaluations. The RAP11 will also address recent IFC initiatives to enhance its management for development results, including through its Development Goals and evolution of DOTS.

- **MIGA Institutional Performance.** MIGA performance issues will be drawn from (i) the available evaluation database of ex post guarantee project evaluations, which have a formal rating for MIGA effectiveness as well as MIGA self-evaluation reports and (ii) assessments of MIGA institutional effectiveness in recent IEG-MIGA Annual Reports and thematic evaluations. The RAP will highlight selective MIGA performance issues that arise from recent evaluations and will cover recent trends in developing measures for tracking corporate performance.

(d) To what extent has WBG management followed up on IEG recommendations and what has been the influence of IEG recommendations on WBG strategy and operations?

12. IEG contributes to the achievement of development results by making recommendations to improve WBG development effectiveness, based on finding in its evaluations. It then monitors Management's follow-up to these recommendations through the Management Action Record (MAR). This helps promote accountability and generate knowledge that can be used as a source for learning and improved organizational effectiveness

13. The report will present the status of Management follow-up to IEG recommendations. In addition to the regular reporting on the levels of adoption, the report will explore how IEG evaluations and recommendations have affected WBG strategy and operations through the review of action taken (as reported in the MAR) and follow-up on selected evaluations through in-depth case studies and interviews with WBG staff that were involved in these processes. The findings will help develop a better understanding of IEG's influence on WBG strategy and operations.

14. The report will also lay out the steps that IEG and Management have taken to improve the MAR process. The FY10 RAP reviewed the MAR process and found that it needed strengthening to enhance both accountability and learning. The Board has also called for improvements in the system. IEG and Management have committed themselves to strengthening their dialogue and reducing subjectivity in reporting on follow-up through actions and timelines. Process and protocols are being developed and will be piloted in selected evaluations that will be highlighted in the FY11 RAP.

Resources and Timeframe

STAFFING

15. The report will be prepared by an IEG-wide team comprising Asita De Silva (Overall Coordinator), Konstantin Atanesyan (Coordinator - World Bank), Stephen Pirozzi (Coordinator - IFC), Stefan Apfalter (Coordinator - MIGA), Geeta Batra (Coordinator - MAR). Peer reviewers for the report are Shanta Deverajan, Homi Kharas, and Frank Lysy. The report will be prepared under the guidance of Marvin Taylor-Dormond, Ali Khadr, and Stoyan Tenev.

CALENDAR OF DELIVERY TO CODE/ BOARD

16. A tentative calendar for report preparation is outlined below.

Results and Performance Report - Preparation Schedule

| TASK | DATE |
|---|----------------|
| Approach Paper sent to SEC for distribution to CODE | March 2, 2011 |
| Internal IEG One Stop Meeting | April 30, 2011 |
| Report sent to WB/IFC/MIGA Management for comment | May 15, 2011 |
| Meeting with WBG Management to discuss the draft report | May 22, 2011 |
| Management Response to IEG | June 1, 2011 |
| Final report sent to SEC for distribution to CODE | June 30, 2011 |
| CODE Meeting | TBD |
| Board Meeting | TBD |
| Report Launch | TBD |