

Précis

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2003 AROE: A Renewed Focus on Results

There is increasing international pressure on the development community to demonstrate value added and to strengthen the results focus of aid management. The *2003 Annual Report on Operations Evaluation (AROE)* recognizes the Bank's increased emphasis on the results and the effectiveness of its development activities, as well as its efforts to build results orientation in client countries. It takes stock of the Bank's frameworks for both monitoring and evaluation, considers their effectiveness, and highlights areas for improvement.

Background

The AROE fulfills OED's mandate to assess the status, effectiveness, and progress in improving the monitoring and evaluation of the development effectiveness of World Bank activities. Last year's AROE took a 10-year retrospective view of the evolution of controls and monitoring and evaluation at the Bank. It noted the Bank's progress since 1992 in establishing greater staff accountability, focusing on portfolio implementation, and intensifying managerial and Board oversight of development effectiveness. This year's AROE recognizes the increased Bank emphasis on the results and effectiveness of its development activities and its efforts to build results orientation in client countries in the past year. It takes stock of the Bank's frameworks for both monitoring and evaluation, comments on their effectiveness, and highlights areas for improvement and greater management attention. This approach responds to the Board's request in July 2002 that the AROE focus specifically on areas where progress was most needed and on lagging

areas in monitoring and evaluation, such as the corporate scorecard, partnerships, and the monitoring of trust funds. Management has acknowledged some of these weaknesses or gaps.

A Renewed Focus on Results

Several recent developments have heightened the pressure on countries, the Bank, and donor agencies to demonstrate the results of development assistance. The Comprehensive Development Framework, the Heavily Indebted Poor Countries initiative, the IDA 13 Replenishment Agreement, and the Poverty Reduction Strategy Papers all represent efforts to associate development assistance flows more directly with demonstrable results.

The intensified results focus was also a major force behind the development consensus reached at the 2002 Monterrey Conference on Financing for Development. Since then, development agencies, including the World Bank, have enhanced their commitment to demonstrate and disseminate results.



Within the Bank, the 2002 Strategic Forum (since renamed the Implementation Forum, an annual opportunity for senior management to take stock of progress and decide on further action, followed-up by implementation tracking) gave new impetus to the need for measuring and demonstrating results. September 2002 saw the launch of the *Better Measuring, Monitoring, and Managing for Development Results* (or *Managing for Results*) initiative, which aims to establish a framework for increasing the results orientation in both the Bank and in client countries. An implementation plan for the *Managing for Results* initiative was presented to the Committee on Development Effectiveness of the Bank's Board in December 2002.

While the development community and clients together seek to achieve the Millennium Development Goals and other targets of development success, the challenge for Bank management is to translate these goals into a set of outcomes, along with monitorable indicators, benchmarks of progress, and adequate baselines for demonstrating improvements in performance and assessing its effectiveness.

Monitoring and Evaluation of Operations: Where the Bank Stands

Monitoring

The Bank must define the expected outcomes for all levels of operations and develop supporting monitorable indicators,

baseline data, and benchmarks of progress towards the defined outcomes. Management has a well-established monitoring framework for individual investment lending operations, but the emphasis on setting clear outcomes and supporting monitorable indicators needs to be enhanced. Country strategy and project design processes and documents should systematically set outcome objectives for the Bank, explicitly link Bank intervention to expected outcomes, and clearly define performance indicators. The newly piloted results-based Country Assistance Strategy aims to strengthen outcome orientation of Bank country-level assistance. The outcome orientation of the Bank's adjustment lending and nonlending operations, knowledge sharing activities, and sector strategies needs to be improved. The Bank's quality assurance process should widen its focus to include greater outcome orientation and evaluability.

Progress reports should use the performance indicators established during design to track and assess implementation progress against the specified outcomes. Monitoring of implementation progress against outcomes is weak for grants and global programs, trust funds, sector strategies, and knowledge sharing initiatives. Management has initiated reforms to enhance monitoring of trust funds and global programs, but it is too early to comment on their effectiveness. To enhance monitoring of development impact of trust-funded activities, the Bank may wish to link the monitoring and reporting on the use and performance of trust funds with the core development activity those funds support. A system for monitoring implementation of sector strategies is evolving.

Evaluation

The framework for self-evaluation by management, and independent evaluation by OED, is strongest at the project level. At the country level, the framework for independent evaluation, comprising OED Country Assistance Evaluations, is well established. The recent introduction of CAS Completion Reports responds to a long-standing OED recommendation and closes gaps in self-evaluation at the country level. But there remain other gaps in both self- and independent evaluation. Self-evaluation of sector strategies, nonlending operations, trust funds, and knowledge initiatives is weak. New initiatives are under way to improve self-evaluation of grants and global programs, although it is too early to assess their effectiveness. Independent evaluation of sector strategies and global programs also need improvement.

Performance at the Corporate Level

Management expects to report on Bank performance at the corporate level primarily by developing the *Annual Review of Portfolio Performance* into a comprehensive report on the results of all Bank activities, including corporate-level initiatives such as global programs, capacity building, and knowledge sharing. Management has also developed the International Development Association (IDA) Results Measurement Framework to report to donors on progress on important development outcomes in IDA-eligible countries.

Monitoring and Evaluation: What do the terms mean?

Monitoring is the regular and continuous tracking of inputs, outputs, outcomes, and impacts of development activities against stated results. It can be undertaken at any level of operation: project, program, sector, country, or global. Monitoring involves establishing (1) a set of outcome indicators along with monitorable targets, benchmarks of progress, and baselines, as well as data collection, analysis, and reporting guidelines; (2) quality assurance processes, before and during implementation; and (3) concurrent reviews of implementation progress. The purpose of monitoring is to provide management decisionmaking with information to enhance implementation.

Evaluation is the systematic and objective measurement of the extent to which operational programs and activities produce desired results. Unlike monitoring, evaluation attempts to establish causality and attribution. It serves as the basis of accountability and learning by staff, management, and clients. Evaluative information is used for the formation of new directions, policies, and procedures. Ex-post evaluation in the Bank, undertaken on or after activity completion, involves three elements: completion reporting by activity heads, internal or external reviews conducted by management (self-evaluation), and independent evaluation carried out for the Board.

Roles and Responsibilities

The following table highlights the roles and the distinct mandates of the various Bank units in monitoring and evaluation of its development results. OED is the only unit with a mandate to undertake independent evaluation of the development effectiveness of Bank operations.

Monitoring and Evaluation of the Development Effectiveness of Bank Operations

<i>Monitoring and self-evaluation (reporting to management)</i>	<i>Independent evaluation (reporting to the Board)</i>
Quality Assurance and Compliance Unit ^a	OED
Quality Assurance Group	
Regional quality teams and front offices	
Network/sector anchors; OPCS Network	

a. Ensures compliance with safeguards for projects at entry and during supervision.

Building and Monitoring Evaluation Capacity in Client Countries

Bank and borrower monitoring and evaluation are closely related: the Bank relies on country data for measuring the performance of its interventions at the project, sector, and country levels. But limitations in country monitoring and evaluation—including data, systems, and capable evaluators—have encouraged the Bank and other donors to take an enclave approach to monitoring and evaluation, with little emphasis on building sustainable country capacities and systems. This has resulted in a multiplicity of donor moni-

toring and evaluation burdens on borrowers. The Bank has been active in helping borrowers strengthen their results-orientation and evaluation capacity in order to enhance government performance. Yet the Bank has made limited progress in mainstreaming evaluation capacity building in its operations.

Self-Evaluation in OED

This year, OED surveyed one relevant audience—the evaluatees—on their reactions to two OED products: sector and thematic studies (S&T) and Project Performance Assessment Reports (PPARs). The results of the survey suggest that OED should clarify and better present its methodology, including its evidentiary base, for sector and thematic studies. It should also better target and disseminate its sector and thematic and project evaluations to Bank staff, and enhance consultation with borrowers.

OED has implemented most of the recommendations that were made to it in the 2002 AROE, two issues remain to be fully addressed. First, there is a need for more effective internal dissemination of OED products through enhanced targeting and active participation in Regional and sector events. Second, as OED moves to rate Country Assistance Strategy Completion Reports, it should ensure that there are more transparent procedures to discuss and understand differences in ratings between management and OED.

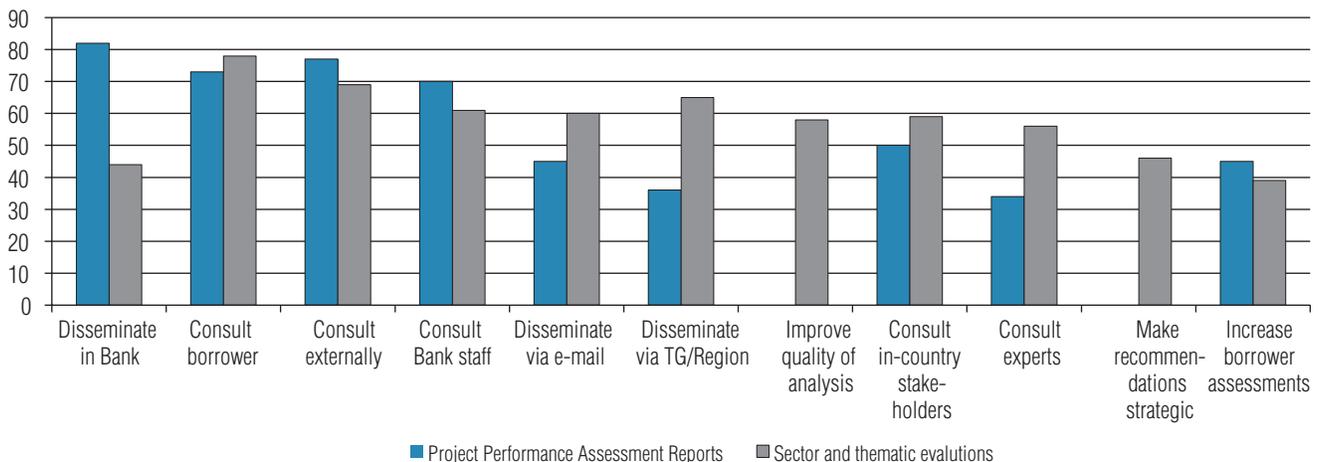
Recommendations

The report makes the following recommendations to management:

- Issue an Operational Policy/Bank Procedure that sets out the mandate, framework, roles, and responsibilities for monitoring and self- and independent evaluation.

Recommendations to OED from Bank Staff

% Responding



Note: TG = Thematic group.

- Mainstream greater outcome orientation in Country Assistance Strategies and a self-evaluation framework for Bank assistance at the country level.
- Strengthen the monitoring and evaluation of the development outcomes for activities financed by trust funds.
- Strengthen outcome orientation and evaluation of non-lending activities, both at the aggregate level and at the task level (either individually or in clusters).

Management Response

Management spokespersons generally agreed with the AROE recommendations, but noted that questions of appropriate timing, sequencing, and tradeoffs remain. The following management comments respond to the recommendations above:

- Management is working with OED to produce an Operational Policy covering the roles and responsibilities in self- and independent evaluation.
- The highest priority has been given to improving the results orientation of the CAS and developing an effective CAS Completion Report. This is critical to improving the relevance and effectiveness of support within the country business model, as well as to helping borrowers manage for results, and will be the backbone of corporate monitoring and reporting on results.
- The CAS Completion Report will synthesize self-evaluation of nonlending services, taking a country perspective on an entire program and drawing on the results chain set out for each ESW product. Sector Boards will also have in place good practice guidelines for monitorable action plans to be included in diagnostic ESW, improving the evaluability of diagnostic ESW. QAG reviews of ESW at the task level will be supplemented by the mainstreaming of the recent pilot country-level evaluations of ESW programs. And management is reviewing the format of the ESW Activity Completion Summary, to make it less cumbersome, while improving its results focus.
- Efforts to strengthen monitoring and evaluation of trust fund activities will require more time to become fully operational. The highest priority is being accorded global programs and partnerships. The new Global Programs and Partnerships Council and Secretariat are addressing this issue through the continued improvement in the design of M&E tools for these activities.

Executive Directors' Perspective

The members of the Committee on Development Effectiveness (CODE) noted that they generally supported the recommendations of the AROE and stressed that:

- The Bank's monitoring and evaluation framework should cover all Bank operations, including sector strategies, adjustment lending, and nonlending activities. They encouraged management to introduce the new Operational Policy/Bank Procedure (OP/BP) for monitoring and evaluation. They also suggested that the new OP/BP should reflect the results of CODE'S review of the evaluation function and mandate of the Director-General, Operations Evaluation.
- The evaluability of all operations—investment and adjustment at the design stage should be ensured.
- Members expressed concern about the adequacy of management's response for strengthening the evaluation for economic and sector work and nonlending activities.
- CODE supported management's medium-term plan to convert the *Annual Review of Portfolio Performance* into a comprehensive report that better reflects implementation of the managing for results initiative.
- CODE asked management to continue to update the Board on progress in implementing the agenda and action plan on Managing for Results.
- Members urged management to set clear goals on the nature and extent of evaluation capacity that may be developed in individual or groups of countries, and to use this information as a basis for developing collaborative and participatory programs that meet country needs and demands.



Director-General, Operations Evaluation: *Gregory K. Ingram*
 Director, Operations Evaluation Department: *Ajay Chhibber*
 Manager, Corporate Evaluation and Methods: *Victoria Elliott*
 Task Manager: *Deepa Chakrapani*

▶ This *Précis* is based on the *2003 Annual Report on Operations Evaluation*

▶ The full text of the report is available at:
<http://www.worldbank.org/oed/>

▶ *Précis* are available to Bank Executive Directors and staff from the Internal Documents Unit and from regional information service centers, and to the public from the World Bank InfoShop. *Précis* are also available at no charge by contacting the OED Help Desk: eline@worldbank.org or calling 1-202/458-4497.

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Series Editor: *Caroline McEuen*
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