

Précis

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Evaluation Capacity Development: A Growing Priority

OED's first *Annual Report on Evaluation Capacity Development* (AREC) finds that the World Bank is increasing its support for Evaluation Capacity Development (ECD) activities and is currently active in 21 countries. ECD focuses on strengthening the capacities of countries to evaluate their own performance, particularly in assessing efforts to reduce poverty. Monitoring and evaluation are increasingly being acknowledged in the Bank as necessary for results-based management, as well as for learning and accountability. OED prepared this report to provide information to the Bank's Board on ECD, to support enhancement of the quality and quantity of the Bank's capacity building work in this area, and to establish a framework for annual evaluation of ECD.

Bank-supported ECD work has grown rapidly in recent years. In preparing the stocktaking for this first AREC, it was found that there is no central, comprehensive list of either the substantive ECD work under way or contact points in Regions or networks. The stocktaking revealed confusion among Bank staff and in borrower countries concerning what monitoring and evaluation (M&E) comprises—the tools and approaches available, their uses, and the nature of and prerequisites for capacity building to institutionalize M&E in a sustainable manner.

Growing Priority for M&E, and for ECD

The Bank has had a formal strategy for ECD since 1994, with an emphasis on helping countries strengthen their approaches to

M&E in support of sound governance, and as a part of broader public sector reform efforts. This strategy recognizes that an understanding of development effectiveness—the efficiency and efficacy of what works, what does not, why, and in what contexts—helps governments improve their performance. The priority for ECD has grown substantially in recent years in response to important trends such as the emphasis on a results orientation and on ownership, as well as a greater recognition that sound governance is central to the reduction of poverty. These trends are embodied in the *Comprehensive Development Framework* and the *Poverty Reduction Strategy Paper* (PRSP) initiatives.

In recent years OED has often reported on the Bank's overall poor progress in



Definitions

Monitoring embodies the regular tracking of inputs, activities, outputs, reach, outcomes, and impacts of development activities—at the project, program, sector, national, and global levels.

Evaluation is the systematic and objective assessment of the relevance, efficiency, efficacy, sustainability, and institutional development impact of a development intervention.

Evaluation Capacity Development is the strengthening or building of M&E *systems* in borrower countries so that M&E is regularly conducted and utilized by the countries themselves—governments and civil society.

implementing the Bank's ECD strategy agreed in 1994. Both OED and the Quality Assurance Group have documented the poor compliance with the operational directive on the monitoring and evaluation of Bank projects. This is of particular concern given the recent OED finding that weak M&E is a contributing factor to poor project performance in 38 percent of Bank projects rated unsatisfactory or highly unsatisfactory. Bank management set up a Bankwide working group on M&E in 1999. The working group concluded that a set of related weaknesses in M&E were common for both the Bank and borrower countries: poor incentives to conduct good monitoring and evaluation; diffused accountability because of unclear roles and responsibilities within the Bank, and between the Bank and borrowers; and weak capacity for these activities in both the Bank and client countries.

In response to the working group's report, the Bank decided to start to mainstream ECD in the Bank. It was also decided to establish seven new country pilots for ECD, in addition to the countries already receiving ECD support. The stocktaking conducted as part of the 2002 *Annual Report on ECD* found that by spring 2002, country-level ECD activities had started with Bank support in at least 21

countries, including 8 in the Africa Region, 5 in Latin America & the Caribbean, 4 in Europe & Central Asia, 2 in South Asia, and 1 each in East Asia & the Pacific and the Middle East & North Africa Regions. The countries include: Albania, Argentina, Bangladesh, Bolivia, Brazil, Chile, Egypt, Ethiopia, Ghana, Honduras, India (Andhra Pradesh), Kyrgyz Republic, Madagascar, Malawi, Mozambique, Niger, the Philippines, Poland, Romania, Tanzania, and Uganda. Most of these countries are at an early stage of ECD work, although some (such as Brazil, Chile, the Philippines, and Uganda) have been working to strengthen their M&E capacities for a longer period. Twelve of these are PRSP countries where the requirement that countries prepare a Poverty Reduction Strategy Paper to be eligible for debt relief has created an incentive for ECD.

Mainstreaming ECD

The Bank's experience in helping countries strengthen their own *M&E systems* emphasizes the need to formulate approaches based on the particular context of a client country, including a sound understanding of the strengths and weaknesses of its M&E capacity. A more focused program of M&E training will be necessary for Bank staff if ECD is to be mainstreamed successfully. Bank teams should also focus on likely country demand for more effort to be devoted to M&E, and thus whether there are opportunities for future ECD work as part of the public sector management reforms the Bank supports in borrower countries.

Experience with ECD, as with other types of capacity building, emphasizes the importance of country ownership and commitment. There is a role for the Bank's country teams to strengthen government awareness and understanding of the value of M&E and to work to build country demand for ECD. Experience with PRSP countries reveals that a number have made valuable progress toward a more evidence-based approach to preparation of poverty reduction strategies, and this provides a sound starting point for a more systematic treatment of M&E.

Most PRSPs flag the importance of M&E, and a number also identify some actions to strengthen their underlying information base. They essentially focus on: (i) the monitoring of spending—financial tracking—and (ii) national development indicators, usually incorporating the Millennium Development Goals (MDGs). However, to focus only on these indicators has several drawbacks. They are insufficient to establish a close relationship between government spending and poverty reduction. Also, an emphasis on financial tracking and the MDGs fails to measure the performance of government in terms of its processes, outputs, and outcomes. Finally, a focus on monitorable indicators (including the MDGs) needs to be implemented by an analysis of the reasons for good or bad performance—evaluation is needed to answer these “why” questions.

Focus on Results

The quality of country systems for measuring and monitoring results is important for the challenge before us. This puts a premium on our capacity building support for public sector management, statistical development, and monitoring and evaluation systems, which are important in their own right for underpinning countries' accountabilities to their people and results agreements and compacts with donors. Our agencies have programs of support for evaluation and statistical capacity building, aiming to help countries improve their measurement, monitoring and management for results—whether at the project level or at the agency or ministry level.

—Statement issued in Monterrey by the heads of the five multilateral development banks, on 20 March 2002.

What ECD “Success” Looks Like

ECD is the strengthening or building of M&E systems in borrower countries so that M&E is regularly conducted and utilized in the countries themselves—by governments and civil society—to:

- Inform government resource allocation decisions—policy-making and planning through national budgets and poverty reduction strategies—by providing information on the likely benefits and costs of alternative policies, programs, and projects.
- Support the design and ongoing management of activities (at sector, program, and project levels), including the delivery of government services and the management of staff—this is the learning function of M&E.
- Enhance transparency and support accountability relationships—accountability of government to parliament, to civil society, and to donors, and to underpin accountability relationships within government. M&E provides a vehicle to magnify the voice of civil society and to put additional pressure on government to achieve higher levels of performance.

Bank programs in middle-income countries are devoting considerably less effort to evaluation capacity development than in the PRSP countries, although there are some notable exceptions, such as Brazil, Chile, and Poland. These non-PRSP countries face much less stringent human and financial resource constraints on their M&E activities and can achieve positive results in a shorter time. Moreover, the governance benefits from conducting and utilizing M&E are just as great for them as for the low-income PRSP countries.

An inconsistency among Bank policies and guidelines relating to country-based M&E needs to be addressed. For example, the Bank’s public sector governance strategy highlights the priority for helping countries build their M&E capacities, yet very few of the Bank’s public sector reform or public expenditure management projects include an ECD component.

Another example is the Bank guidelines for Poverty Reduction Support Credits (PRSCs), which are intended to provide programmatic lending support to eligible PRSP countries. These guidelines are silent on the priority for country M&E systems in support both of sound governance and the Bank’s fiduciary expectations.

There is also need for greater coordination and a greater focus on M&E within the Bank, centered particularly on the

Bank’s Regional vice-presidential units. A regional approach to ECD that orients and complements the stand-alone country work would provide a means to share lessons learned; to make better use of regional institutions; to facilitate cooperation with the regional development banks and bilateral donors in ECD; to build up a cadre of suitable ECD consultants; and to identify Bank staff in each Region who can act as Regional ECD resource persons or coordinators. A related challenge for the Bank to address is that of funding and staffing implications to support M&E and ECD. Current funding sources are fragmented and will need to be increased when ECD is mainstreamed. Bank management agreed in 2000 to employ 16 full-time M&E specialists to help strengthen both M&E and ECD, but this target is far from being met. One option on the staffing side is to rely on the Bank’s public sector management specialists and would entail building staff skills in M&E techniques and in capacity building, to be augmented by consultants for specific tasks.

The Bank has been involved in ECD work for 15 years, and has accumulated considerable experience in that time. The Bank and borrower countries would benefit from other development agencies’ information exchange concerning lessons learned from past and current ECD work: which ECD approaches appear to be most cost-effective, in which circumstances, and why.

Conclusions

The stocktaking of Bank-supported ECD activities reveals that a modest but increasing number of Bank country teams are working with borrowers to strengthen country M&E systems. There has been a substantial increase in this work over the past three years; the Bank’s *M&E Improvement Program*, and the continuing support provided by Bank central units, has assisted country teams in this work. So far, 21 Bank country teams (out of around 150) are supporting ECD work. Additional Bank staff need to be trained in ECD to meet growing demand. This suggests an opportunity for the Bank—and especially Bank Regional vice-presidential units, which have so far devoted relatively little effort to ECD—to cooperate in building M&E systems in client countries.

Country-based evaluation capacity building is related closely to the Bank’s own M&E—the regular monitoring and evaluation of the Bank’s projects. Stronger country capacities and systems for M&E would also facilitate Bank M&E by relying more on existing country data systems, country evaluators—individuals, government evaluation offices, and universities, for example—and eventually on country M&E systems for self-evaluation.

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