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ANNUAL REVIEW OF DEVELOPMENT EFFECTIVENESS

Achieving Sustainable Development



2009

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Abbreviations

AAA	Analytic and advisory activities
AIDS	Acquired Immune Deficiency Syndrome
ARDE	Annual Review of Development Effectiveness
CAE	Country Assistance Evaluation
CAS	Country Assistance Strategy
CASCR	Country Assistance Strategy Completion Report
CEPF	Critical Ecosystem Partnership Fund
DEC	Development Economics Group
DIME	Development Impact Evaluation Initiative
ENRM	Environment and natural resource management
ESW	Economic and sector work
GDP	Gross domestic product
GEF	Global Environment Facility
GPR	Global Program Review
GWP	Global Water Partnership
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
IAS	Invasive alien species
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
ISR	Implementation Status and Results Report
IWRM	Integrated water resource management
MAR	Management Action Record
M&E	Monitoring and evaluation
MIGA	Multilateral Investment Guarantee Agency
NGO	Nongovernmental organization
OECS	Organization of Eastern Caribbean States
OPCS	Operations Policy and Country Services
PAD	Project Appraisal Document
PARIS21	Partnership in Statistics for Development in the 21st Century
PROFOR	Program on Forests
QAG	Quality Assurance Group
REDD	Reducing Emissions from Deforestation and Degradation
RMS	Results Measurement System
TA	Technical assistance
UNFCCC	United Nations Framework Convention on Climate Change
WBG	World Bank Group
WBI	World Bank Institute
WDI	World Development Indicators



Cotton plant, Abu Asher, Sudan. Photo by Arne Hoel, courtesy of World Bank Photo Library.

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Terraced rice paddies near a Red Zao village, outside Spa, Lao Cai Province, northern Vietnam. Photo by Tran Thi Hoa, courtesy of the World Bank Photo Library.

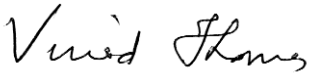
Foreword

Even as the global financial crisis consumes world attention, environmental degradation remains among the foremost challenges of our time. Indeed, the dangers associated with climate change have recently been recognized, but other environmental problems—air and water pollution, soil erosion and desertification, water scarcity and biodiversity loss—continue to be neglected. The World Bank is uniquely positioned to support country, regional, and global efforts to confront these challenges in a way that promotes long-term economic growth and poverty reduction.

This year's *Annual Review of Development Effectiveness* (ARDE) spotlights the Bank's role in helping countries to address these environmental challenges. World Bank support for environment projects has recovered since 2002 with the support of new sources of concessional finance. Environmental concerns have received growing attention in Country Assistance Strategies. Growing numbers of regional projects are addressing the shared use of regional bodies of water such as the Nile Basin, Lake Victoria, and the Black and Aral Seas. New partnerships and facilities at the global level are deepening Bank involvement and potential impact on climate change.

Outcomes of environment projects have historically been weaker than the Bank's average for all areas, but have shown some improvement in recent years. The Bank's direct project support for the environment has helped develop market-based instruments for environmental management. The Bank has also achieved some gains in the highly challenging but critically threatened area of biodiversity conservation, although far more remains to be done. Mainstreaming these and other environmental programs into country strategies and programs remains a crucial gap. Much more needs to be done in monitoring and evaluation: three-quarters of environment-related projects—those managed by sectors other than the environment—lack systematic reporting of environmental outcomes.

As is customary, the ARDE also reviews the Bank's performance in getting results from the projects and country programs it supports. The 2008 project performance data show improvement in achieving development outcomes, adding to encouraging evidence on the Bank's long-term performance trends. But the record on monitoring and reporting of development results continues to pose challenges for the institution. The efforts under way to deepen the results agenda are encouraging. Further progress will be crucial for the international discussions on International Development Association (IDA) replenishment and for the post-Kyoto agreement at the Copenhagen Summit.



Vinod Thomas
Director-General, Evaluation



Man in a field sifting seeds along Red River in northern Vietnam. Photo by Quy-Toan Do, courtesy of the World Bank Photo Library.

Executive Summary

This year's *Annual Review of Development Effectiveness* (ARDE) is being written against the backdrop of a global financial crisis, declining growth, and massive fiscal stimulus efforts to revitalize markets. Demand for greater development support from the World Bank has grown, along with concerns that resources be used effectively and efficiently to achieve their development objectives. This ARDE focuses on the Bank's performance record in getting results from its projects and country programs and, as is customary, examines in depth one topic relating to development effectiveness. The focus of this ARDE is on the Bank's support for environmental sustainability, in response to a Board request for a synthesis of findings from recent Independent Evaluation Group (IEG) reports on the environment.

The report shows that the Bank's performance record displays a moderately strong upward trend over the medium term, and recent performance has continued this trend. It also shows that there has been a mixed record on implementing the agenda to strengthen the Bank's orientation, capacity, and monitoring of development results—the results agenda. Institutional initiatives to strengthen project-level monitoring and evaluation (M&E), to put in place a Results Measurement System for the International Development Association (IDA), and to implement results-based Country Assistance Strategies are at different stages of deployment and have yet to demonstrate a clear impact on outcomes.

This year's special focus—getting results for sustainable development—reflects the vital role of sound environmental stewardship for development and the grave threat that inaction poses of reversing gains in growth and poverty reduction. The Bank's record in implementing the 2001 Environment Strategy and advancing the results agenda is quite mixed. New sources of financing, including resources for global efforts, have helped lending and support for the environment to recover from the lows of the early 2000s; analytic work has fostered innovative approaches and enhanced environmental awareness; and direct support for environmental projects is showing improved performance, with tangible results. But implementation of the strategy in mainstream environmental work across sectors has been weak and must be strengthened. Project performance shows a clear improving trend.

Project Performance Shows a Clear Improving Trend

The 2008 World Bank project performance data shows improvement in achieving development outcomes, allaying concerns that the weakened performance of 2007 could signal a new downward trend. The decline in 2007 was modest, and performance rebounded in 2008.

Bank performance is rated on a six-point scale, from highly satisfactory to highly unsatisfactory (see box 2.1 in chapter 2 for an explanation of

IEG ratings). The percentage of satisfactory projects (that is, the top three ratings) increased in 2008, continuing the upward trend of the past 15 years. Average performance, which uses the full six-point scale, also shows important progress, but the gains are less than half as large compared with the percent satisfactory measure. Percent satisfactory tends to give high weight to borderline changes—those that just pass over the threshold into the moderately satisfactory category on the six-point scale. Changes over time in the Bank's portfolio favoring better-performing Regions and sectors also explain a small part of the improved performance.

Analysis of the dates of the major turnarounds in project performance suggests that a combination of better Bank sector policies and improved country circumstances outside Bank control may explain much of the turnaround, rather than internal administrative reforms at the Bank, although the latter may have facilitated improvement already under way.

Evaluating the results of analytic and advisory activities (AAA) is inherently difficult. IEG does not regularly rate the Bank's AAA, although it underpins projects and accounts for about one-third of spending on country services. However, a recent IEG evaluation (IEG 2008e) indicates that about two-thirds of AAA is moderately satisfactory or better, and one-third is less successful. Performance patterns suggest that impact and results for countries depend on technical quality, concrete and country-specific recommendations, country ownership of the findings, and sustained follow-up after task completion. IEG intends to pilot an approach to systematic AAA evaluation.

The 2009 Management Action Record (MAR), which tracks Bank adoption of recent IEG recommendations, indicates that adoption levels have declined in the Bank. IEG is currently examining ways to improve the MAR to create a more effective product for tracking adoption of recommendations and to identify reasons for the trend decline.

Efforts to Strengthen Performance Indicators Need Strong and Continuing Support

In response to the international drive for measurement and management for development results, the World Bank has launched major efforts to improve performance information in Bank-supported projects. The Bank has moved to strengthen M&E, introduced a Results Measurement System for IDA, and expanded rigorous evaluation of project interventions. These efforts are beginning to influence institutional priorities and business practices. However, in many projects information is not sufficiently rigorous or comprehensive to provide stakeholders with a picture of what really changed as a result of the project.

Project M&E provides building blocks for generating good information on development outcomes and has received increasing Bank attention in recent years. IEG began to assess M&E quality in 2006 and has rated the quality of M&E in projects that were reviewed in the past two years as modest or negligible in three-fifths of cases. These reviews point to several shortcomings: indicators are too numerous and often measure outputs rather than outcomes; baseline data are infrequently collected; few projects collect the data that would be required to assess impact; and client feedback suggests reluctance to adopt project M&E practices and considerable fragmentation of M&E efforts. These ratings can only be assigned to projects after they close, and are therefore lagging indicators. They provide a reference point for monitoring future trends and tracking whether current efforts to improve M&E work. The low M&E ratings, however, suggest a continuing need to revisit the incentives, use, and resourcing of M&E in Bank-supported projects with a view toward simplicity, tractability, and decision relevance.

Shortcomings in M&E design and implementation may contribute to problems found in project supervision and reporting. For an average of 12 percent of projects each year, there is a disconnect between the Bank's self-assessments and

IEG project performance ratings. For these projects, the internal supervision of project performance through the life of a project frequently appears to be overly optimistic and sometimes lacks candor regarding risks to development objectives. Delays in accurate reporting lead to final supervision assessments that come too late for corrective action to be taken.

An outgrowth of the IDA negotiations since 2003 has been development of a Results Measurement System to measure and aggregate development outcomes in a way that is relevant to stakeholders and donors. This is a commendable effort to track and report results in a coordinated fashion. A brief assessment in advance of the November 2009 IDA Midterm Review, based on documentary evidence, staff interviews, and a survey of IDA donors, suggests that the initiative has made progress, yet faces significant challenges to fuller implementation.

Impact evaluation is gaining much greater traction in the Bank as a tool that holds promise for providing estimates of project efficacy and impact. Over 250 impact evaluations are under way in the Bank, many in the Human Development Network. A review of recently closed projects in the Agriculture, Environment, and Water Sectors indicated that few collected even the minimum information to assess results, and projects with baselines amenable to analysis are concentrated in the East Asia and Europe and Central Asia Regions. Thus requisite information for basic quantitative analysis is still rare. IEG will initiate analysis over the coming year to better understand the quality, relevance, and costs of the current impact evaluations in the Bank.

Finally, economic cost-benefit analysis is the traditional method, long practiced in the Bank, for organizing information on project benefits and costs in a manner relevant to decision making. The Bank's use of cost-benefit analysis peaked in the early 1970s but is now applied to only about one-quarter of projects. This indicates that cost-benefit criteria are now used far less as a basis for project funding decisions. Although part of this change may be attributed to the shifting nature of development assistance, not all of it is. An assessment of the use of cost-benefit tools in environmental projects largely confirms this conclusion. This issue will be taken up in greater detail in an IEG special report in fiscal year 2010.

Support for Environmental Sustainability Is Expanding but Needs to Go Much Further

Addressing environmental degradation is one of the central challenges of our time. The Bank is uniquely positioned to support country, regional, and global efforts to address environmental challenges such as climate change, air and water pollution, and deforestation and biodiversity loss in a manner compatible with economic growth and poverty reduction. Greening the growth path need not come at the expense of growth or of helping the poor. For example, there are extensive untapped opportunities to reduce greenhouse gas emissions through incentives for greater efficiency. Moreover, providing 2 billion poor people with basic electricity access would add little to world greenhouse gas emissions—less than 0.4 percent of current emissions, even if carbon-intensive means are used.

This year's ARDE spotlights the Bank's activities and performance in helping countries to address these environmental challenges, based on the findings of recent IEG evaluations and supplementary analysis. These evaluations include, but are not limited to, the following: *Environmental Sustainability: An Evaluation of World Bank Group Support*; *Climate Change and the World Bank Group, Phase I: An Evaluation of World Bank Win-Win Energy Policy Reforms*; *The Development Potential of Regional Programs: An Evaluation of World Bank Support of Multicountry Operations*; and a forthcoming review of the Bank's forestry activities.

Bank management has begun to initiate new strategies for the World Bank Group, including for climate change, energy, and the environment.

This ARDE reflects on the findings of the body of IEG's recent evaluation work in the area of the environment, but also goes beyond these findings by updating the portfolio and performance data through fiscal year 2008 and supplementing materials from IEG's project, country, and global evaluation products.

The Bank's environment strategy, launched in 2001, furthered the shift in the Bank's stance from "do no harm" to active promotion of environmental goals, a shift that began in the early 1990s. This created the potential for much greater effectiveness through mainstreaming attention to the environment across the Bank's project portfolio and country assistance strategies. It is too early to assess the 2007 organizational changes intended to facilitate mainstreaming and consolidate environment into the Sustainable Development Network. Preliminary indicators suggest that mainstreaming has decreased in some sectors, such as agriculture, energy, and transport, and that cross-sector collaboration has been particularly weak between water supply and health.

Since 2001, new funding sources—including carbon funds, expanded Global Environment Fund resources, and new trust funds—have contributed to a recovery in Bank support for the environment. This funding has also shifted the focus of work from traditional mainstreamed activities such as pollution management toward innovative approaches relating to climate change. The Bank is currently stepping up its role in helping finance solutions to tough issues such as climate mitigation and adaptation or biodiversity losses, where the institution can potentially make a vital difference.

Although constituting only 5 percent of total environmental commitments, regional (multicountry) environmental projects have been a promising area of growth. Regional environmental commitments more than doubled over the past six years; the largest volume of commitments is in Africa. The regional pilot initiative, introduced in IDA14, provided additional grant financing from IDA to help overcome incentives that weigh against more complex multicountry programs.

Analytic work has also lent support to key environmental initiatives across a broad spectrum. Examples include work on improving policies and institutions for sustainable forest management and on developing carbon markets and project-based technical knowledge that has helped development of internationally approved methods for the certification of emissions reductions.

There are areas of success, but significant internal and external forces constrain the Bank's environmental portfolio. Weak country demand for loans arises from the public good nature of many environmental interventions. Where the benefits can be locally captured, the incentive to act is stronger, as in the case of pollution control in China. Political competition and corruption surrounding resource rents may also constrain demand. Knowledge and capacity constraints, particularly where Bank support has wavered over time, inhibit lending. Internal knowledge gaps, inadequate technical and operational skills to integrate environment considerations into investment and policy reform projects, and poor dissemination of evidence on effectiveness within the Bank impede effectiveness and limit growth. Finally, internal staff and management incentives favor large projects, such as infrastructure or power, which disadvantages the typically smaller environmental projects.

Some Noteworthy Results Have Been Achieved, but Weak Monitoring Compromises Results Measurement

The overall outcomes of environment projects, like the Bank's portfolio as a whole, have been improving over time. But projects managed by sectors other than the environment, which comprise most of the Bank's support for the environment, generally lack systematic reporting of environmental outcomes.

The Bank's direct project support for the environment has helped develop market-based instruments for environmental management and has

extended lessons on the design of these systems throughout Latin America and into Africa. The Bank has also achieved some gains in the challenging but critically threatened area of biodiversity conservation. It has been the world's largest source of support for biodiversity, including blended finance from the Global Environment Facility. This has provided support for a significant expansion of protected areas as well as for the sustainable use of biodiversity outside these areas, but more attention needs to be paid to the effectiveness and sustainability of these efforts.

Environmental results are not limited to projects. At the country level, environmental concerns have received growing attention in assistance strategies and country program evaluations, but performance has been found wanting. Environmental components, on average, have performed less well than overall country strategies. The Bank's record on environmental stewardship has been uneven. For example, the Bank has helped some countries reform energy pricing by supporting the removal of costly subsidies while protecting the poor through social safety nets, but has only given modest attention to national policies to promote energy efficiency.

The growing body of regional projects offers the opportunity to address transnational environmental challenges surrounding the use of shared bodies of water such as the Nile Basin, Lake Victoria, and the Black and Aral Seas. The Bank has been effective in fostering multicountry cooperation to establish regional institutions to address regional environmental challenges through analytical work, project preparation, and resource mobilization, but it has been less effective in helping countries resolve long-standing resource conflicts.

At the global level, there is evaluation evidence that global programs are adding value to country programs by providing concessional financing for country-level investments that have global environmental benefits and by generating knowledge about best practices in environmental management. New partnerships and facilities designed to promote energy efficiency, climate change adaptation, and greenhouse gas emissions reduction from deforestation and land degradation—such as the Climate Investment Funds and the Forest Carbon Partnership Facility—are deepening Bank involvement and potential impact on climate change issues.

Conclusions

Project outcomes represent a key building block in achieving results through World Bank support to countries. These outcomes have shown significant improvement over the past 15 years. Bank-wide, there has been a much greater focus in recent years on results, yet there remains a long distance to go to demonstrate a real change in measurable outcomes and impacts. Because the volume of Bank lending is expected to increase in response to the current financial crisis, this agenda becomes all the more vital.

Environmental sustainability is one of the most compelling areas for urgent action if development results are to be delivered at the country, regional, and global levels. Bank support for the environment has partially recovered since hitting a low point in 2002, and there are encouraging signs that project results, long below Bank-wide averages, are now improving for the roughly one-quarter of environmental projects whose results are systematically tracked. For the other three-quarters of projects, where environmental initiatives are embedded in other sectors (transport, water and sanitation, and so on), the promise of mainstreaming that emerged from the Bank's 2001 Environment Strategy has not been realized.

In some increasingly important and innovative areas, such as the development of carbon funds and the extension of protective areas to support sustainable forestry and biodiversity, there are gaps in our knowledge of where the Bank is making headway and achieving real results. Progress will depend on far better mainstreaming of the environment into Bank decisions across sectors and on addressing issues of in-house skills, staff incentives, and external demand constraints that impede Bank effectiveness.

Looking ahead, crises offer a rare chance for transformational change, change that is essential to achieving the vision and potential for Bank support for environmental sustainability. The challenge for the Bank is to increase attention to key environmental areas and to facilitate more effective development outcomes by leveraging its knowledge, financial resources, and convening authority.

Management Comments

Management welcomes the findings in the 2009 *Annual Review of Development Effectiveness* (ARDE) by the Independent Evaluation Group (IEG). It is a great strength of the Bank that it subjects itself to independent evaluation and uses the findings to enhance its development effectiveness by learning from experience and that IEG consistently ranks as the benchmark for independent evaluation in the development field.

The risk, of course, is that the Bank's effectiveness as measured by IEG in its evaluations may be taken out of the context of the challenges inherent in development assistance or compared across agencies with less strong evaluation functions. The ARDE differs from most IEG outputs in that it draws on a wide range of evaluative findings and provides a summary overview. Because of the nature of the ARDE, it does not make specific recommendations for management and does not elicit specific management responses to issues raised in the document. However, management finds it important to provide its views on ARDE findings and to give an overview of a set of key management actions that are directly relevant to those findings.

Organization of the Comments. This note first provides comments on the findings and suggestions on the Bank's overall performance in part I of the ARDE. It then responds to what IEG puts forward in part II on the special topic for this year, sustainable development. The final section of the note provides a brief set of conclusions.

Tracking Bank Performance

Management is encouraged to note the rebound in the quality of Bank-supported operations reported by IEG, with 81 percent of exiting projects in fiscal year 2008 rated as satisfactory (moderately satisfactory, satisfactory, or highly satisfactory) in terms of meeting development objectives, exceeding management's target of 80 percent. Management also notes that the ARDE confirms the continuing underlying positive trend in the quality of the operations supported by the Bank. The ARDE goes back to 1993 to look at the evolution of Bank performance; clearly, the Bank of today is very different from the Bank in 1993. The focus on results is much more central now. As an example, monitoring and evaluation (M&E) is a key element for monitoring projects to achieve results, and the ARDE cites a weakness in Bank M&E for projects exiting the portfolio in fiscal years 2007 and 2008, projects that on average entered the portfolio early in this decade. More recent experience is different: 59 percent of new IDA projects that filed supervision reports for the first time in fiscal 2009 had baseline data for all project development outcome indicators and 85 percent had baseline data for at least one. Management expects a significant change in IEG findings on M&E when these operations exit the portfolio in the coming years. However, it is important that the Bank do more to adapt its work to enable it to be more agile and innovative in supporting the needs of borrowing countries, in particular paying more

attention to implementation and to adapting support quickly in response to new information or changing circumstances and to improve performance in lagging Regions and sectors.

Addressing Long-Standing Issues—the Bank's Results-Focused Reform Efforts

To address the challenges of a changing Bank and to take on long-standing issues, including those identified in the ARDE, management has an extensive results-focused response effort under way across virtually the whole spectrum of Bank operational support—from Country Assistance Strategies (CASs) to investment lending, development policy operations, and analytic and advisory activities (AAA).

CASs. During fiscal 2010 the Bank will implement a set of actions based on a recent review of experience with results-based CASs. These actions include guidance on how to rate Bank performance under the preceding CAS and on preparing results frameworks for new CASs. The CAS Progress Report process will be strengthened, providing an early opportunity for gauging progress and the potential need for adjustments. Guidance has already been issued on assessing country statistical capacity—an issue cited by IEG as important for the results agenda.

The Investment Lending Reform Program. Several of the issues raised by the ARDE are ones that management is addressing through investment lending reform (World Bank 2009). Specifically, these reforms are aimed at adapting and differentiating the investment lending model to better fit the kind of support that the Bank provides in sectors such as health and public sector management, where there is no "engineering blueprint" or way to calculate a credible expected economic rate of return, but a need for a more flexible design and more emphasis on support to partners during implementation. The central tenet of the reforms is a stronger focus on a clearly defined set of results the project is designed to achieve (with well-defined monitoring indicators), combined with the identification of the key risks to achieving those objectives and a regular reevaluation of these risks throughout implementation. Those changes, which will focus management and staff attention more on implementation, are designed to overcome the problem of overoptimism cited by IEG.

Project Restructuring. IEG cites the issue of an apparent reluctance to restructure projects that are not meeting development objectives. A key part of investment lending reform is a reworking of the confusing guidelines for project restructuring, which staff cite as a major factor in delayed restructurings. Bank executive directors will be asked in the coming months to approve a simplified restructuring process.

Development Policy Operations. The framework for development policy operations was modernized in fiscal 2005. To date, results from self- and independent evaluation have been robust (as reconfirmed in the ARDE). Recent self-evaluation has identified ways to further strengthen performance. In fiscal 2010, management will provide stronger guidance to staff on supporting borrowers on the design of development policy objectives (including in the context of joint budget support with other donors) for development policy operations and in consolidating good practice on poverty and social impact analysis.

Cost-Benefit Analysis and Impact Evaluation. The ARDE cites the decreased use of cost-benefit analysis and the potential of impact evaluation. Management looks forward to working with IEG on its upcoming in-depth review, notably on when cost-benefit analysis is most appropriate and how useful it is relative to or along with alternative tools for appraisal, monitoring, and evaluation across the spectrum of investment projects supported by the Bank. Management agrees with IEG that impact evaluation can be a valuable tool and has recently expanded its use across sectors and Regions in operations where it is most appropriate and cost-effective and owned by the client country. Again, management looks forward to working with IEG in 2010 on its impact evaluation analysis.

AAA. Management is taking on reforms to its results framework for AAA in the context of its

work on a new knowledge agenda. The approach is to look at AAA in a more programmatic fashion, as opposed to individual products. Management is actively working with IEG on the new AAA results framework, because a common approach and understanding is central to strong self- and independent evaluation. These are sequenced for later in the reform program timetable. (In general, management would note the importance of sequencing these reforms to keep them within staffing and budget constraints.)

The Results Agenda Going Forward. To consolidate all of the above, management is working to establish a "results monitoring platform" to strengthen monitoring and reporting on the outcomes of Bank-supported activities. One key step is the adoption of *core sector indicators*—a few standardized indicators for each sector that are comparable and aggregable at the institutional, country, or sector level, which will facilitate reporting on activity outputs and outcomes, especially under the IDA Results Measurement System (IDA RMS). The core indicators for the road transport, water supply, education, and health sectors were launched in July, together with an improved data system for collecting and tracking quantitative data. Core indicators for other sectors (urban, environment, micro, small, and medium enterprises, and so on) are also under preparation. These indicators (mainly output and outcome indicators appropriate for tracking at the project level), together with the country- or sector-level indicators available from other sources (for example, Tier 1 indicators), will improve our ability to focus on results. In addition, the new results platform offers staff and managers tools for monitoring country portfolio results and for making more strategic and effective use of impact evaluations where these are appropriate. *IDA at Work* narratives are also being expanded, with an emphasis on thematic and country level briefs.

Country Capacity. Management agrees with IEG on the importance of building country M&E capacity, both as a goal in itself and to enable us to better understand our own development effectiveness. For example, in partnership with other donors, the Bank is launching a new Statistics for Results Facility to help the poorest countries build capacity to increase the availability of development statistics, starting with those that are most urgently needed for the implementation of strategies for poverty reduction and national development. More broadly, country capacity building has always been part of Bank activities, especially since Accra; for example, the Bank-wide emphasis on greater use of country systems also includes a greater reliance on and development of country M&E systems. (IEG is also active in this area through activities to build evaluation capacity). However, we recognize that this is a longer-term effort.

Lagging Regions and Sectors

IEG, while commending the Bank on the increase in operational quality, notes a history of poor performance in certain Regions and sectors. Work is ongoing to address this issue. In particular, management has taken on two, the Africa Region and the health sector, as a priority.

The Africa Region's Quality Enhancement Program. To improve outcomes of the operations it supports, the Africa Region has taken the following actions:

(i) Restructuring the weakest-performing portfolios (HIV/AIDS, regional integration, fragile states)
(ii) Providing just-in-time operations and M&E support to country and task teams to improve the results frameworks and ensure better compliance with IDA15 monitoring requirements
(iii) Training task team leaders in the development of results-focused operations and programs and results-based M&E systems
(iv) Developing sector results chains to help improve the underlying causal logic in designing operations
(v) Developing the Africa Results Monitoring System (ARMS), which is now being rolled out as a Bankwide system to track results for IDA credits. The ARMS entails the development of clear and realistic outcome-based project development objectives as well as standard-

ized and measurable indicators. It will harmonize and facilitate results reporting.

The ARDE provides an early indicator of progress. It cites fiscal 2008 data showing 77 percent of projects in the Africa Region as satisfactory (moderately satisfactory, satisfactory, or highly satisfactory) in terms of meeting their development objectives, up sharply from fiscal 2007.

The Health Sector. The Bank's Health Network has taken action to improve the outcomes of country health sector operations it supports. Based on the findings of an IEG evaluation of the health sector, it developed a portfolio-quality improvement plan and launched it in fiscal 2009. It is regularly monitored by senior management to ensure that it stays on track.

The Management Action Record (MAR)

As noted above, management values independent evaluation and takes it very seriously. As a result, it takes seriously the recommendations that come out of IEG evaluations. All Draft Management Responses are discussed by executive directors (normally at the Board's Committee on Development Effectiveness—CODE). These documents include an initial MAR that sets out what management commits to do as a result of the IEG recommendations. Given the importance of these commitments, which often have resource implications, they are vetted and cleared by senior management. Management then revises these commitments in light of the CODE discussion. Management reports annually to IEG on progress against its commitments. While this system is valuable and necessary as an accountability tool, management agrees with IEG that it is time for a reevaluation.

Possible Improvements to the MAR. The biggest issue is that in its annual monitoring of progress, IEG starts with its recommendations, rather than with the part of the matrix that sets out management's commitments—the actions management agreed to undertake and for which it can be held accountable. That approach often leads to disagreements over ratings on progress, notably when management agreed only partially with a recommendation, or when, as in the case of the IEG evaluation of analytic and advisory services, management noted that it would need to sequence many of the actions later in the overall reform effort. Another key issue is the sheer number of recommendations and subrecommendations. The current MAR contains 63 separate recommendations, often with a significant number of subrecommendations under each recommendation. (In addition to IEG, management commits to take action in response to the findings of other entities, including the Inspection Panel, the Internal Audit Department, and the Integrity Vice Presidency.) Management would like to work with IEG on a system that reduces and prioritizes IEG recommendations and monitors progress directly against management commitments.

Achieving Sustainable Development

Management welcomes IEG's attention to the issue of sustainable development. The ARDE draws on a range of findings, including two recent IEG evaluations. As management noted in its responses to those evaluations, there are several areas of agreement: the centrality of environmental sustainability in the Bank's work, the importance of country ownership, the key role for analytic support to countries, and the need for strong collaboration across sectors and across World Bank Group institutions on environmental sustainability issues. At the same time, management expressed concerns about some of the analysis and recommendations (IEG 2008c, 2009a). However, it is more important to note how management is using the lessons summarized in the ARDE going forward.

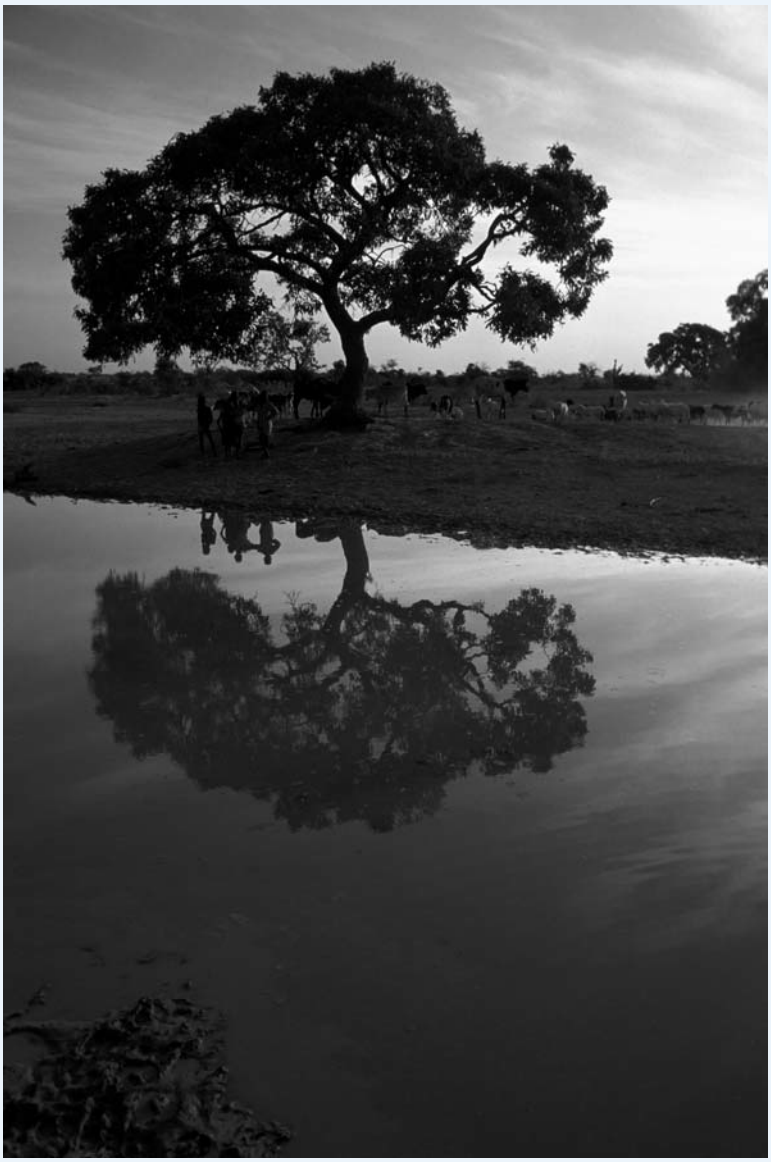
Bank Progress on Environmental Mainstreaming. The ARDE emphasizes that environmental improvement requires mainstreaming environmental awareness into investment decisions and technology choices across sectors. Management believes that the criterion on which Bank performance for environmental mainstreaming is now measured—confluence of projects with environmental themes with sector board mapping—is a second-best indicator. Background work for the Environment Strategy 2010 will address how to improve

environmental mainstreaming results and will also assess to what extent, after only two years, the merger of the two Bank networks into the Sustainable Development Network is leading to stronger mainstreaming outcomes. Management is continuing to strengthen the ability of staff in the areas of forestry, natural resource management, and energy to deliver integrated climate change–based advice to clients by supporting learning modules on climate change–related tools and mechanisms, such as ecosystem-based adaptation and Reducing Emissions from Deforestation and Degradation (REDD).

Measuring and Achieving Project, Country, and Global Results. The ARDE emphasizes that in the new Environment Strategy, the Bank should include a focus on better monitoring and reporting of environmental outcomes at the project and country levels. In the IDA15 RMS exercise, management is making progress in creating environmental outcome indicators for each environmental subtheme, all of which will be aggregated across sectors. Country-level environmental reporting is under development in a "green" data sets reporting format. Management agrees on the importance of expanding environmental partnerships, especially for strengthening environmental governance, across all relevant institutional actors, especially at the country level. To this end, the preparation of the Environment Strategy 2010 will involve extensive consultations with such external stakeholders as governments, the private sector, civil society, and development partners. The consultations will seek to identify key areas in which the World Bank Group should engage to support its clients in more effectively addressing environmental priorities and moving toward greater environmental sustainability and will help inform the development of a results framework for measuring progress in priority areas. In addition, the strategy will address how the World Bank Group can better support client countries in their efforts to strengthen the environmental institutions and governance mechanisms that are crucial for sustainable development.

Conclusions

Management appreciates that submitting the Bank to the learning and accountability discipline of independent evaluation is a strength that sets it apart from many other development institutions, notably given IEG's acknowledged standing as best among its peers. It is confident that the benefits are worth the costs of being held to this high standard, with the resulting misunderstandings that can arise. Even in a balanced report like this one, the positive outcomes risk being overlooked relative to the less positive findings. Management accepts the overall message from the ARDE—a finding of generally good and improving quality in the operations the Bank supports, but also a strong challenge to do even better, notably in supporting a results culture in partner countries and in the Bank and strengthening Bank support for sustainable development. These are priorities that management has taken on in its fiscal 2010 work program and beyond, notably in a set of actions that address some long-standing issues found by both self- and independent evaluation.



People gathered under a tree, Nigeria. Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

Chairperson's Comments: Committee on Development Effectiveness (CODE)

On July 15, 2009, the Committee on Development Effectiveness met to consider the *Annual Review of Development Effectiveness (ARDE) 2009: Achieving Sustainable Development*, prepared by the Independent Evaluation Group (IEG), together with Draft Management Comments. This report to the Board follows the structure of the report — part I: Tracking Bank Performance, and part II: Achieving Sustainable Development.

Part I: Tracking Bank Performance

Overall Summary

The discussion followed the proposed Chairman's Issues Note on development outcomes of Bank support; implementation of the results agenda; and status of the Management Action Record (MAR). First, on development outcomes, the Committee took note of the Bank's upward performance record. During the discussion some questions were raised on IEG's rating system and methodologies. Second, on the results agenda, the Committee stressed the need for the Bank to have a refined and simple evaluation model; adequate incentives to monitor development results; cost-benefit analysis where appropriate as a basis for project decisions; and appropriate staffing and financial resources. Third, the need to improve the context and structure of the MAR resonated among many speakers given the decline in the level of adoption of IEG recommendations. To enhance the follow-up of IEG recommendations, it was suggested that CODE should play a constructive role where differences of opinion emerge between IEG and management on specific recommendations. In addition, members believed that IEG and management should work together on ways to improve the current MAR structure. Overall, the Committee felt that the ARDE as well as other IEG reviews provide a valuable contribution to CODE's oversight role.

Recommendations and Next Steps

To enhance the implementation of the results agenda, CODE recommended the following:

- Strengthen measurement efforts at the project, sector, and country levels.
- Improve coordination between IEG and management on the design of an effective World Bank Group approach.

Next steps are:

- The ARDE will be considered by the Board on September 10, 2009.
- A CODE meeting on IEG methodologies will be scheduled in due course.
  - IEG will submit to CODE or CODE Subcommittee an evaluation on economic analysis in projects in March 2010.

– For next year, CODE proposed consolidating the discussion of IEG's ARDE together with the *Annual Report on Portfolio Performance* (ARPP) prepared by Quality Assurance Group (QAG).

The following main issues were raised at the meeting:

Development Outcomes. Members commended management on the upward trend in performance in recent years but noted that there were lagging Regions and sectors and room for improvement. Questions were raised on the adequacy of the current rating system, particularly for difficult or complex projects, and IEG methodologies. There were recommendations for more in-depth analysis of causality to understand the impact of the Bank's projects, systematic evaluation of analytic and advisory activities (AAA), which may contribute to the knowledge agenda, and integrated reporting on development outcomes at the World Bank Group level. IEG highlighted the difficulties in having one report covering the three institutions—the Bank, IFC, and MIGA.

Results Agenda. Members took note of the mixed records identified by IEG in implementing the results agenda, while acknowledging the challenges of reforming the monitoring and evaluation (M&E) system. In this regard, the importance of cost-benefit analysis of projects, which should provide relevant information for decision making, was underlined. Members queried the adequacy of human and financial resources and the incentive systems for staff and clients to strengthen M&E of development results. Questions were also raised on how to measure the effectiveness of the Bank's assistance in relation to other factors (such as country circumstances) at the project and country levels; how to be selective and consolidate M&E efforts; and how to strengthen accountability while addressing overoptimism in reporting project performance during implementation.

MAR. Members raised concerns about the decline in the level of adoption of IEG recommendations. In this regard, they stressed the need to examine how to improve the content and structure of the MAR, assess the relevance and timing, prioritize recommendations, and monitor progress, although one speaker cautioned against creating unnecessary bureaucracy. To this end, they recommended that IEG and management work together to enhance the MAR's effectiveness. In this regard, some members raised questions about CODE's oversight role, including monitoring of the MAR.

Other Issues. There were comments on the importance of reconsidering the role of part II of the ARDE, including reviewing similar evaluations undertaken by other multilateral agencies and reconsidering the theme selection, or dropping it altogether.

Part II: Achieving Sustainable Development

Overall Summary

Some members wondered what the value added was to discussing sustainable development as part II of the ARDE, given the extensive coverage of this topic by IEG reviews and management reports discussed recently by CODE and the Board. IEG replied that the choice was a response to a Board request to look at recent IEG reports on environment and synthesize their findings before management's new environment strategy was prepared. Members questioned the real meaning of "mainstreaming environmental work" and the application of existing tools. Some members cautioned against overemphasizing the tension between national programs and environment, as the latter also features strong national and local dimensions. They stressed the importance of developing awareness and leverage on national and local instruments and policies. They also queried IEG's findings about "weaknesses" in the system and "less than adequate" implementation of mainstreaming and management's comment on the methodology used to evaluate environmental mainstreaming; that is, using a second-best indicator that relates projects with an environmental theme to sector board mapping.

Recommendations and Next Steps

The Committee invited IEG to have preliminary consultation on the thematic topic of part II of next year's ARDE to gain a broader support for the selected option.

The following issues were raised in part II of the meeting:

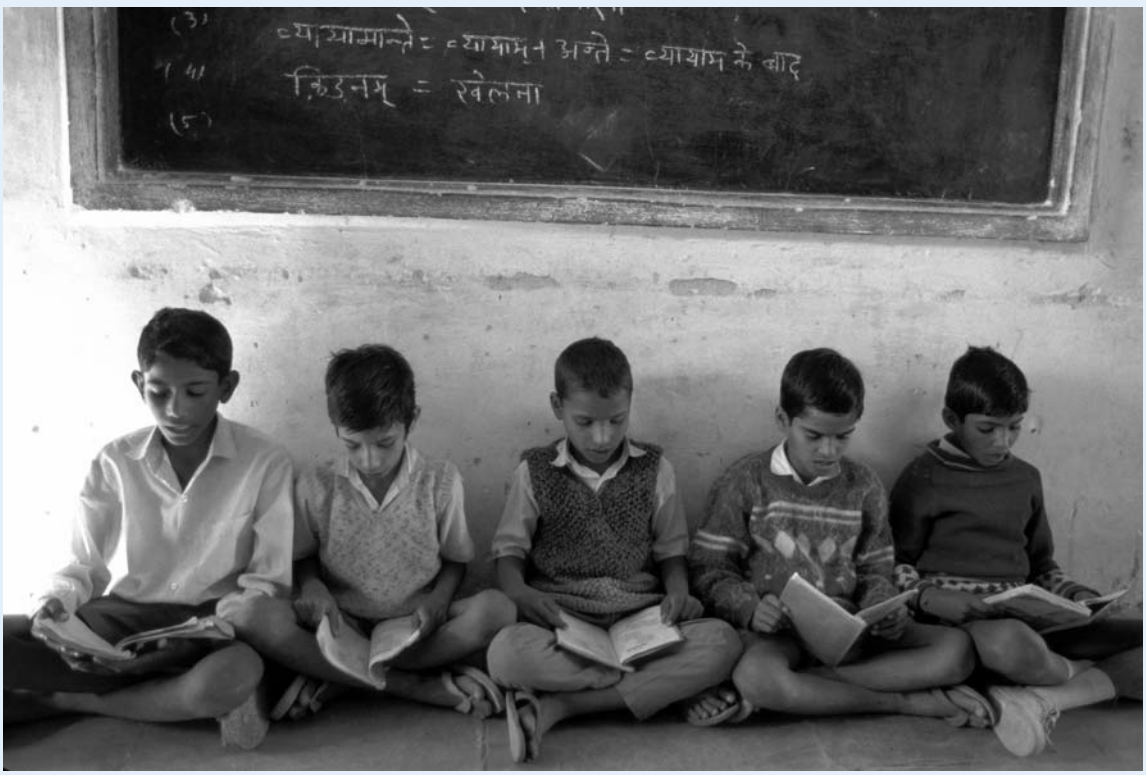
Environmental Sustainability. Some members stressed the importance of a demand-driven approach and adequate measurement systems. They raised questions about how to integrate national programs and global public goods and short-term needs with longer-term objectives; and how to operationalize environmental policies more effectively. In addition, they underscored the cross-sectoral nature of environmental support (for example, on water, energy, and land management).

Bank's Role. Members felt that the Bank should have an integrated approach, starting from the project concept and design, to ensure a more effective implementation of environmental projects. In this regard, it was underlined that weaknesses in staff training and incentives may inhibit the impact of Bank's work in this field.

Organizational Structure. A few members raised concerns about IEG's finding of an absence of environmental themes in health projects, which seems to reflect poor communication and partnership between the Sustainable Development Network and the Human Development Network.

Giovanni Majnoni, Chairman

Chapter 1



Schoolboys in India. Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

Introduction

This year's *Annual Review of Development Effectiveness* (ARDE) is about achieving results from Bank support—is it happening, and how do we know that it is? The search for development results is at the center of the debate over aid effectiveness. It is driving changes in the international aid architecture, including a shift away from multilateral agencies toward *vertical funds* and earmarking of assistance—through global funds, nongovernmental organizations (NGOs), and donor agencies, as well as earmarked multilateral channels that taxpayers and philanthropists think will enable their money to yield more tangible results.[1]

Of course, it is difficult to know if an institution is achieving tangible results unless results are measured and compared across agencies, sectors, or projects. This is why, although measurement and evaluation are dull topics for most people, they are at the heart of answering whether the finances are being transformed into actions that make a difference in people's lives.

This matter has been hotly debated during the current crisis and emergency responses. Chinese, American, or Brazilian citizens want to know whether stimulus funds are being properly used and are effective in getting the global economy growing again. The Bank's fast-track loans to governments are similarly under scrutiny. Quick answers are not available because evaluation takes time and is, by its nature, backward looking. But learning from evaluation can often guide efforts to improve results in the future.

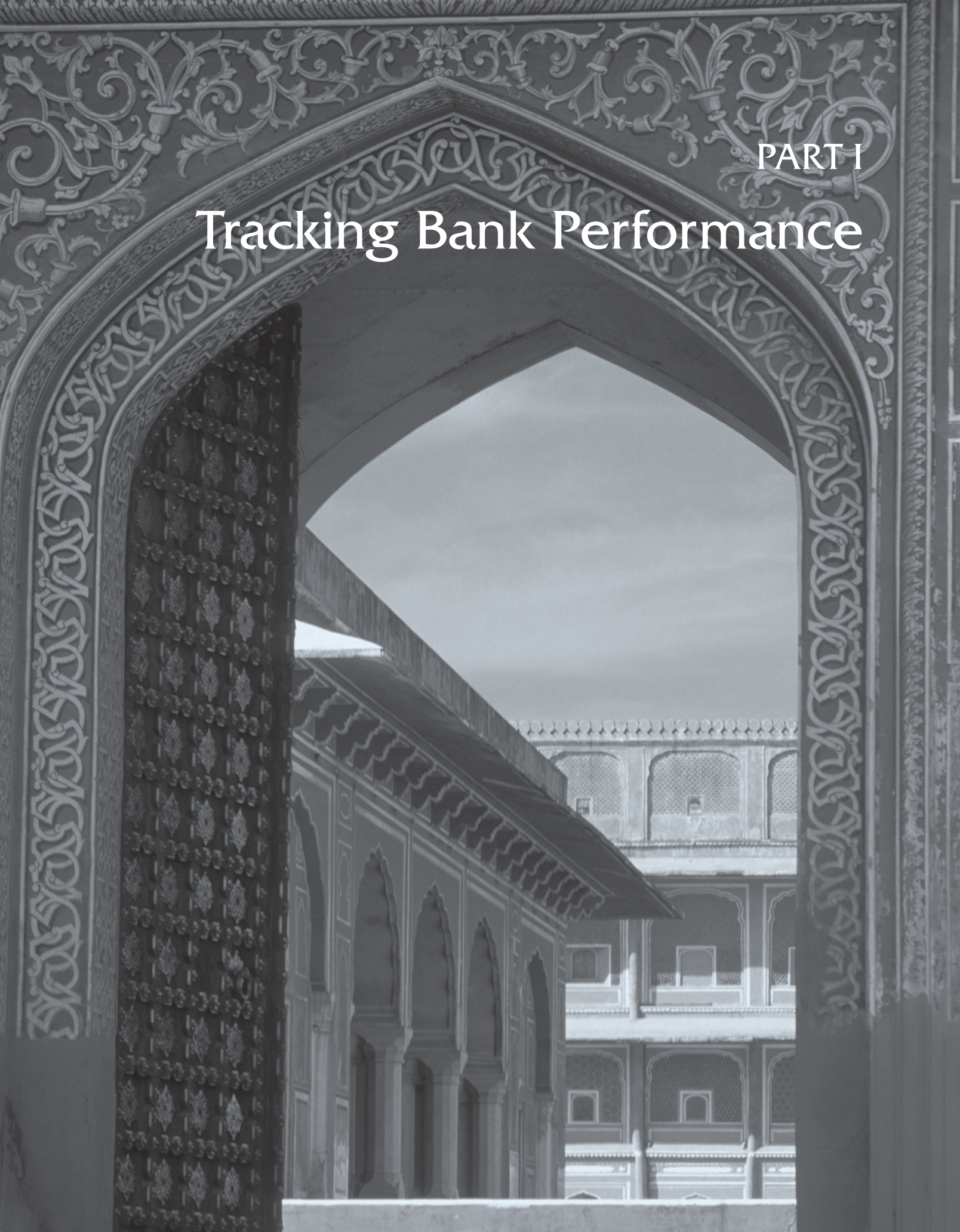
A hidden risk of the short-term financial crisis is that it may divert attention from a vital element of the development agenda and a central challenge to getting results: environmental sustainability. Sound environmental stewardship is known to be pivotal for sustainable development and is one of our greatest collective challenges. Neglecting it may pose the greatest threat to development by unraveling gains in growth and poverty reduction. But achieving and monitoring environmental results is exceedingly complex because of its cross-sectoral nature, involving health, infrastructure, education, and energy, among other concerns. Mainstreaming environmental work and tracking results across such diverse Bank-supported interventions was an explicit objective of the Bank's 2001 Environment Strategy (World Bank 2001). However, this central strategy of mainstreaming has been weakly implemented, and numerous internal and external forces have constrained the Bank's ability to achieve better results.

The methods and systems for measuring results are imperfect. Probing into the reporting by aid

agencies, NGOs, and global development funds on what they have accomplished, one soon finds that there is little precision about how they measure their results and whether the measurement is accurate, or even meaningful. This report aims to advance debate on the World Bank's contribution in this area.

The 2009 ARDE has two parts. Both parts assess Bank performance in advancing development effectiveness through different performance lenses. Part I looks first at Bank performance using conventional tracking measures. The story is broadly positive: performance, measured as the satisfactory achievement of development outcomes that are targeted in Bank-supported projects, is high and has been gradually improving for the past 15 years. Part I then examines efforts to improve performance data. Here the progress is mixed: the challenge of transforming project monitoring and evaluation (M&E) practices into meaningful tools for management and resource allocation remains daunting. Bank-wide results measurement tools are still being developed and have not yet been tested. Other performance evaluation tools (such as impact evaluation, cost-benefit analysis, and real-time monitoring) appear to be used sporadically, although more in-depth assessment is ongoing.

Part II offers an assessment of Bank performance in the critical area of sustainable environmental results, particularly Bank support since 2001. Here too the record is mixed: the portfolio has been growing, and catalytic areas of excellence for environmental initiatives are evident, but experience with mainstreaming and monitoring results is weak. Serious efforts to move the environmental agenda forward and to help deliver on the global hopes and aspirations of the 2009 Copenhagen Summit will hinge in part on renewed efforts to strengthen environmental mainstreaming and to address both Bank and government disincentives to encouraging greater cross-sector collaboration.



PART I

Tracking Bank Performance

Chapter 2

Evaluation Highlights

- Project performance has shown steady improvement over the past 15 years.
- Project performance recovered in 2008 to 81 percent satisfactory, driven by strong performance in transportation and water and in Africa, South Asia, and Latin America.
- Social development, environment, urban development, and social protection have shown strong improvements over the past three years.
- New evidence suggests that improvements in project performance over the long term were in part the result of Bank sector policies and external conditions.
- Better evaluation of the quality and impact of analytic and advisory activities is greatly needed.



Men fishing in Colombia. Photo by Edwin Huffman, courtesy of the World Bank Photo Library.

World Bank Performance in Perspective

The Independent Evaluation Group (IEG) has traditionally tracked World Bank performance using a simple metric of the percentage of projects rated satisfactory (moderately satisfactory, satisfactory, and highly satisfactory) as opposed to unsatisfactory (moderately unsatisfactory, unsatisfactory, and highly unsatisfactory) from all projects that have closed in the preceding year (box 2.1). Bank-supported country programs are rated by a similar metric.

This chapter uses these measures to examine recent performance and to assess whether the downturn identified last year represented a new declining trend. It also places recent performance in an historical perspective by examining longer-term drivers of performance and events associated with the major turnaround in performance. Finally, the chapter presents a discussion of the performance of the Bank's analytic and advisory activities (AAA).

Project Performance Recovered in 2008

To rate project performance, IEG uses project-generated data to determine the extent to which a project has met (or is likely to meet) its stated objectives. Box 2.2 provides illustrations of what satisfactory and unsatisfactory mean in a project context. The objectives of projects are important to development outcomes such as growth, poverty reduction, and other social and environmental goals, or indirect contributors to these outcomes.[1]

Among Bank-supported projects that closed in fiscal 2008,[2] 81 percent were rated satisfactory. The drop in project ratings between 2006 and 2007 of nearly 7 percentage points (the sharpest drop since IEG began tracking performance) received attention in last year's annual report and raised concern about a turnaround trend. But performance recovered in 2008, as shown in figure 2.1.[3]

Project performance recovered in 2008, allaying concerns over the 2007 drop.

Box 2.1: IEG Outcome Ratings

IEG rates project outcomes according to the extent to which the project's major relevant objectives were achieved, or are expected to be achieved, efficiently. Possible ratings are:

1. Highly satisfactory: there were no shortcomings in the operation's achievement of its objectives, in its efficiency, or in its relevance.
2. Satisfactory: there were only minor shortcomings.
3. Moderately satisfactory: there were moderate shortcomings.
4. Moderately unsatisfactory: there were significant shortcomings.
5. Unsatisfactory: there were major shortcomings.
6. Highly unsatisfactory: there were severe shortcomings.

Box 2.2: What Does a Satisfactory or Unsatisfactory Project Look Like?

IEG rates project outcomes according to three criteria—their relevance, efficacy, and efficiency. In general, satisfactory projects fully deliver on their development objectives, appear likely to be sustained, and generate clear benefits in an efficient manner. Some examples help to illustrate.

Burkina Faso

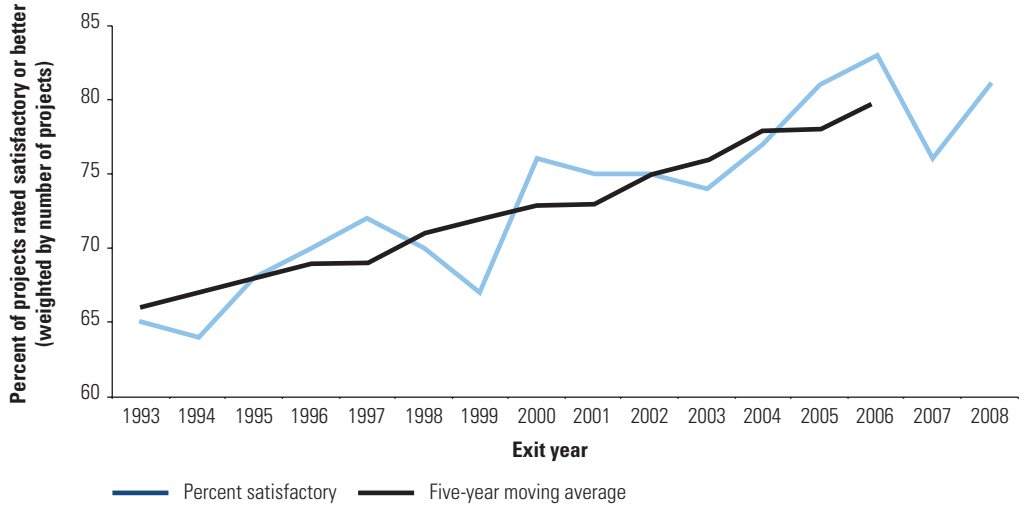
In Burkina Faso, the Bank partially financed a $270 million water supply project in Ouagadougou. The project was rated highly satisfactory, fully meeting its development objectives of increasing reliability of, and access to, clean drinking water for 680,000 low-income people in peri-urban areas, as well as strengthening urban water sector management. Surveys showed happy consumers—85 percent were satisfied or highly satisfied with the quality and availability of water—as well as efficiency gains—the National Office for Water and Sanitation cut in half accounts receivable from private consumers.

Bangladesh

In Bangladesh, the Bank financed the majority of a $27 million project to control the spread of HIV infection within high-risk groups and to limit its spread into the general population. This project did not meet its development objectives and was rated unsatisfactory. Efficacy in controlling the spread of human immunodefiencey virus (HIV) among high-risk groups was modest. Coverage of brothel-based sex workers with prevention programs was high, but it was lower among street-based sex workers. Condom use among both sex worker groups exceeded the target of 50 percent, but it was lower among hotel-based sex workers. While needle sharing by injection drug users declined in some cities, it rose in others, and the target of 95 percent not sharing needles was not met. Coverage of men who have sex with men only reached 15 percent, against the 100 percent target. Efficacy in preventing the spread of HIV in the general population was also modest. All blood was screened before transfusion in the targeted blood transfusion centers, besting the 20 percent goal. However, there is no comprehensive vision or plan for a safe and sustainable blood transfusion system countrywide, raising doubt whether the nonproject centers will benefit and if the country is on track for a safe blood supply.

Performance data by Region and sector are reported in figure 2.2. Of the sectors, health, nutrition, and population; public sector governance; and financial and private sector development tend to receive the lowest ratings, while projects in transport tend to receive the highest ratings (see appendix table A.1 for annual data).

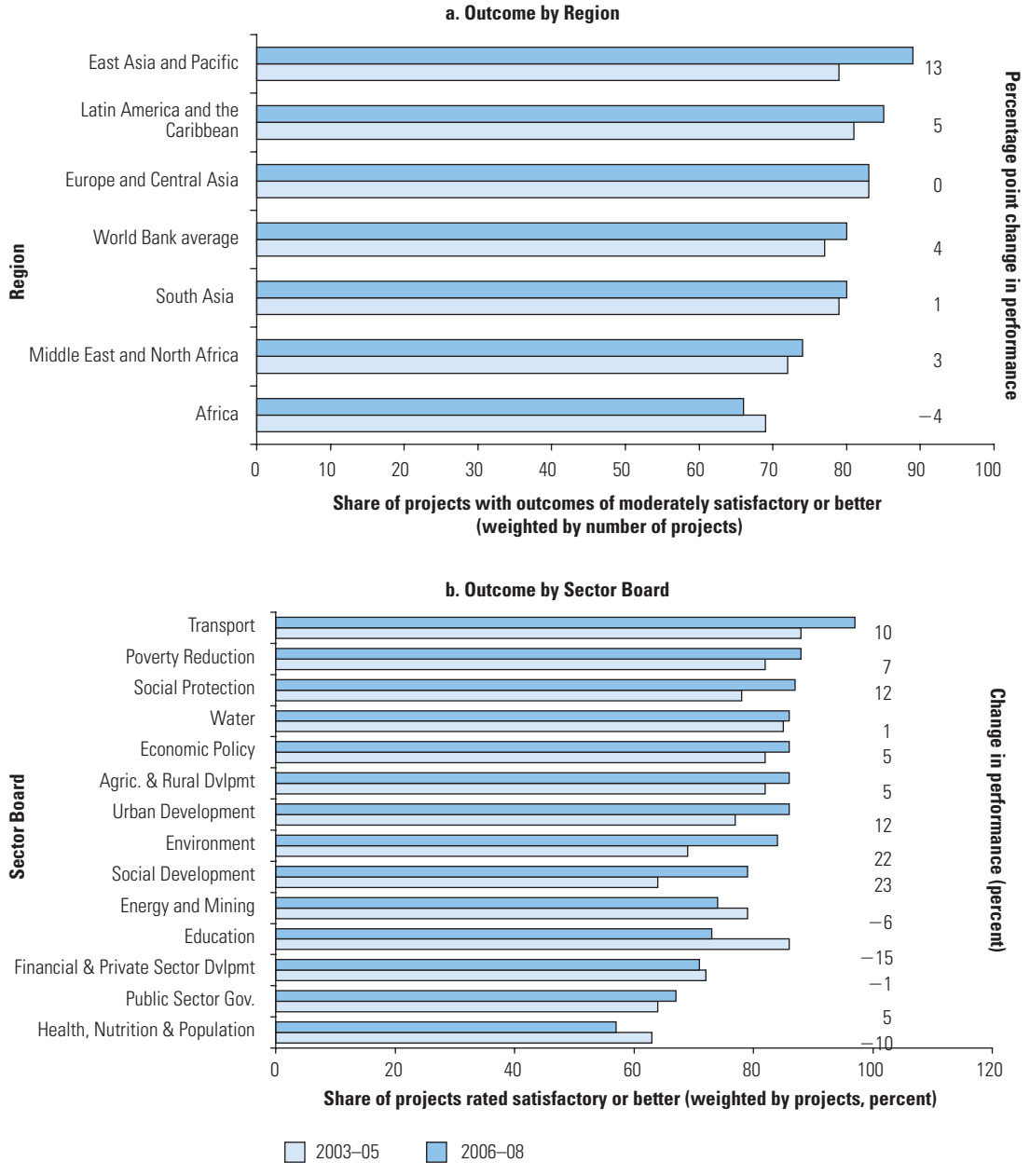
Figure 2.1: World Bank Project Ratings Have Improved since 1993



Source: World Bank data.

Much of the year-to-year variation in performance by sector, when viewed in isolation, is not statistically significant and not representative of any particular trend. Comparing three-year averages (to reduce the noise in annual data) for 2006–08 with 2003–05 gives a more complete picture: social development, environment, urban development, social protection, and transport all showed performance improvements of 10 percentage points or more, while education and health

Figure 2.2: Percent Satisfactory Outcome Ratings by Region and Sector, 2006–08 versus 2003–05



Source: World Bank data.

Table 2.1: Average Annual Changes in Ratings between 1993 and 2008

	Average annual change in percentage points	Standard error	*T*-ratio	15-year change in percentage points (1993–2008)
Highly satisfactory	−0.18	0.087	−2.04	−2.7
Satisfactory	−0.025	0.15	−0.17	—
Moderately satisfactory	+0.97	0.14	6.91	+14.6
Moderately unsatisfactory	+0.46	0.12	3.80	+6.9
Unsatisfactory	−0.99	0.096	−10.31	−14.9
Highly unsatisfactory	−0.24	0.05	−4.4	−3.6

Source: IEG calculations using World Bank data.

experienced a decline of 10 percentage points or more. The 22 percentage point improvement in environment projects was driven by an unusual dip in performance for only two years (2003–04). More details concerning the performance of projects managed by the Environment Sector Board are in chapter 5.

Long-Term Performance Shows a Clear Positive Trend

Large changes in headline indicators in a single year underline the need for longer-term perspective and analysis. Such an exercise can help interpret the significance of year-to-year changes and assist in understanding the factors that drive performance more generally.

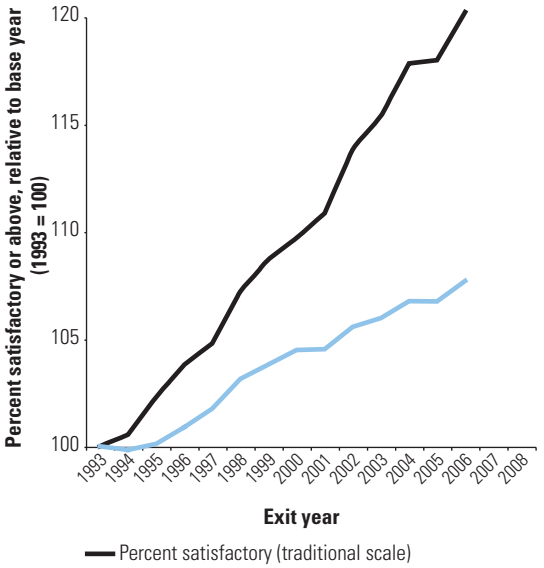
Despite year-to-year fluctuations, the trend in performance is clearly upward.

Figure 2.1 shows the percentage of satisfactory projects Bank-wide since 1993 and reveals the steady improvement in ratings of Bank-supported projects for many years. Despite the year-to-year fluctuations, the trend is clearly up (as measured by the five-year moving average).

Much of the increase in performance came from a drop in unsatisfactory ratings.

The percentage of projects rated satisfactory reflects the achievement of the threshold for a satisfactory rating, ignoring other points on the six-point rating scale. But within satisfactory and unsatisfactory ratings are subratings that yield further insight. Is the improvement in percent satisfactory driven by a decline in the percentage of very low performing projects, a shift in the middle from lower to higher categories, or a uniform improvement across the board? Table 2.1 shows that, over the period from 1993 to 2008, the cumulative increase in the percent moderately satisfactory was about 15 percentage points. Within categories, the major movement has been from the two lowest ratings (highly unsatisfactory and unsatisfactory) toward the middle two ratings (moderately unsatisfactory and moderately satisfac-

Figure 2.3: Improvement in World Bank Project Ratings since 1993, Alternative Measures



Source: IEG calculations using World Bank data.
Note: These are five-year centered moving averages rebased to 1993 = 100.

tory). Much of the overall increase in performance came through a drop in unsatisfactory ratings.

In addition, some of the rise in the percent satisfactory category comes from the relatively small step between the two borderline subcategories (from moderately unsatisfactory to moderately satisfactory). An alternative performance metric is to take the average over all six categories, assigning values from 1 (for highly unsatisfactory) to 6 (for highly satisfactory). This measure gives equal weight to improvements or deteriorations. Charting the change over time since 1993 (the first year the six categories were widely used by IEG) reveals a rise in performance of 8 percent by 2006—compared with a 20 percent increase using the percent satisfactory metric (figure 2.3). Thus, the Bank's *average* performance increase since 1993 is smaller than that suggested by IEG's traditional measure of percent satisfactory.[4]

Much of the rise in percent satisfactory came from small changes in borderline subcategories.

Shifting Regional and Sectoral Composition Is Part of the Reason for Improved Performance

Changing Regional and sectoral composition of the project portfolio—shifting the proportion of projects across low- or high-performing sectors or Regions—can change overall Bank performance. This would happen if certain categories of projects have statistically significant differences in performance and the composition of projects changed across those same categories. A regression analysis is used to measure the performance improvement in Bank-supported projects after controlling for the influence of sector and Region, and also to estimate sector- or Region-specific performance differences, using all projects completed between 1993 and 2008.

The results confirm that transport has been the highest-performing sector and East Asia and the Pacific the highest-performing Region since 1993.[5] Column D of table 2.2 shows mean performance *relative* to these two markers, and hence negative numbers. Taking education as an example, the results show that, holding all other variables constant, projects in the education sector performed, on average, 0.22 points worse than projects in transport (using the six-point scale). (Box 2.3 contains further discussion of factors underlying poor performance in the two worst-performing sectors.)

Operations in the Africa, Middle East and North Africa, and South Asia Regions had, on average, significantly poorer performance than those in East Asia and the Pacific. The top-performing sector, transport, averaged more than half a percentage point higher (0.563 in table 2.2) on the six-point scale than the lowest performer, health, nutrition, and population. The results also confirm that development policy operations, on average, received higher ratings than investment operations.

Although percent satisfactory rose 20 percent, average performance rose just 8 percent.

The results also confirm that the improved performance of Bank-supported programs is not solely a matter of the project mix shifting to high-performing Regions or sectors. Within sectors and Regions there has still been a statistically significant improvement in performance over time during 1993–2008, as indicated by the estimated 0.021 point annual improvement in column D. In addition, the performance improvement has been fairly steady over time since 1993, without major breaks in the time trend.

Controlling for sectoral and Regional changes, Bank operations still improved over time.

Columns A through C of table 2.2 also describe the changes in composition over the period. There were major shifts in the percentage of operations in the energy and mining sector and the agriculture and rural development sector, which declined as a share of all operations. In addition, the share of operations in Europe and Central Asia has risen strongly, while the shares in the Middle East and North Africa, Africa, and Latin America declined.[6]

Such changes contribute positively to overall performance only to the extent that operations shift away from low-performing categories toward high-performing categories. Column E in table 2.2 shows estimates of the relative contri-

Table 2.2: Changes in Project Composition Account for a Small Portion of Overall Improvement

Variable	A. Share of operations in 1993[d]	B. Share of operations in 2008	C. Change, 1993–2008 (B − A)	D. Estimated effect/ impact[c]	E. Effect of change on overall Bank performance (C × D)
Year (time trend)			15	0.021	0.316
Transport (sector of reference)[a]	0.130	0.180	0.051	(reference)[a]	(reference)[a]
Agriculture and rural development	0.273	0.148	−0.126	−0.433	0.054
Economic policy	0.093	0.033	−0.060	−0.611	0.037
Education	0.083	0.066	−0.018	−0.220	0.004
Energy and mining	0.227	0.074	−0.153	−0.527	0.081
Environment	0.000	0.074	0.074	−0.383	−0.028
Financial and private sector development	0.000	0.074	0.074	−0.604	−0.045
Health, nutrition, and population	0.032	0.098	0.066	−0.563	−0.037
Public sector governance	0.051	0.066	0.015	−0.704	−0.010
Social protection	0.000	0.057	0.057	−0.245	−0.014
Urban development	0.069	0.033	−0.037	−0.335	0.012
Water	0.042	0.057	0.016	−0.494	−0.008
Total sector					**0.046**
East Asia and Pacific (Region of reference)[a]	0.176	0.197	0.021	(reference)[a]	(reference)[a]
Africa	0.296	0.246	−0.050	-0.632	0.032
Europe and Central Asia	0.046	0.205	0.159	[b]	[b]
Latin America and Caribbean	0.190	0.139	−0.050	[b]	[b]
Middle East and North Africa	0.148	0.074	−0.074	−0.418	0.031
South Asia	0.144	0.139	−0.004	−0.267	0.001
Total Region[a]					**0.064**
Development Policy Loan	0.120	0.066	−0.055	0.368	−0.020
Total sector/Region/ Development Policy Loan					**0.090**

a. Average performance among sectors is estimated relative to transport; among Regions, relative to East Asia and the Pacific; and among lending instruments, relative to investment operations.
b. Only Regions with significant estimated performance effects are included in column D. Furthermore, six small sectors are excluded due to small sample size.
c. This column reports the estimated effects from the regression explained in more detail in appendix A. For the year variable, 0.02 is the estimated time trend. For the sector and Region variables, what is reported is the average increase (on the six-point rating scale) in project performance associated with each sector or Region. For example, projects in agriculture and rural development performed, on average, 0.43 points *worse* than those in transport (the reference sector).
d. Share of number of projects.

bution of these shifts to the overall improvement in Bank performance. The decrease in agriculture and rural development, economic policy, and energy and mining all boosted overall performance because these were relatively low-performing sectors. The increase in health, nutrition, and population detracted from overall performance for the same reason—it was a relatively low-performing sector over the period.[7] Taken together, the impact of sector shifts was a net positive, albeit modest (0.046 points of the six-point index with a mean of 4). Regional changes also show a net positive impact of 0.064 points, as Bank operations shifted toward Europe and Central Asia and away from Africa and the Middle East and North Africa.

Box 2.3: What Accounts for Substantially Worse Outcomes in Health and Public Sector Projects?

IEG's 2009 evaluation of the Bank's support for health, nutrition, and population (IEG 2009e) noted that performance in the sector remained flat as other sectors improved. It identified several reasons for this low performance. Projects in Africa have performed particularly poorly, with only about one-quarter of health, nutrition, and population projects achieving satisfactory results over the past decade, compared to 70 percent among low-income countries in other Regions.

Complex projects—such as multisectoral investment lending and sectorwide approaches—in low-capacity countries have been strongly associated with worse results than less complex work. And weak Bank supervision reduces attention to solving problems— for example, the absence of comprehensive site visits or physical inspections in India health projects and reliance on borrower reporting.

Public sector governance is consistently the second-poorest-performing sector. IEG's 2008 evaluation (IEG 2008d) addresses the key constraints for satisfactory results in this sector. Bank support to public financial management, tax administration, and transparency typically improved country performance in these areas. Civil service reform, however, did not, and direct measures to reduce corruption rarely succeeded. For example, Tanzania made a good inquiry into the forms, loci, causes, and remedies for corruption, but the government has yet to implement its recommendations.

Sources: IEG 2009e, 2008d.

Adding everything together—sector changes, Regional changes, and changes in the proportion of operations between investment and policy loans—the full performance improvement from all the composition changes comes to 0.09 of a point on the six-point scale, which is positive but small. Table 2.2 shows that this is much smaller than the 0.316 contribution from the time variable. If improvements associated with the time variable are attributed to Bank performance, it is concluded that 78 percent of the performance improvement since 1993 is attributable to the Bank, and the remaining 22 percent is attributable to composition changes.[8]

An open question is the extent to which these composition changes were part of a deliberate policy to shift to high-performing activities. The Regional shifts were driven mostly by a rise in the share of operations in China and Eastern Europe—the result of a sudden increase in new demand from these areas. The sector shifts—away from low-performing agriculture and toward high-performing transport, and also toward low-performing health, nutrition, and population—are bidirectional: improvements from better-performing sectors are offset by declines in worse-performing sectors. Overall, the composition changes do not appear to have been the result of a purposeful drive by the Bank to improve performance through changing the composition of its portfolio.

When Did Performance Begin to Improve and Why?

Sectoral and Regional shifts had a small but net positive effect on overall project performance.

The rise in performance in recent years raises the question of when this rise started, and what caused the change. One factor cited is the influence of a special portfolio management task force—which issued the Wapenhans Report in 1992 (Wapenhans 1992). Within the Bank it is popularly believed that performance was dropping steadily throughout the 1980s and that the Wapenhans Report sounded the alarm and triggered a major turnaround in performance. The report cited the need to reform implementation, noting, *"The number of projects judged unsatisfactory at completion increased from 15 percent of the cohort reviewed in FY81 to 30.5 percent of the FY89 cohort and 37.5 percent of the FY91 cohort."*

Current IEG data show a similar decline in performance during the 1980s, but with slightly different figures. Projects judged unsatisfactory at completion rose from 20 percent in 1981 to 37 percent in 1989, and 29 percent in 1991. In retrospect, it can be seen that the decision of the Wapenhans authors to examine the performance of projects organized by the date of termination

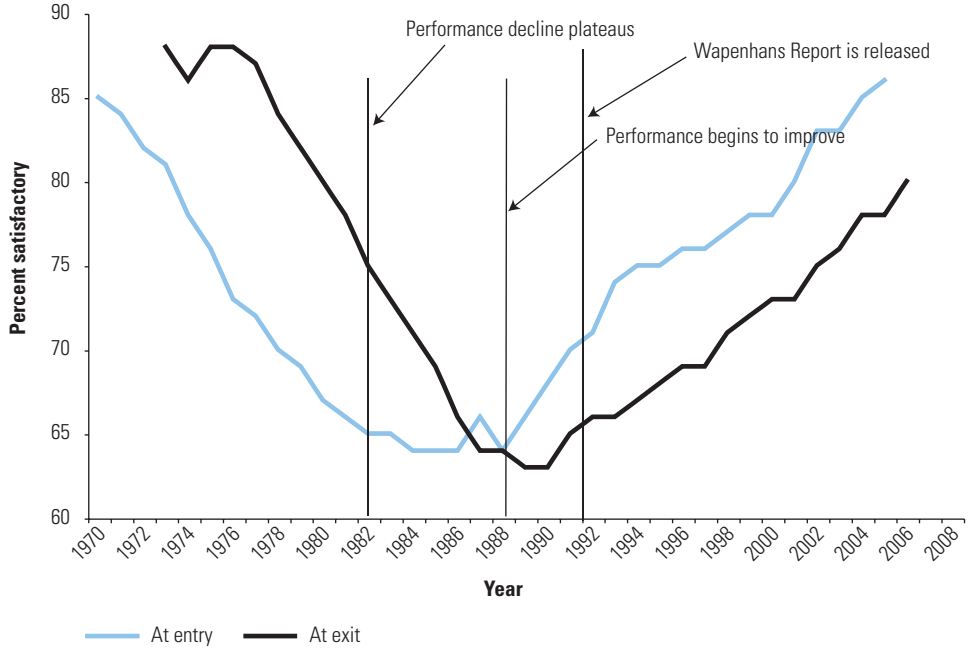
rather than the date of entry (a difference of seven years, on average) was crucial. Had they examined project performance by the date of *entry* they would have seen a different picture—a deterioration in performance for projects that entered the pipeline during the 1970s, followed by a plateau starting around 1982, and recovery by the late 1980s, rather than the continuous deterioration that they emphasized (figure 2.4).

Analysis shows a turnaround in Bank performance before the Wapenhans Report.

With the benefit of hindsight, the full picture emerges (figure 2.4). The hypothesis that internal Bank reforms motivated by the Wapenhans Report were the principal driver of improved performance is difficult to support, because the improvement began *before* the 1992 Wapenhans Report—a few years before, judged by the exiting cohort of projects, and many years before, judged by the entering cohort.

Another possible reason for a turnaround in performance is improvements in Bank sector policies during the 1980s. And there were major policy changes in the Bank at about the time of the turnaround. One of these was a policy shift in the rural portfolio. The data show that the decline in performance ratings during the 1970s was quite general, appearing across a variety of sectors and Regions. However, in 1980 the decline stopped—this change is particularly clear for agriculture projects (figure 2.5). The 1970s brought a large increase in lending, particularly to agriculture, following a push by President McNamara. The year 1980 was a watershed; growing disillusionment with the rural portfolio (especially integrated rural development programs) led to a revised sector approach (and the Bank's first structural adjustment loan).[9] Performance in the agriculture and rural development sector began to increase shortly afterward. The late-1980s were an active period of policy reform, both at the Bank and in client countries, and this coincided with the improvement in performance ratings of Bank-supported programs.

Figure 2.4: Percentage of Operations Judged Satisfactory, by Year of Entry and Exit



Sources: World Bank data, IEG calculations.
Note: Five-year moving average.

Changes in economic conditions *outside* the Bank (such as improved macroeconomic conditions or higher growth rates) should also be mentioned. Results from the Latin America Region show that performance turned around sharply for projects that entered just after 1982, the first year in which the debt crisis broke across the Region. This period saw a general retreat from inward-looking, state-led development throughout the Region. Results from Europe and Central Asia show performance improvement after 1989, a period associated with market-oriented policy reforms in that Region.[10] Other Regions, in contrast, do not exhibit significantly different patterns in performance from the Bank-wide average.

Overall, although it is not possible with these data to prove causality, the timing is consistent with the idea that changes in policies and economic conditions outside the Bank played a role in the turnaround in project performance. The evidence does not reject the idea that Bank-centered administrative reforms in the mid-1990s also contributed, but suggests at a minimum that economic policy and conditions were also important.

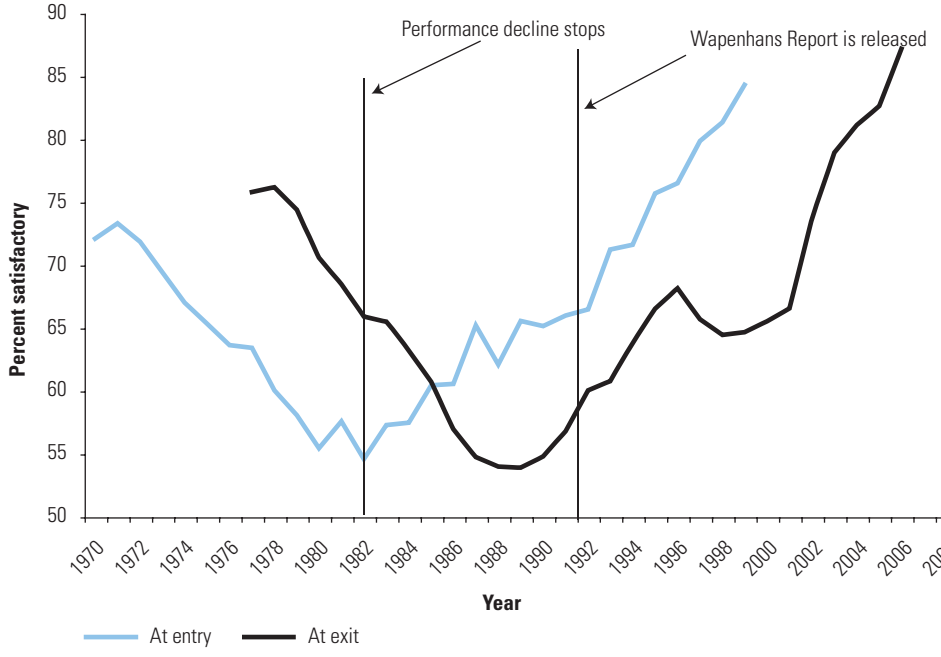
Changes in Bank sector policies coincided with the turnaround in performance.

Performance Ratings of Country Programs: No Similar Upward Trend

In addition to project ratings, IEG also provides two ratings of the Bank's overall program for specific countries: Country Assistance Evaluations (CAEs) and Country Assistance Strategy Completion Report (CASCR) Reviews. IEG produces about five CAEs each year; each covers, on average, 12 years. They examine whether the objectives of Bank assistance were relevant, the program was effectively designed and consistent with its objectives, and the program achieved its objectives and had a substantial impact on the country's development. Box 2.4 summarizes two recent CAEs. CASCRs are Bank documents that evaluate the outcomes of the Bank's assistance strategies with partner countries upon completion; they cover, on average, 4.5 years. CASCR Reviews are IEG's independent

Changes in country policies also coincide with long-term performance improvements.

Figure 2.5: Agriculture: Percentage of Operations Judged Satisfactory, by Year of Entry and Exit



Sources: World Bank data, IEG calculations.
Note: Five-year moving average.

Country ratings correlate with project performance, growth rate, and income level.

validation of the Bank's CASCRs. Both the CAEs and the CASCR Reviews rate outcomes at the country level without isolating the separate contributions of the Bank and the country.

For most countries, then, three different kinds of outcome ratings could be used for the Bank's work: the two sources of country ratings described above, with the addition of a third, constructed from the average of the ratings given to all of the Bank-supported projects, as described earlier in this chapter. However, because the expected outcomes of country programs differ from those of projects, there is no presumption that the ratings should be the same; in fact, the country ratings tend to be lower. Across all countries the average rating for the country evaluations since 1993 has been 3.7 on a six-point scale. This is slightly lower than the average rating for all projects of 4.0.

Country ratings were slightly lower than project ratings.

IEG data show a mixed picture of country program ratings in recent years. CAEs, which reflect a longer time frame (often spanning economic and political shocks across administrations) do not show an upward trend, but have remained level or declined slightly. CASCR ratings, introduced in 2002 and covering much shorter Bank assistance periods, have improved as the new results focus has gained traction. In 2007–08, however, the performance trend flattened, which may merit further analysis in next year's ARDE (figure 2.6).

Aside from those mentioned above, there are several reasons for ratings of country programs to differ from the average ratings of Bank-supported projects in a given country. The country evaluations take into account the relevance of the overall objectives of the Bank program, the achievement of those objectives against standards set in the CAS, the quality of the interaction with the government, and the

Box 2.4: What Do Moderately Satisfactory and Unsatisfactory Country Programs Look Like?

Nigeria

The moderately unsatisfactory outcome of the Bank's program in Nigeria between 1998 and 2007 hinged on poor outcomes at the state and local levels. The program focused on macroeconomic stability, a basis for sustainable non-oil growth, and better delivery of social services; improved governance was a key factor for all three. During the latter half of the review period, in particular, the government undertook important actions, including creating an oil surplus account, improving public financial management, and deepening the privatization program. The Bank provided important assistance, despite its relatively small financial contribution. But there was little progress in tackling key structural weaknesses. The Bank was successful in supporting the improvement of governance (though not in reducing corruption) at the federal level, but little has been accomplished at the state level. Similarly, there was little progress in improving municipal water and urban infrastructure—the main barriers to non-oil growth. And targets for improving health and education outcomes were missed due to the lack of focus on building institutions at the state level, which carries primary responsibility for social service delivery.

Georgia

The Bank's program in Georgia was rated moderately satisfactory. The program focused on macroeconomic stabilization, governance, private sector development, and human development between 1993 and 2007. There were a number of severe setbacks between 1998 and 2003, including poor tax collection, a near collapse of an electricity sector hampered by corruption, and worsening access to good health care. But after the Rose Revolution in 2003, the Bank quickly recognized the potential for change and extended its support to the new government. Tax revenues increased from 14 percent to 25 percent of gross domestic product (GDP); an anticorruption campaign successfully led to amelioration of corruption indicators; electricity supply stabilized; and a well-designed social assistance targeting program was implemented, while poverty rates slowly declined. Challenges remain—including helping farmers to access credit and building judicial independence—but the program's midcourse correction led to several satisfactory outcomes.

Sources: IEG forthcoming a, 2008i.

quality and relevance of technical assistance and analytic work that may not be part of any specific project. Whether the objectives in the CAS are achieved often depends on other donors, on regulatory changes, or on exogenous developments such as natural disasters or financial crisis, and not solely on the success or failure of the projects supported by the Bank.

The Quality Assurance Group's (QAG) *FY07 Annual Review of Portfolio Performance* (ARPP), using evidence from IEG evaluations, cited effective policy dialogue and weak design of country programs as major reasons for divergence. In countries with poor outcomes, problems centered on significant omissions, weak analytical underpinning, a failure to account for in-country capacity, and a lack of coherence across operations. Moreover, as noted in the 2008 ARDE and the 2007 ARPP, synergies between and among the Bank's lending, knowledge services, and policy dialogue were not always fully exploited, and some projects were not relevant to the country's core development challenges. Nevertheless, project performance is part of the overall country evaluation, so there is inevitably some correlation.

Bank AAA Is Important but Not Regularly Evaluated

AAA has become a growing part of the Bank's administrative expenditures. It accounted for almost a third of the Bank's spending on country services in fiscal 2008 (along with work on new lending and supervision of existing projects). It has also grown as a share of the Bank's operational spending—by about 6 percentage points between fiscal years 2004 to 2008.

At its best, analytical work is valued and demanded by countries as a major source of knowledge about reforms and global knowledge. It has been most effective when high technical quality is combined with sustained engagement with clients and stakeholders.

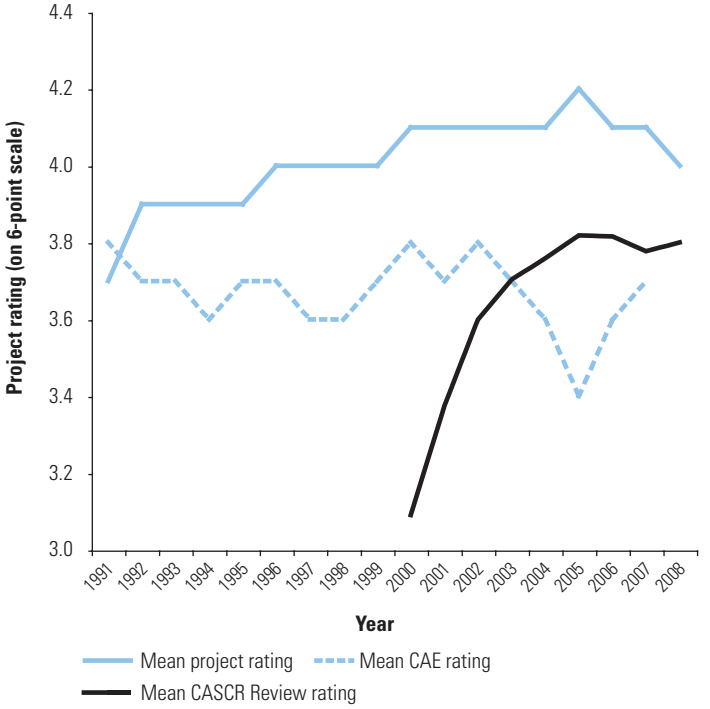
IEG's evaluation of AAA from 2000 to 2006 (IEG 2008e) assessed the extent to which AAA achieved objectives of informing lending, informing policy, building capacity, stimulating public debate, and facilitating knowledge exchange. It found that users of AAA rated achievement of these objectives average or higher.[11] It also found that if *high technical quality, country ownership,* and *Bank follow-up* are present, AAA is likely to have an impact.

There are several reasons for country ratings to differ from project ratings.

Technical quality, the report found, was the most important of the three ingredients listed above. In-country stakeholders' ratings of technical quality strongly correlate with their ratings of the extent to which every objective has been met. The technical quality of the Bank's AAA is generally good. A review by independent specialists of a sample of AAA produced for middle-income countries found that all the reports in the sample reflected cutting-edge knowledge in their sectors, and 56

Technical quality was the most important of the three ingredients of success.

Figure 2.6: Mixed Performance in Country Program Ratings over Time



Sources: World Bank data and IEG calculations.
Note: To compute the country program rating by fiscal year, the relevant CAE and CASCR Review ratings are applied to each year covered by the evaluation. Poorer results in earlier CASCR Reviews may indicate a steep learning curve for the Bank in using the CASCR as an instrument (it was introduced in fiscal year 2003).

percent of them were rated highly satisfactory in this regard. Clients have a particular appreciation for the application of the latest international experience to their policy challenges.

Evaluating the effectiveness and results of AAA is inherently difficult. Sometimes clients will only own analytical work that supports their preferred conclusions, irrespective of quality. Sometimes analytical work is not immediately influential but becomes so upon the removal of political constraints. This was the case in Peru, where the Sierra Rural Development Strategy did not become influential until a full four years after its completion, when there was a change in government. Compromising technical quality to achieve ownership can have reputational risks for the Bank in other countries. In addition, it is difficult to measure the important outcomes associated with analytical work rather than the inputs (reports completed or technical assistance [TA] delivered).

IEG country reviews have pointed to Bank AAA as better at diagnosis than at implementing country-specific recommendations. In the agriculture sector in Nigeria, for instance, the 2008 CAE (IEG 2008i) reported that *"the Bank's analytic work provides a useful diagnostic, but is at too aggregated a level to contribute to the action-oriented national agricultural strategy Nigeria needs. . . . At this time, little impact can be discerned on the government's policies and actions."*

There is little systematic self-evaluation of AAA products.

Of course, quality sometimes is not enough to ensure results. AAA from the Bank is more effective in fostering reforms when the government or other donors have ownership of the findings and recommendations and use them to inform their policies. In its operations, the Bank encourages partnerships with national counterparts—partly to build capacity, but also to enhance ownership of the findings. Counterparts rate the Bank average in using partnerships to produce AAA. In addition to partnerships, high-level government champions can help deliver results even in countries with limited capacity—as was seen, for example, in reviews of the forest sector in the Democratic Republic of Congo and the private sector development strategy in Lesotho. But in Indonesia, a series of analytical products on pricing, marketing, and extension in the agricultural sector got little traction because there was no interested interlocutor for the policy dialogue (IEG 2008h).

A common form of follow-up is lending—by the Bank or by other donors. In Lesotho, the recommendations of an education study were implemented through grant support from the Education for All Fast Track Initiative Catalytic Fund. But sustained policy dialogue for a period after the production and initial dissemination can also be powerful—as with the workshops and TA in Jordan that followed analytical work on ways to prevent money laundering and eventually led to improved legislation. By contrast, a technically sound report on population issues in Nigeria had little evident effect on sector policy or strategy, partly because the data and analysis were not used to engage the authorities on fertility and related reproductive health issues (IEG 2008i).

In contrast to the detailed protocols and metrics that follow lending products, there is currently little systematic self-evaluation of analytical work done by the Bank. A rudimentary M&E system does exist, but Bank staff do not take it seriously. Indeed, the results of a full third of AAA products go unrecorded.

This lack of regular information about the outcomes and usefulness of completed knowledge products is compounded by discontinuation of the occasional AAA reviews by QAG, which had examined selected AAA in depth since fiscal 2000. IEG also does not do systematic evaluations of AAA, except as part of country program evaluations and selected sector and thematic evaluations. The major evaluation of knowledge products in 2008 (IEG 2008e) was its first systematic look at this issue. IEG intends to pilot an approach to more systematic evaluation

of AAA products, but lacks resources to do more than a small sample.

Level of Bank Adoption of Recent IEG Recommendations Has Been Declining

IEG influences the Bank's effectiveness through recommendations to management as part of its major evaluations. Bank management is accountable to the Board for follow-up. The extent to which management implements IEG recommendations and findings in policy advice, program design, and project design is an intermediate measure of IEG's influence on Bank effectiveness. IEG tracks this indicator through an annual report, the Management Action Record (MAR), as summarized in appendix C. This year's MAR shows that in recent years, there has been a downward shift in the level of Bank adoption of IEG recommendations: adoption of recommendations assessed by IEG as substantial or better accounted for 41 percent of recommendations in the 2009 MAR, as compared with 42 percent in the 2008 MAR and 60 percent in the 2007 MAR. These trends have raised questions about the need for more careful tracking and discussion of recommendations.

IEG is undertaking an initiative to improve the MAR, to create a more timely and effective product for assessing the implementation of IEG's recommendations. Key elements under consideration for the reform include measures to improve the quality of IEG recommendations and to facilitate stronger engagement of the Board in the process. Further elements are aimed at simplifying the reporting and monitoring process and moving toward a more continuous engagement and support in the implementation of recommendations. IEG may also combine the MAR and Implementation Report into a single report that assesses management actions taken over the past year. Under the forthcoming update to IEG's disclosure policy, the combined document would be disclosed to the general public from fiscal 2010 onward.

Conclusions

Project performance has shown improvement over the past 15 years. The traditional measure—the share of projects rated satisfactory for outcomes—shows a steady upward trend. Evidence from disaggregated performance ratings also shows improvement, but suggests that the ratings are overstated. After correcting for shifts in the Bank's portfolio over time to better-performing sectors, Regions, and loan types (factors largely outside Bank control), and measuring average performance rather than the percent satisfactory, the performance gains since the early 1990s are reduced by more than half.

There has been a downward shift in the level of Bank adoption of IEG recommendations.

Project performance recovered in 2008 from 2007 levels. The downturn in Bank performance in 2007, reported in last year's ARDE, does not represent a serious deterioration or change in the Bank's positive trend. Evidence from disaggregated data does not alter this conclusion.

Overall outcome ratings for 2008 projects were especially strong in the transport and water sectors and in Africa, South Asia, and Latin America, while health and education showed much weaker performance. In addition, trends between 2003–05 and 2006–08 show large improvements in social development, environment, urban development, social protection, and transport, but an overall decline in education.

The performance improvement is a long-term trend that dates back to the late 1980s, and even to 1980 by some measures. The Wapenhans Report (1992), sometimes credited with initiating the improvements, actually came several years after the improvements started. Data on the timing of the performance turnaround is consistent with the idea that reforms to Bank sector policies, country-level economic reforms, and economic conditions also contributed.

About one-third of resources spent on country services go to AAA, but its quality and impact is not systematically assessed. A recent IEG review indicates that about two-thirds of AAA is

moderately satisfactory or better, and one-third is less successful. Performance patterns indicate that impact and results for clients depend on technical quality, concrete and country-specific recommendations, country ownership of the findings, and sustained follow-up after task completion. Greater effort is needed to evaluate AAA and to revive its self-evaluation.

Chapter 3

Evaluation Highlights

- Following revision of Bank procedures and guidelines to improve M&E, monitoring has improved, but evaluation remains weak.
- M&E ratings are associated with overall project outcomes—better M&E tends to be accompanied by better outcomes.
- Information sharing is critical to engaging client interest in M&E.
- Information on results is increasingly being used in planning country strategies.
- Less than a quarter of projects undertook an evaluation or assessment of impact.
- More than two-thirds of projects claim to be pilots in full or in part.
- Self-assessments of performance continue to lack realism, but the net disconnect has declined.
- Restructuring does not occur as frequently, as early, or as deeply as needed.



Quay crane on new docks, Sri Lanka. Photo by Dominic Sansoni, courtesy of the World Bank Photo Library.

Toward Measurable Results and Improved Performance Data

The satisfactory/unsatisfactory ratings discussed in chapter 2 became widely used, partly because such a rating system was flexible enough that it could be applied to a wide variety of operations, which made operations easily comparable. However, there are increasing calls for more *meaningful, accurate, and decision-relevant* information on performance, both at the World Bank and in the overall international development community, under the managing for results agenda.

To clarify terms, *meaningful* information refers to the measurement of real results. If poverty reduction is the goal, the measurement of impact on incomes of poor individuals is a meaningful indicator. For health projects, examples of meaningful indicators would include morbidity and mortality data; for education projects, learning attainment. *Accuracy* refers to quality in terms of basic principles of measurement as well as rigor, when required, in the assessment of impact. *Decision-relevant* refers to whether the information is sufficiently comprehensive to underpin important decisions, such as whether the particular project or activity should be done again, should be scaled up, or should be pursued in another way.

There are, of course, Bank-supported projects that deliver excellent information on results, but there is broad acceptance that this does not happen frequently enough. The Bank is moving toward generating better information through several initiatives. This chapter reviews five areas to assess the progress being made:

- The monitoring and evaluation initiatives
- The IDA15 Results Measurement System
- Impact evaluation initiatives
- Real-time project information
- Economic cost-benefit analysis.

Each of these five areas bears on some aspect of the goals of meaningful, accurate, and decision-relevant performance information, and this chapter reviews efforts to improve performance information in each.

Progress Implementing Bank-Wide M&E Reforms Is Evident but Remains Challenging

Improving M&E is a perennial concern that is raised in IEG reports and discussed in the Bank. The Bank has offered general encouragement, detailed guidelines, and specific requirements aimed at this goal for over a decade. IEG, for its part, has drawn attention to inadequate M&E in numerous sectoral evaluations and in its annual reviews, including the 2008 ARDE. Chapter 4

returns to the issue with special reference to environmental sustainability and Bank support.

The more recent M&E initiatives have included two broad goals. The first is to ensure that projects have a results orientation and that they state the meaningful development outcomes they are striving for, as well as the logic linking outputs to outcome (the results framework). The second goal is to measure and use information on achievement of output and outcome targets to manage implementation and to report results.

Bank procedures and guidelines have been revised to strengthen M&E.

Revisions to the Bank's procedures and guidelines have been ongoing since at least the mid-1990s. Recent revisions include the following:

- In 2004, the Bank began to require, first, that investment operations include results frameworks outlining intermediate and final outcomes and the process for carrying out M&E[1] and, second, that development policy operations specify expected outcomes and measurable indicators (World Bank 2004a).
- In 2005, the Bank began to require that Country Assistance Strategies (CASs) be results-based and include a self-assessment upon their completion.
- In 2005, the Bank replaced the Project Supervision Report with the Implementation Status and Results (ISR) report. The regular ISRs now include outcome and intermediate outcome indicators in the main report rather than in a rarely updated optional appendix, as before.
- In 2006, the Bank began to require that Implementation Completion and Results (ICR) reports include an assessment of project M&E quality along three dimensions—design, implementation, and utilization. Separately, IEG, as part of its reviews of ICRs, now rates overall M&E quality using a four-point scale.[2] The ICRs themselves assess—but are not required to rate—M&E quality.

There is limited information on the extent to which the mandates have improved information or decision making.

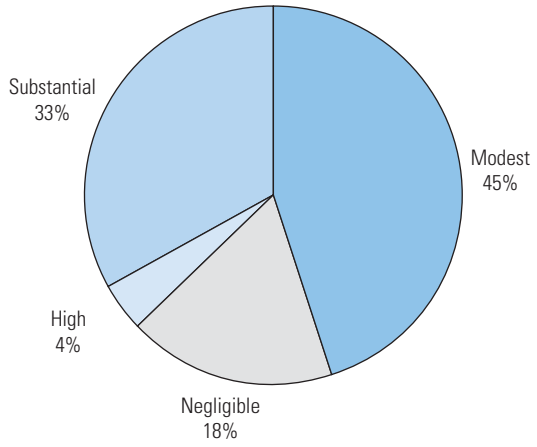
The important issue is whether such mandates are honored in spirit and not just in the letter of the mandate and the extent to which such guidelines improve M&E practice in projects. Have they led to improved information and better use of information for decisions?

Given the short amount of time since the changes and lags in reporting on projects, it is still too early to tell if behavior has changed or performance information has improved. It is clear, though, that there have been real improvements in the results orientation of Bank operations, the first goal listed above. For instance, as the country program has become the focal point for the Bank's development support, it has fully adopted results-based CASs, which include a standard results framework. IEG's health evaluation found substantial improvements (comparing projects entering in 2007 with those entering in 1997) in key prerequisites for sound M&E, including the collection of baseline indicators and setting targets. A recent Bank survey of IDA-supported projects in 2007 reported that 80 percent have collected baseline information on at least one important indicator (IDA 2007). And the *Annual Review of Portfolio Performance,* conducted by QAG, gives high marks to the results frameworks in recent projects.

Nonetheless, these achievements have tended to be on the compliance end of the spectrum, rather than in generating timely data to help guide implementation or hard data that can illuminate whether or not projects have met their targets or achieved results. This is important because the measurement of results provides the crucial information base for improving development effectiveness. *The 2009 Annual Review of Portfolio Performance* points to a continued lack of realism and lack of attention to measurement of outcomes and impacts as key remaining challenges.

IEG's rating of the design, implementation, and use of M&E systems, which only began in fiscal 2007 for projects that closed in fiscal 2006, establishes a reference point for future trends in M&E performance. The rating categories are high, substantial, modest, or negligible. Data from projects closing in fiscal 2007 and 2008

Figure 3.1: M&E Was Rated High or Substantial in Only about a Third of Projects Exiting in 2007 and 2008



Source: IEG ICR review database.

show that only 37 percent of projects exiting the portfolio received ratings of high or substantial, while the remaining 63 percent were rated modest or negligible, as shown in figure 3.1. Typical problems with M&E systems are highlighted in box 3.1.

Two conclusions can be drawn from statistical analysis of these ratings. First, M&E ratings have a significant and positive association with overall project outcomes,[3] controlling for a number of project characteristics, including loan size, type of lending instrument, fiscal year of approval, and project duration. This implies that those who design and implement good projects also tend to design and implement good M&E. Whether there is causality—that good M&E tends to improve project outcomes—is difficult to determine.

The Bank's monitoring has improved, but its evaluation remains weak.

Second, broad indicators of country capacity (statistical capacity and GDP per capita) are uncorrelated with project M&E ratings. This suggests that, so far, country capacity has not been a strong determinant of the quality of project M&E. This may indicate that good project M&E can be conducted even in a low-capacity context.

M&E ratings are associated with overall project outcomes.

Staff incentives are also cited as a constraint to improving M&E. An internal Bank report on M&E in India, for example, recommended revamping internal systems to write contracts for outcomes rather than deliverables.

Some evidence suggests that project M&E quality is unrelated to statistical capacity in the country.

A further aspect of incentives is the *culture of approval*—the drive to get projects launched. Development professionals care deeply about moving the projects they believe in toward the approval stage. In addition, staff and management performance evaluations depend greatly on project approvals. If it were known that approvals depended on having solid information on the results of similar projects, behavior might change significantly. If M&E is seen as a secondary issue, simply a tax on overburdened Bank staff, mandates and requirements are unlikely to

Box 3.1: Recent Evaluations Highlight Problems in M&E

A recent review of ICRs for health, nutrition, and population projects approved during fiscal 1997–2006 found that more than 80 percent of the ICRs reported a problem related to the choice of indicators or targets, over a third reported that indicators in the projects were not clearly defined, and 23 percent mentioned that the project established indicators that were not measurable.

An IEG evaluation of M&E in municipal management reflected the views of many clients that for M&E to succeed, cities have to consider it a useful tool for themselves, not just an instrument for government control or academic use by others. This suggests that there should be more interaction between municipalities, governments, and the Bank at the design phase of M&E in order to build around existing systems and country priorities and to gain local ownership.

Source: IEG 2009f.

Box 3.2: The Paradox of Satisfactory Performance and Unsatisfactory M&E

The collection of relevant information is an obvious requirement for a meaningful evaluation of project performance. So how does IEG know that project outcomes have been improving if M&E has been so weak?

IEG's project evaluations—which assess projects on their relevance, efficiency, and effectiveness in meeting their development objectives—use multiple sources of evidence to arrive at a nuanced answer to this question. Direct measures of the achievement of objectives are sometimes obscured by poor M&E, so evaluators use other evidence—such as interviews with task teams, clients, and beneficiaries; survey data on related indicators; and information on intermediate outcomes—to assess whether or not objectives have been (or are likely to be) achieved.

The better the underlying project M&E systems, the more direct measures of outcomes are available to IEG, and the greater the confidence in the accuracy of ratings.

result in the collection and use of more meaningful information.

Review of the Client's Perspective in Argentina and India

The Bank is pursuing improved M&E in environments where clients have significant say over what is done and how it is done: how do they react to the M&E reforms?

The Bank tends to be in the lead in introducing cutting-edge M&E to clients.

Interviews with clients in Argentina and India—focused on the most recently closed and most recently approved projects (to take account of reform efforts)—suggest the following:

- First, Bank-supported projects helped to introduce the concept of systematic program monitoring, which is intended to provide a comprehensive basis for decision-relevant information. This has been accomplished through management information systems that have introduced new technologies (such as Internet-based systems). It is clear that these systems have improved and generated client interest in basic management processes that were lacking earlier. Clients generally ask for greater Bank leadership in this area. As one client noted, "*[The Bank] should be more proactive and support us with advice on MIS [management information system] systems and tips on how to develop a good enough MIS. They should take a proactive rather than reactive role.*"

Clients ask the Bank to be more proactive.

- Second, several projects have helped encourage the use of independent evaluations as a way to generate unbiased performance data for decision making. The organizations commissioned to conduct the evaluations tended to rely on free-standing data collection and analysis activities.
- Third, clients point to several factors limiting their own government's receptivity to the M&E initiatives. Clients emphasized the general lack of skills, understanding, knowledge, and incentives within government agencies to develop, sustain, and use outcomes-based M&E systems, especially at the subnational levels. They emphasized the competitive advantage the Bank has in sharing information and experiences across projects and countries and expressed their eagerness to learn from others' experiences.

Clients also emphasized barriers to the use of the information, even in projects with highly rated M&E systems. These include staff turnover, a steep curve for learning how to use performance data, and lack of understanding and capacity at the subnational levels. One respondent in India noted:

> *First, [the] mindset of government has to be changed. M&E skills are not very strong—so far it has been only monthly progress reporting . . . what is monitoring? It's actually very scientific . . . that is why we are going for a professional external agency. Second, the challenge is to sustain those skills . . . until government has a pool of persons to draw upon, there is not going to be a way to do it in-house.*

Clients in several instances did not see eye-to-eye on selection of indicators, which led to the perception of a Bank-owned but client-tolerated results framework. This situation does not portend well for the continuity and use of data introduced through the project. Clients may

comply with the system to fulfill Bank requirements, but with little ownership and scant predilection to use the information produced for monitoring, let alone for decision making.

The general picture is one of reluctance on the part of the client to use M&E and considerable fragmentation of M&E efforts. A recent Bank review noted that fragmentation of evaluation activities across the Bank's India portfolio has resulted in a lack of sectorwide measurement of impacts and outcomes, which could have been used to help build client demand and capacity for M&E. The India review recommended harmonizing data collection and analysis across a number of projects in collaboration with key government and civil society agencies (Fiszbein and Shah 2007).

Harmonization of M&E

The Bank has been actively engaged with countries and other donors in harmonizing M&E processes and approaches. This has been particularly true in Africa. The 2005 Paris Declaration on Aid Effectiveness and its five main principles—country ownership, donor alignment with country policies and procedures, harmonization among donors, management for development results, and mutual accountability—have given impetus to these efforts. The challenge is to ensure that harmonization is accomplished around the generation of best-practice information, and not lowest-common-denominator practice.

Bank-Wide Results Measurement System: Making Progress, but toward Uncertain Ends

A second area of important activity is the Results Measurement System (RMS) initiated to track results for International Development Association (IDA) credits and grants. The RMS attempts to standardize measurement around meaningful indicators that can be aggregated into an overall picture of development outcomes. The system is about decision relevance because donors would like the information to be comprehensive and relevant for strategic planning and budgeting.

Under the auspices of the triennial agreements to fund IDA credits, there have been increasing demands from the international development community for the Bank to demonstrate development results in IDA countries. The 2002 IDA13 Agreement recommended that the Bank establish a capacity to measure results and track performance. Subsequent IDA Agreements (IDA14 and IDA15) have become progressively more detailed.

IDA's Results Measurement System seeks to measure IDA's contribution to country outcomes and to strengthen statistical capacity.

The basic structure of the RMS includes the following three elements (see details in appendix J):

1. The Bank is to monitor country outcomes with 14 specified indicators (called Tier 1 indicators).
2. The Bank is to monitor IDA's contribution to country outcomes with the following Tier 2 indicators:
   - At the country level, through results-based CASs
   - At the project level, through four indicators (measured at entry, implementation, and completion)
   - In four sectors, all projects are to adopt and measure core indicators that can be compared across projects and countries.
3. The Bank is to strengthen statistical capacity in countries.

While the main emphasis was on project results, the agreements also proposed a country-based system to "measure, monitor, and manage for results" and envisioned a system "capable of cross-country aggregation." Under this initiative, the Bank is tackling two important issues: first, developing a set of core indicators that can be used for many projects of a given type and, second, formulating a method to enable aggregation of project-specific results at the country and Bank-wide levels for reporting to stakeholders.

Since IDA14, 14 Tier 1 indicators for 4 broad areas (growth and poverty reduction, governance and private sector development, infrastructure, and human development), and 9 Tier 2 indicators have been posted on the internal and external

Bank Web sites. But coverage over time for a number of countries and indicators (such as access to an all-season rural road) remains quite spotty.

The essential recommendations from the IDA15 Agreement and the current status of their implementation are summarized in table 3.1. The assessment that follows is based on interviews, documents, and questionnaire responses from seven IDA donors, accounting for about half of cumulative IDA subscriptions and contributions.[4]

Information on results is increasingly used in preparing CASs.

Information on results is increasingly being used in the Bank's main planning document, the CAS, as well as in the development of a country program results-monitoring tool and in piloting the integration of CAS results with budget allocation and work programming. Three of seven IDA donors surveyed indicated that they would like to see the Bank give more attention to using results as a management tool, not only for strategic planning but also for setting budget priorities, determining staffing, and producing performance evaluation.

IDA donors expect a deeper institutionalization of managing for development results.

Four surveyed IDA donors view the Bank as a leader in results measurement. But three expect deeper institutionalization in the Bank of managing for development results. They envision a management tool that would feed into the Bank's planning and evaluation processes; real-time project results disclosure; and, ultimately, aggregation of project results. One IDA donor indicated a desire to see the Bank work with other donors in developing an approach to results measurement for fragile states. Two respondents also encourage the continued efforts of multilateral development banks to converge on standard country and project-level performance indicators.

Use of Impact Evaluation Is Growing, but Its Benefits Are Not Fully Achieved

Use of impact evaluation has not been driven from above as a matter of Bank-wide policy.

The third major area in improving performance information in Bank-supported projects is the growing use of impact evaluation analysis as a complementary tool for assessing the effectiveness of development interventions and advancing the results agenda. The innovative contribution of impact evaluations is explicit identification of beneficiaries, along with control or comparison groups, to achieve greater accuracy in the measurement of the causal impacts of interventions.[5] Unlike M&E initiatives, the impact evaluation initiatives are decentralized and not required as a matter of Bank policy.

The increasing attention to impact evaluation within the Bank is largely led by three initiatives. The Spanish Trust Fund for Impact Evaluation supports impact evaluation of programs aimed at improving human development outcomes; the Development Impact Evaluation Initiative (DIME) serves as a repository and channel to disseminate results from completed evaluations; and the Africa Impact Evaluation Initiative (similar to DIME) aims to mainstream impact evaluation work in Bank-supported operations in Africa.

The existence of adequate baseline data for projects is a useful indicator of the potential for conducting some form of M&E. The Bank recently reviewed the availability of such data in ISRs for IDA Operations (IDA 2007, p. 16, table 6). They found that the percentage of ISRs that included baselines on at least one outcome indicator rose from 59 percent in fiscal year 2004 to 80 percent in 2007.

For the present report, IEG further analyzed all 44 projects in three sectors—agriculture, environment, and water—that started after fiscal 2001 (two years before the Bank issued a recommendation for baseline data collection for Bank-supported projects) and closed before December 2008. There is no claim that these three sectors are necessarily representative of all Bank operations.[6] Table 3.2 reports the number of projects that collected baseline data and end-of-project data for measuring results. For this exercise, projects were considered as having pre-project data if they developed either baseline indicators and/or a full survey. Collecting such

Table 3.1: The Bank's Progress in Implementing IDA15 Recommendations

	Recommendation	Implementation status
Tier 1	Review private sector development indicators and explore development of a public expenditure and financial accountability (PEFA) aggregate indicator.	RMS includes two private sector development indicators drawn from the Doing Business survey (cost and time required for business startup). Aggregation of the six PEFA component indicators is believed to lack useful policy or comparative value.
Tier 2	Monitor quality, not just number of results-based CASs.	All CASs are now results-based. Their quality is monitored in CAS Completion Reports and CASCR Reviews conducted by IEG. The treatment of results is now more uniform and evidence-based, but outcomes tend to lack realism and intermediate milestones. Due to the difficulty of getting donor agreement on objectives, joint results-based CASs tend to be weaker. The financial crisis is resulting in two-year indicative CASs with weak results orientation.
	Improve availability of key outcome indicator baselines.	Availability and quality of baselines is improving, but gaps remain in coverage and quality (see table J.1 in appendix J for more detail).
	Improve quality of output and outcome reporting in ICRs.	According to IEG assessments, the quality of M&E, including output and income reporting, improved from fiscal 2006 to 2007, but leveled off in fiscal 2008.
	Develop lists of indicators for 4–5 sectors by the IDA15 Midterm Review to improve outcome indicator quality and allow more accurate aggregation of sector outputs.	Based on the Africa Results Monitoring System, the RMS is being extended to all sectors, and the system will be anchored in a database at the ISR level. Lists of indicators are being developed for all key sectors and themes to improve outcome quality and aggregation of sector outputs. Ten IDA countries are piloting a Country Program Results Monitoring Tool. Consideration is also being given to incorporating AAA.
Strengthening statistical capacity	Monitor statistical capacity in line with partner-country priorities.	Statistical capacity is being monitored by the Bank's Development Economics Data Group in line with partner country priorities.
	Develop a data standards system to help countries track their progress.	The Bank is encouraging movement toward data standards by co-chairing the PARIS 21 (Partnership in Statistics for Development in the 21st Century) with the Development Assistance Committee of the Organisation for Economic Co-operation and Development and is about to launch a Web-based tool to enable countries to monitor their progress in strengthening statistical capacity.
	Collaborate with donors to strengthen statistical capacity, including exploring expansion of the Trust Fund for Statistical Capacity Building.	With other donors, the Bank helped create a Statistics for Results Facility Catalytic Fund to supervise, finance, and co-finance larger investments in statistical capacity.
	Work toward the collection and analysis of gender-disaggregated statistics at the country level.	The Development Economics Vice Presidency Data Group collects gender-disaggregated data whenever available and feasible. The Bank's Gender Group is working on an improved approach to the collection and analysis of gender-disaggregated data under IDA16.
	Include more comprehensive treatment of statistical systems in CASs.	A guidance note and online learning tool are being developed for Regional staff.

Source: IEG interviews and analysis.

Box 3.3: Reasons for Impact Evaluation

There is ongoing discussion at the Bank and elsewhere about when to perform formal impact evaluations. Formal impact evaluation means a planned effort at the beginning of a project to ensure that there are data for a control or comparison group, so that impact can be measured accurately by comparing outcomes of the beneficiaries against those of the comparison group. The more difficult it is to determine or measure what would have happened without the project, the greater the need for an impact evaluation.

Impact evaluations used to be controversial in other fields, such as medicine, but are now widely accepted as vital sources of accurate information. What proved influential in medicine was evidence from landmark clinical trials that showed conventional practice to be mistaken or even damaging. In one example, clinical trials showed that providing additional oxygen to premature infants, which many assumed to be beneficial, actually caused blindness as children matured. Expert opinion can reach a consensus around plausible interpretations that later prove faulty, based on experimental evidence.

In one application to development, impact evaluation provided valuable new knowledge. A series of interventions in western Kenya were evaluated to understand the determinants of the adoption of fertilizer. Evaluations of various facets of the project revealed obstacles to the adoption of new fertilizer technologies, high-lighted aspects of the projects that worked to change behavior of farmers, and identified other aspects that failed to deliver results. Opportunities to address information asymmetries and financing constraints for farm inputs were highlighted and further explored.

Many social science examples reveal unintended or surprising consequences of interventions. For example, the United States Labor Department established a program to give groups with low employment rates vouchers entitling prospective employers to a wage subsidy for employing them. The program was expected to boost employment among hard-to-employ groups, but an impact evaluation found that the targeted groups had lower, not higher, employment rates than the control groups. One possible explanation is that the vouchers had the unintended effect of stigmatizing the targeted group as risky and undesirable workers.

A similar result occurred in Argentina's *Jefes y Jefas de Hogar*, an anti-poverty program established in the midst of the 2001 crisis to provide cash transfers to unemployed household heads with children in school. Participation in the program was conditional on the household head not being employed. The program reached around two million beneficiaries, representing 13 percent of the economically active population. An impact evaluation found that during 2002–05, a period of rapid employment growth, program participants were less likely to find formal jobs than were nonparticipants with similar observable characteristics.

These examples demonstrate the most important reason for conducting impact evaluations: more accurate information can overturn reasonable and widely held views that are nevertheless mistaken, or it can enhance knowledge of development practitioners to improve projects.

Sources: Burtless (1985); Brown (2005); Kremer, Duflo, and Robinson (2009); Gasparini, Haimovich, and Olivieri (2006).

pre- and post-project data is usually a minimum requirement for sound causal evaluation work.[7]

Twelve of the 44 projects, the bulk of which were in East and Central Asia, collected baseline data. Of these, 11 were agriculture projects, 9 in these 2 Regions. A similar picture emerges for the post-project data collection. There was no baseline data collection among the seven African agriculture projects examined.

There is an apparent discrepancy. The Bank's IDA report found that 80 percent of projects had baseline data for at least one indicator (up from 50 percent in 2005), while the present review of ICRs in three sectors found that only 27 percent include baseline data for at least one indicator. This disconnect is partly the result of the sources used and the differing time periods examined. The Bank report took its information from the first interim progress report (the ISR) of all IDA projects that completed an ISR in fiscal year 2007, which means that the projects had just begun (in 2006 or 2007). IEG, in contrast, evaluates only information from completed project reports, and thus examined a sample of projects that closed before December 2008, and had thus been approved between 2001 and 2008. The discrepancy in results is likely the product of a combination of improving baseline data collection by Bank projects, the different time periods of the samples, and the possibility that the IEG sample covers sectors with lower baseline data collection than the Bank-wide average.

Table 3.2: Summary of Data Used for Evaluating Project Outcomes, by Region

Sector board/Region	Total	Baseline data			Final project data		
		Yes	No	Percent	Yes	No	Percent
Agriculture							
Africa	7	0	7	0	2	5	29
East Asia and Pacific	5	4	1	80	4	1	80
Europe and Central Asia	7	5	2	71	5	2	71
Latin America and Caribbean	4	1	3	25	1	3	25
Middle East and North Africa	2	1	1	50	0	2	0
South Asia	1	0	1	0	0	1	0
Environment							
Europe and Central Asia	4	0	4	0	1	3	25
Latin America and Caribbean	5	1	4	20	0	5	0
Middle East and North Africa	1	0	1	0	0	1	0
Water							
Africa	2	0	2	0	0	2	0
East Asia	1	0	1	0	0	1	0
Europe and Central Asia	2	0	2	0	0	2	0
Latin America and Caribbean	1	0	1	0	0	1	0
Middle East and North Africa	1	0	1	0	0	1	0
South Asia	1	0	1	0	0	1	0
Totals	**44**	**12**	**32**	**27**	**13**	**31**	**30**

Sources: World Bank data and IEG calculations.
Note: Based on World Bank agriculture, environment, and water projects exiting fiscal 2002–08.

The existence of baseline and follow-up data is not the only condition for thorough evaluation analysis. It says nothing about the quality of the data, the coverage and relevance of the indicators measured, or the quality and existence of comparison or control groups. Table 3.3 records whether an evaluation was envisaged by the project and, if so, the kind of evaluation.

In table 3.3, the term *impact evaluation* is used for quantitative evaluations that involve control or comparison groups; *impact assessment* refers to quantitative before/after evaluations with no comparison group; and *economic analysis* includes any effort to compare benefits with costs. The other evaluation categories rely on qualitative information gathered through beneficiary surveys, stakeholder meetings, and limited quantitative data obtained from national statistics and/or combined with qualitative information or use a nonstandard evaluation method (classified under the heading of *other*[8]).

Less than a quarter of projects undertook an impact evaluation or impact assessment.

More than 70 percent of all projects in the sample claim to be pilots or have some part that is being piloted. In theory, pilots have to be assessed—ideally with methodologically valid evaluations—before moving into full implementation, which should occur only if the evaluation indicates positive results. However, only 65 percent of projects designed as pilots or containing some pilot components had a quantitative evaluation, and 30 percent of these had an impact evaluation or assessment. Focusing exclusively on quantifying project effects, one-fourth of the projects reviewed undertook either an impact assess-

More than two-thirds of projects claim to be pilots. Of these, only 30 percent had an impact evaluation or assessment.

Table 3.3: Summary of Evaluation Types

Sector board/Region	Total	Evaluation type[a]					
		Impact evaluation	Impact assessment	Economic analysis	Beneficiary survey	Stakeholder information	Other[a]
Agriculture							
Africa	7	0	1	0	2	1	5
East Asia and Pacific	5	1	4	4	0	1	4
Europe and Central Asia	7	1	2	6	5	2	3
Latin America and Caribbean	4	0	1	2	2	1	2
Middle East and North Africa	2	0	0	1	1	0	1
South Asia	1	0	0	1	1	1	1
Environment							
Europe and Central Asia	4	0	1	2	1	1	0
Latin America and Caribbean	5	0	0	1	1	1	3
Middle East and North Africa	1	0	0	0	0	0	0
Water							
Africa	2	0	0	2	2	2	1
East Asia	1	0	0	1	0	0	0
Europe and Central Asia	2	0	0	1	0	0	2
Latin America and Caribbean	1	0	0	0	0	0	0
Middle East and North Africa	1	0	0	0	0	0	0
South Asia	1	0	0	0	0	0	0
Totals	**44**	**2**	**9**	**21**	**15**	**10**	**22**

Sources: World Bank data and IEG calculations.

a. Some projects use more than one evaluation approach. *Other* refers to ad hoc information designed to fulfill ICR requirements.

ment or an impact evaluation to measure the success or failure of the project, mainly in East Asia and Eastern Europe and Central Asia.

There is great variation in research design among projects that conducted impact assessments or impact evaluations. Of the nine impact assessments, most collected data at discrete points so that before and after comparisons could be made, although two used data that were collected after the program was completed, relying on retrospective questions to establish a baseline. One of the two impact evaluations derived conclusions using a noncomparable counterfactual group.[9] The majority of the quantitative evaluations used qualitative methods to help corroborate, illustrate, or interpret the results.

The majority of evaluations identified used qualitative information.

When impact evaluation and assessments are carefully done, they can generate information relevant to decision making. To accurately inform policy, they must meet the minimum standards of rigor needed to ensure credible findings with potential applicability to other contexts. IEG has initiated some preliminary analysis of evaluating the quality, relevance, and use of evaluations focused on identifying impacts.

Rating the quality of impact evaluation raises several concerns:

- What is the *importance* of the question being addressed? Is it central to the justification of the project and relevant to the benefit stream of the project?
- Is the *data used of high quality and relevant, to capture the outcomes of interest?*

- Is there *internal validity*? Is the identification of the intervention's effect credible, including the appropriateness of the methodology and the validity of identifying treatment and control groups?
- Is there *external validity*? What is the likelihood that impact results apply more broadly (geographically, culturally, environmentally), including the representativeness of the sample?
- Are *cost-benefit* concerns addressed? How well are project benefits compared with the costs incurred to obtain them?

Based on the impact focus, 12 projects were considered in this analysis; only 5 of these were available for further review.[10] A rapid assessment of these projects yields some insights. First, with regard to *internal validity*, all posed relevant questions focused directly on project outcomes. Establishing *external validity* appears to be a bigger challenge: each project extrapolated its findings and applicability to the broader context, but few addressed features such as project size, target population, variety of interventions, and subnational and national context, which may limit the generalization of their effects. Only three of the five projects reported economic data that helped determine *costs and benefits* in a comparable manner. And none of them explicitly separated fixed from variable costs, limiting interpretation of the results.

The lack of baseline data is an important factor limiting the ability to perform quantitative impact analysis.

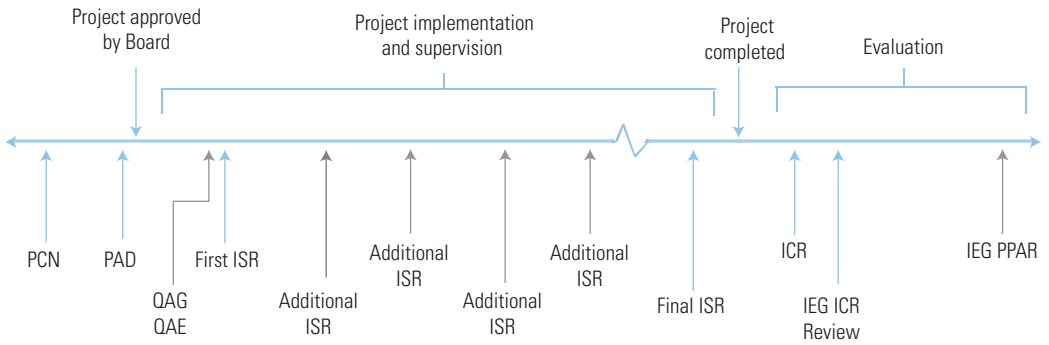
This short review suggests that the lack of baseline data (in three-fourths of the sample) is an important factor limiting the ability to perform quantitative impact analysis—at least in the water, agriculture, and environment sectors. Development of a formal methodology and evaluation of the quality, relevance, and use of impact evaluations in the Bank is planned for completion in fiscal 2011.

Real-Time Project Information: Continued Overoptimism

Another window on the accuracy and use of information reporting in Bank-financed projects is provided by comparing the self-ratings that emerge over time as a project is implemented with independent ratings just after its closing. Real-time project information refers to the quality of information that emerges about projects as they are being implemented or immediately afterward. This is also about accuracy, because the pattern of revisions over time suggests a lack of realism in midcourse information about project performance.

A timeline of the evaluations conducted during the project cycle is shown in figure 3.2. The first official Bank document to rate a project's progress toward achieving its development objectives is the ISR, completed by the project

Figure 3.2: Timeline of Key Project Ratings



Sources: Operations Policy and Country Services, World Bank; IEG.
Note: PCN = Project Concept Note; PAD = Project Appraisal Document; ISR = Implementation Status and Results Report; QAE = Quality at Entry; ICR = Implementation Completion Report; PPAR = Project Performance Assessment Report.

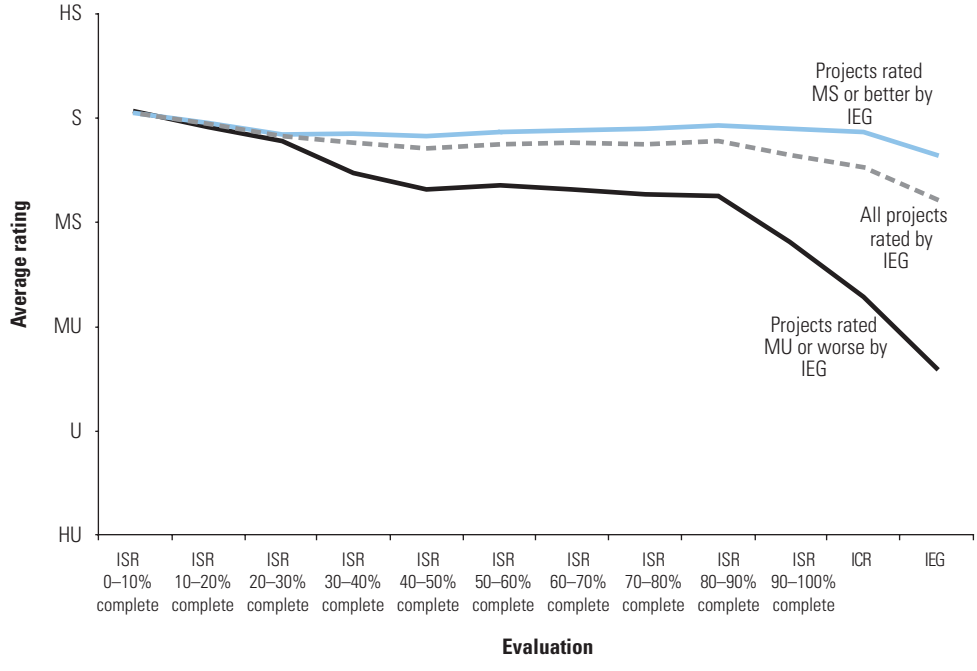
team. The ISR is a tool that provides information for project and portfolio monitoring. A project's first ISR must be completed within 12 months of the project's approval by the Bank's Board, and further ISRs are due at 12-month intervals thereafter until the project is closed. Each ISR focuses on key issues and actions for management attention and rates the likelihood that the project will meet its development objectives.

Within six months of project completion, the Bank produces an ICR, which evaluates the effectiveness of the project in meeting its stated objectives. Within three months after the ICR is finalized, IEG completes an independent review of the ICR using the evidence contained in the ICR. This ICR Review assigns its own rating, which can differ from the Bank's self-ratings, and provides additional analysis.

Previous assessments (including ARDE 2008) suggest that Bank staff assessments of ongoing project performance lack realism. Independent assessments of project performance by IEG have tended to downgrade performance—IEG rates the percentage of satisfactory projects, on average, 15 percentage points lower than the Bank's self-assessment in its final ISR, just before implementation completion. This so-called net disconnect has improved substantially in the most recent fiscal year, declining from 17 percent to under 10 percent, indicating that these end-of-project ratings have become more realistic. ARDE 2009 extends this analysis to look not only at the final supervision report ratings of likely outcomes, but at the previous ratings as well.

There is a low degree of variance among projects in these ratings. More than 88 percent of all ISR ratings for active projects between fiscal years 2004 and 2008 have been satisfactory or highly satisfactory. Moreover, even with the smaller net disconnect, the evidence suggests that self-assessments lack realism during project implementation. Figure 3.3 highlights a pattern:

Figure 3.3: Bad Information Tends to Be Revealed Only at the End of Implementation



Sources: World Bank data, author's calculations.
Note: HS = highly satisfactory; S = satisfactory; MS = moderately satisfactory; MU = moderately unsatisfactory; U = unsatisfactory; HU = highly unsatisfactory.

Table 3.4: Low Ratings at Project Midpoint Foreshadow Worse Outcomes

		IEG outcome rating		
ISR rating		Unsatisfactory	Satisfactory	Likelihood of unsatisfactory rating (%)
ISR rating at midpoint	Unsatisfactory	51	54	49
	Satisfactory	149	664	18

ratings decline right at the end of a project, suggesting a lack of candor in the earlier reporting. Bad information tends to be revealed only at the end of project implementation. Even after unsatisfactory projects are 90 percent complete, a majority are still rated moderately satisfactory or higher (one-third are even rated satisfactory or highly satisfactory).

Despite a pattern of downgrades right at the end, the performance ratings in midproject supervision reports foreshadow unsatisfactory performance at closing.[11] This is seen by calculating the probability of getting an unsatisfactory rating conditional on the midterm ratings. As demonstrated in table 3.4, projects rated unsatisfactory at midpoint had a 49 percent chance of being unsatisfactory in the final reckoning. In contrast, projects rated satisfactory at midpoint had only an 18 percent chance of being labeled unsatisfactory in the final rating.

Table 3.5 shows more detailed information using the six-point scale; it also suggests a lack of realism. Project ratings are more likely to be downgraded than upgraded: 420 out of 918 projects (46 percent) were ultimately rated lower than at midterm (the area enclosed by dotted lines in table 3.5), and 105 projects (11 percent, the area enclosed by the dark bars) were ultimately rated higher than anticipated at midpoint. Furthermore, when restructuring does occur, it usually happens late in the project's lifetime: on average, nearly five and a half years into the life of a project. [12]

Bad news is revealed only at the end of project implementation.

The Bank's own reports have concluded that restructuring is not done frequently or early enough in the project's lifetime. QAG's *Quality Assessment of the Lending Portfolio* (QAG 2009) concludes that projects are not restructured as early or as deeply as needed. It finds that its panelists—who are at arm's length from project implementation—identified twice as many problem projects as did project team leaders. And only about one-third of projects that panelists asserted needed restruc-

Projects with low ratings in midproject supervision reports are more likely to have low ratings at closing.

Table 3.5: Nearly Half of Projects Are Ultimately Rated Lower than Projected at Project Midpoint

	IEG outcome rating					
Rating at midpoint	Highly unsatisfactory	Unsatisfactory	Moderately unsatisfactory	Moderately satisfactory	Satisfactory	Highly satisfactory
Highly unsatisfactory	1					
Unsatisfactory	4	19	16	19	12	
Moderately unsatisfactory	1	5	5	11	12	
Moderately satisfactory		1	5	5	2	
Satisfactory	6	66	70	234	359	33
Highly satisfactory		1		5	22	4

Sources: World Bank data and author's calculations.

Restructuring does not occur as frequently, early, or deeply as needed.

turing had actually been restructured, while the average age at restructuring was 4.3 years. While most restructurings occurred around the midterm review, many of the project weaknesses were evident by the second year of implementation.

Economic Cost-Benefit Analysis: A Dormant Subject

To make effective decisions about whether to fund projects, or whether to restructure or scale up pilot projects, it seems necessary to have information on both costs and benefits, as well as a framework for organizing the information. This is what cost-benefit analysis and the economic rate of return estimates produced by cost-benefit analysis are intended to achieve.

Rates of returns in some Bank-supported projects exceed 50 percent.

Cost-benefit analysis is ultimately about translating otherwise fragmented performance information into a form that is relevant to decision making. Previous sections of this chapter have cited areas where information on results is improving at the Bank, including better monitoring, more frequent baseline data collection, and more accurate and sharper measurement of benefits through impact evaluations. But positive benefits alone do not justify projects. Most development projects that spend millions of dollars should be able to point to some positive benefits. The crux of the issue is whether those benefits justify the costs, or whether there are other, less costly ways of achieving similar benefits.

Economic cost-benefit analysis has its critics and supporters, but it is difficult to deny the simple point that projects should be pursued only if the benefits exceed the costs. For this reason it is official Bank policy that economic analysis should be conducted for all investment projects to ensure that net benefits are positive.[13] Nevertheless, there are indications of a decline in economic analysis at the Bank, at least as indicated, imperfectly, by the frequency of economic rate of return estimates in project reports. To illuminate this, figure 3.4 shows the percentage of investment projects, by year, that

Box 3.4: True Pilot Projects: Why Are They Not Used More Often?

A substantial number of development projects are begun without hard evidence that the anticipated benefits will be of the magnitude anticipated. Faced with this uncertainty, a prudent approach would be to implement some projects on a modest scale for a few years, test the benefits rigorously, and scale up the project if the benefits prove worth the costs. This is one way to reduce the risk of large expenditures on unsatisfactory projects.

However, it is rare for Bank-financed projects to be pilots in this sense of the word. IEG finds that many projects claim to be pilots, but the term is used loosely. Such projects rarely contain midterm testing or enumerate objective criteria that will trigger scaling up (or do not even have a scaling-up plan within the life of the project), and they often do not collect baseline data. The scaling up is evidently intended to happen in future projects. If this is the case, the pilot projects should have rigorous evaluations to inform future projects, but this rarely happens.

Evidence for this comes from the review of projects for the impact evaluation section of this report, as well as from IEG's health, nutrition, and population (HNP) sector evaluation (IEG 2009e). While 32 recently closed projects in the HNP portfolio include pilot components with the objective of testing the effectiveness or acceptability of an activity, only 8 even mentioned a plan for a control group. Only four actually conducted the proposed evaluation of the pilot, and all four included a detailed evaluation design in the Project Appraisal Document.

Pilot projects are, by design, small in scale and intended to support learning. Thus, the evaluative output is essential, and lessons from experience in HNP suggest that for a meaningful evaluation to be completed, the evaluation must be planned in detail while the project is being designed.

Why then are pilots not pursued more frequently? One possible answer is that not scaling up is viewed as failure, and task team leaders resist exposing themselves to this outcome. If this is the impediment, one solution is to reward managers similarly for scaling up good projects and for not scaling up poor projects.

Sources: Author's estimates and IEG 2009e.

contained economic rate of return estimates in their initiating documents. This percentage has declined from approximately 70 percent in the 1970s to just over 20 percent in the early 2000s.

Second, in contrast to the large amount of activity surrounding M&E, impact evaluation, and the IDA15 RMS, there is little activity or commentary in current Bank documents on estimating economic rate of return. The IDA15 RMS could have chosen to report rates of return in IDA projects as a way to summarize performance, but it was apparently decided to eschew this approach. Reported economic rates of return estimated at closing exceed 50 percent in some Bank-financed projects: if correct, this is a considerable achievement. Finally, if Bank staff have decided not to use cost-benefit analysis or net present value calculations as project selection criteria, it raises the question of what decision criteria have or would be used instead.

Conclusions

The Bank is in the midst of far-reaching efforts to improve performance information: strengthening M&E systems, introducing a comprehensive Results Monitoring System for IDA, and expanding rigorous evaluation of project interventions. However, when judged against the criteria of meaningful, accurate, and decision-relevant information, the evidence here suggests that further progress is needed.

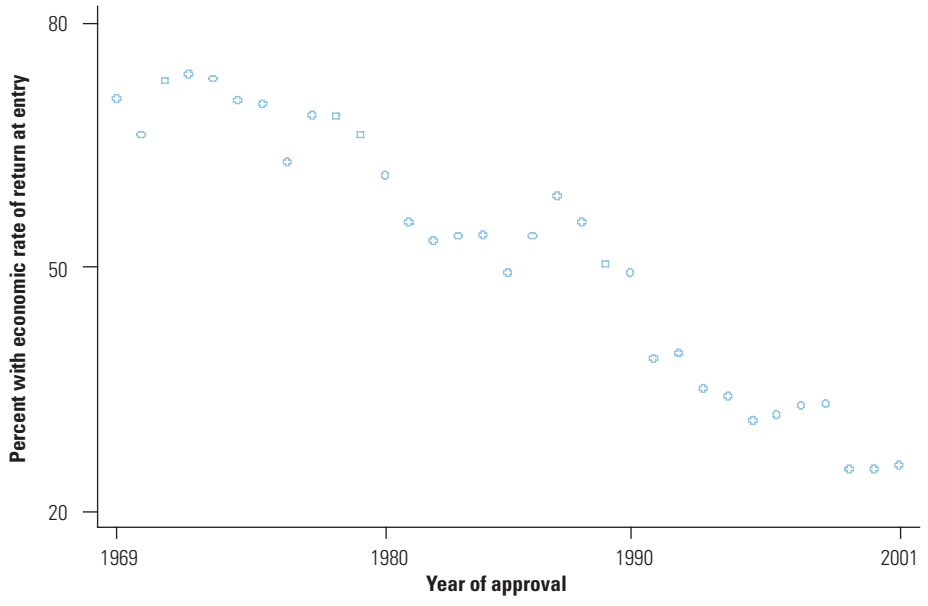
Positive benefits alone do not justify projects.

Much attention has been given to upgrading M&E systems. IEG's assessments of M&E quality in closed projects reviewed in fiscal years 2007 and 2008 rate the quality as modest or negligible in three-fifths of cases. Indicators are too numerous and often measure outputs rather than outcomes; baselines are infrequently collected; and few projects collect the data that would be required to conduct good M&E of impact. These IEG data tend to cover projects approved several years earlier and provide a reference to gauge improvements going forward.

Rates of return in some Bank-supported projects exceed 50 percent.

The Results Monitoring System for IDA is an ambitious effort to measure development results

Figure 3.4: Percentage of Projects with Economic Rate of Return Estimates, by Year of Approval



Sources: World Bank data, IEG calculations.

in a coordinated fashion and aggregate them in a way that is relevant to prospective IDA donors. The evidence suggests that the initiative has made progress but faces ongoing challenges to full implementation.

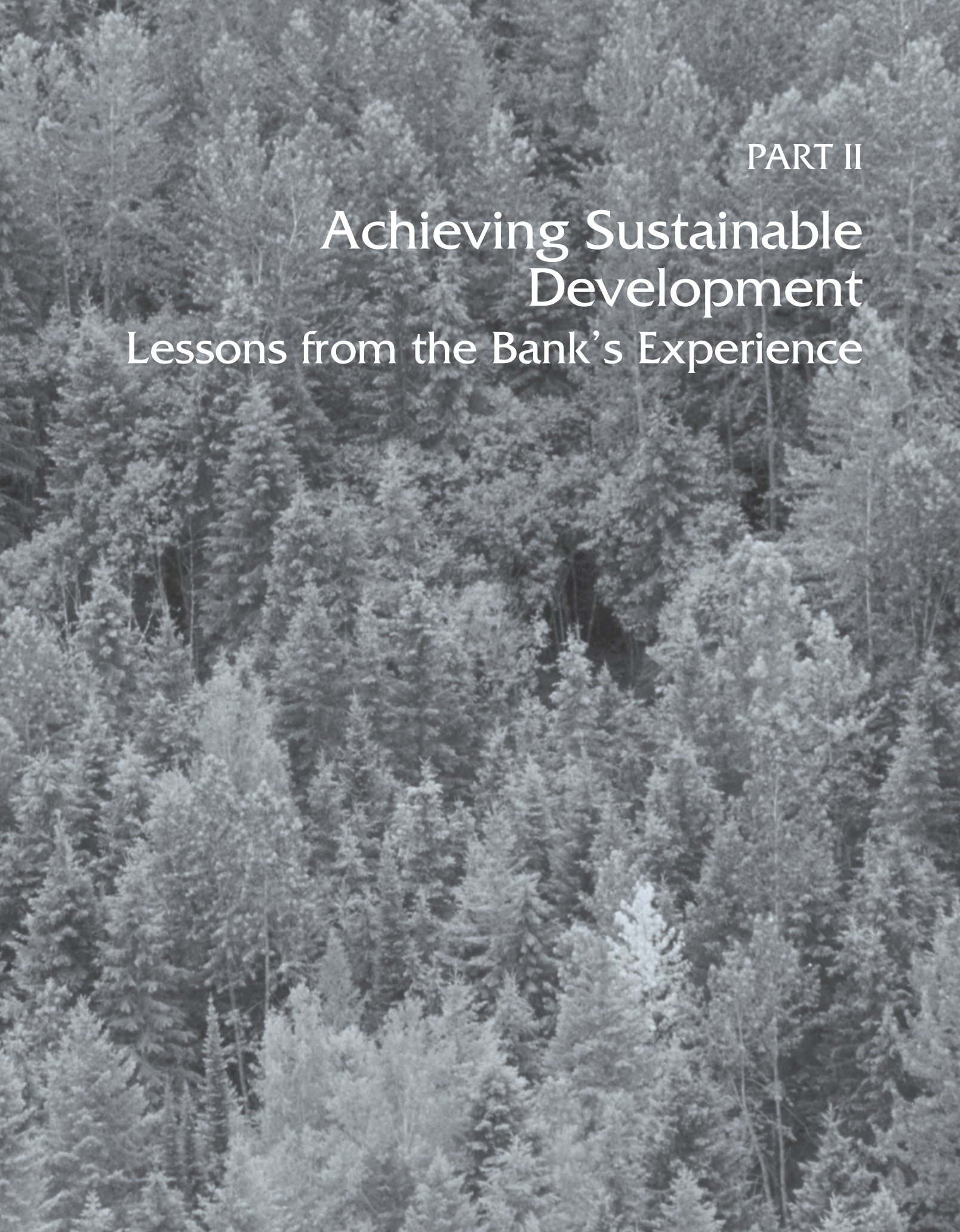
Impact evaluations hold promise to provide accurate estimates of impact, and they are increasingly being pursued in projects financed by the Bank. An assessment based on a review of projects in three sectors that started after 2002 and closed before December 2008 reveals a low rate of baseline data collection (27 percent) and a concentration of what little data collection there is in two Regions—East Asia and Europe and Central Asia. Bank-generated data reports a higher rate—80 percent—for more recent (2007) projects, but measures only the existence of baseline data for one indicator, a relatively low bar.

The use of cost-benefit analysis is declining at the Bank.

Overall, it is still rare for the full requisite data to be collected to permit quantitative impact evaluations.

Assessments of project performance through the life of a project continue to appear inaccurate. They provide overly optimistic assessments until it is too late to take corrective action.

Economic cost-benefit analysis is the traditional method to organize information on benefits and costs of projects and render it relevant for making decisions. Current Bank policy is that economic analysis of net present value is required for all Bank-supported investment projects. Nevertheless, this kind of economic analysis appears to be in decline at the Bank, at least as indicated by the declining proportion of projects with reported economic rate of return estimates. IEG will conduct a more in-depth analysis of this issue in fiscal 2010.



PART II

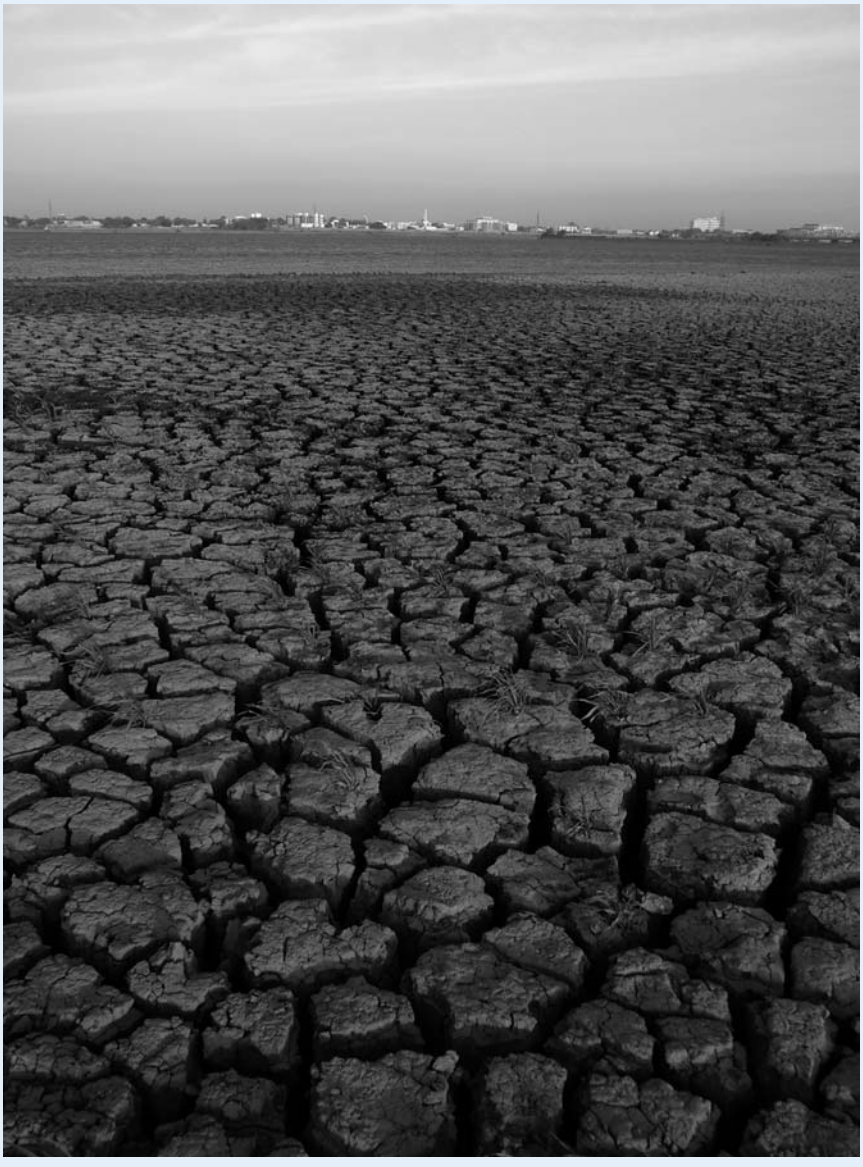
Achieving Sustainable Development

Lessons from the Bank's Experience

Chapter 4

Evaluation Highlights

- Huge environmental challenges will remain on the other side of the global financial crisis.
- New sources of global financing have contributed to a recovery in Bank commitments.
- Mainstreaming of environmental issues across other sectors has been shallow.
- Analytical work and advocacy have enhanced global environmental awareness.
- Various external and internal constraints hamper the Bank's effectiveness at the country level.



Parched soil by the White Nile, Khartoum, Sudan. Photo by Arne Hoel, courtesy of World Bank Photo Library.

World Bank Support for Environmental Sustainability

While the global financial crisis has attracted worldwide attention, combating environmental degradation and ensuring environmental sustainability compatible with economic growth and poverty reduction remain among the foremost challenges of our times.

The sustainability of the world's arable land, water, forests, air, climate, and other natural resources is under ever-increasing pressure; their careful stewardship is essential for long-term growth and well-being in both developed and developing countries. The risks associated with climate change have recently taken center stage, but other environmental challenges—air and water pollution, soil erosion and desertification, water scarcity, and loss of biodiversity—remain enormous and increasing. These challenges affect all countries and peoples, but the poor are often most strongly affected and least able to mitigate environmental risks.

The World Bank has a central role to play in helping developing and transition countries address environmental challenges. Its broad and long-term mandate, global reach, deep knowledge base, diverse set of public and private clients, wide range of financial and technical assistance instruments, and substantial convening power position it to help mobilize the world's knowledge and resources to address critical environmental concerns.

The following two chapters spotlight the Bank's activities and performance in helping countries to address these environmental challenges, based upon the findings of recent IEG evaluations. These evaluations include, but are not limited to, the following: *Environmental Sustainability: An Evaluation of World Bank Group Support; Climate Change and the World Bank Group Phase I: An Evaluation of World Bank Win-Win Energy Policy Reforms; The Development Potential of Regional Programs: An Evaluation of World Bank Support of Multicountry Operations;* a forthcoming review on the Bank's forestry activities updating the portfolio and performance data through fiscal year 2008; and supplementary materials from IEG's ICR Reviews, CASCR Reviews, and Global Program Reviews (GPRs). These two chapters synthesize the major findings and lessons from these recent evaluations.

The Bank has a central role in helping countries address environmental challenges.

The Bank's Approach to the Environment Has Evolved in Response to Changing Needs

Environmental Sustainability Can Go Hand-in-Hand with Growth and Poverty Reduction, but Requires a Shift in Incentives

Sustainable development is usually defined as *"development that meets the needs of the present without compromising the ability of future generations to meet their own needs."* For this to happen, the productivity of today's investments

in physical, human, and social capital must more than compensate for any direct or indirect losses in society's natural capital—the environment. Goal 7 of the U.N. Millennium Development Goals specifically phrases this as a target to *"integrate the principles of sustainable development into country policies and programs and reverse the losses of environmental resources."*

For example, economic growth is strongly associated with greater greenhouse gas emissions, but public policies greatly affect the exact nature of this relationship in any given country by altering economic incentives and technological choices. Some countries have followed a greener growth path, as evidenced by the wide differences in energy use and emissions among countries, even after adjusting for levels of development (figure 4.1). Holding income constant, there is as much as a sevenfold difference in emissions intensity among countries. Some countries that used to have a relatively high level of emissions per capita have succeeded in reducing emissions while also increasing their income by substantial restructuring of their economies and adjustments in energy prices (most notably in transition economies in Central and Eastern Europe) (IEG 2009a, pp. 13–17).

Environmental sustainability can be compatible with both growth and poverty reduction.

Moving to a cleaner growth path need not punish the poor. Poor countries emit only a tiny fraction of emissions per capita compared with rich ones, and providing 2 billion poor people with basic electricity access would boost world greenhouse gas emissions by less than 0.4 percent of current emissions, even if power was provided by the most carbon-intensive means. The energy access agenda can proceed independently of the mitigation agenda (IEG 2009a, pp. 19–20).

The linkages between growth, poverty, and the environment also run in the other direction, since environmental degradation—soil and water loss, declining natural resources, and pollution—tends to reduce productivity and lower economic growth. The poor tend to be disproportionately affected given their limited economic opportunities and greater vulnerability. Rapid depletion of forests and fisheries poses major threats to rural livelihoods, and global warming is expected to disproportionately affect the world's poorer regions through adverse weather conditions and sea-level rise. Better management of forests is critical both for efforts to reduce emissions from deforestation[1] and to improve the livelihoods of the hundreds of millions of the world's poorest people who live in and around forests.

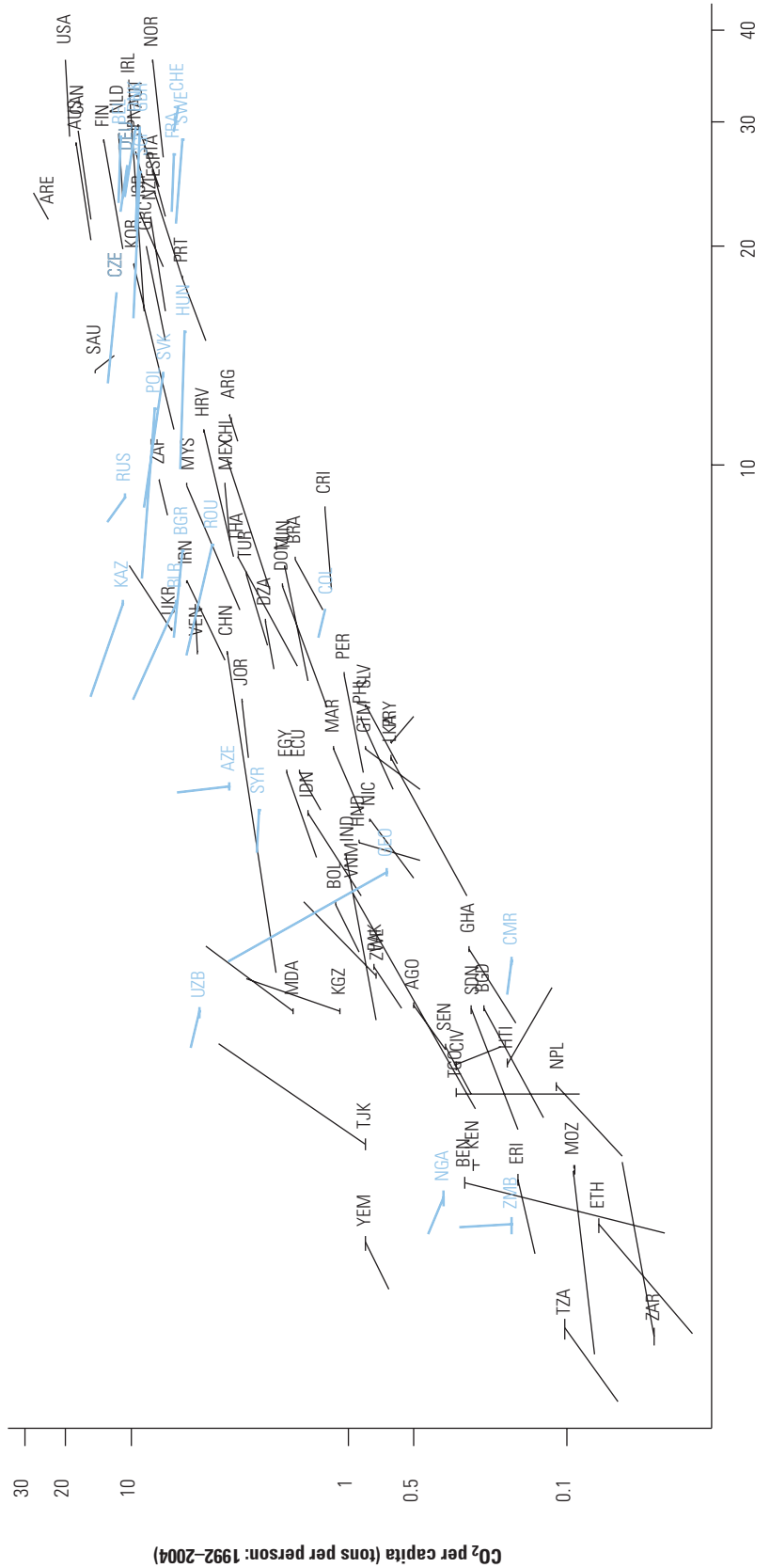
Good public policies are necessary for greener economic growth.

Thus, efforts to improve environmental sustainability and reduce poverty can go hand-in-hand. But this requires careful policy choices that facilitate greener paths to economic growth and that effectively address the genuine trade-offs between the economic winners and losers within countries, as well as between the present and the future. Changing direction requires recognizing the real costs that have to be borne in each country context and softening the impacts on those most seriously affected. Greater awareness of short- and long-term environmental consequences has to be mainstreamed into investment decisions and choices of technology in all economic sectors; natural resources such as water and pollutants such as carbon dioxide have to be priced to reflect their true economic costs; and appropriate mitigation, adjustment, and compensation measures have to be put in place as economies adjust to a cleaner, environmentally sustainable growth path.

The World Bank's Approach to the Environment Has Become Increasingly Proactive and Multilevel

The World Bank has given increasing attention to environmental issues since the 1970s, as shown in the timeline in figure 4.2. The Bank began with a "do no harm" approach—designing and applying environmental safeguards to guard against negative environmental impacts in Bank-supported projects. Then it took on a broader and more proactive "do good" approach in the 1990s, as the world's attention shifted increasingly to environmental issues. The *1992 World Development Report: Development and the Environment* (World Bank 1992), prepared for

Figure 4.1: Absolute Changes in CO_2 Emissions and Income, 1992–2004



Source: IEG 2009a, p. 14.

Note: Blue = CO_2 1992 > CO_2 2004 and GDP 1992 < GDP 2004. Countries with population < 4 million (2004) are excluded.

the Rio Earth Summit in 1992, put forward a fourfold agenda that called for, in addition to safeguards, enhanced environmental stewardship through focused environmental projects and programs, mainstreaming of environmental issues in a broad range of Bank activities, and increased attention to global issues of environmental sustainability.

The Bank has moved beyond a "do no harm" approach to the environment.

The first World Bank Environment Strategy, issued in 2001, placed environment clearly in the context of the Bank's mission to combat poverty, moving beyond the earlier focus on conservation and doing no harm. It set three interrelated objectives—improving the quality of life (focusing on linkages between environment and poverty, health, and vulnerability), enhancing the quality of growth (including concerns with environment governance), and protecting regional and global environmental commons.

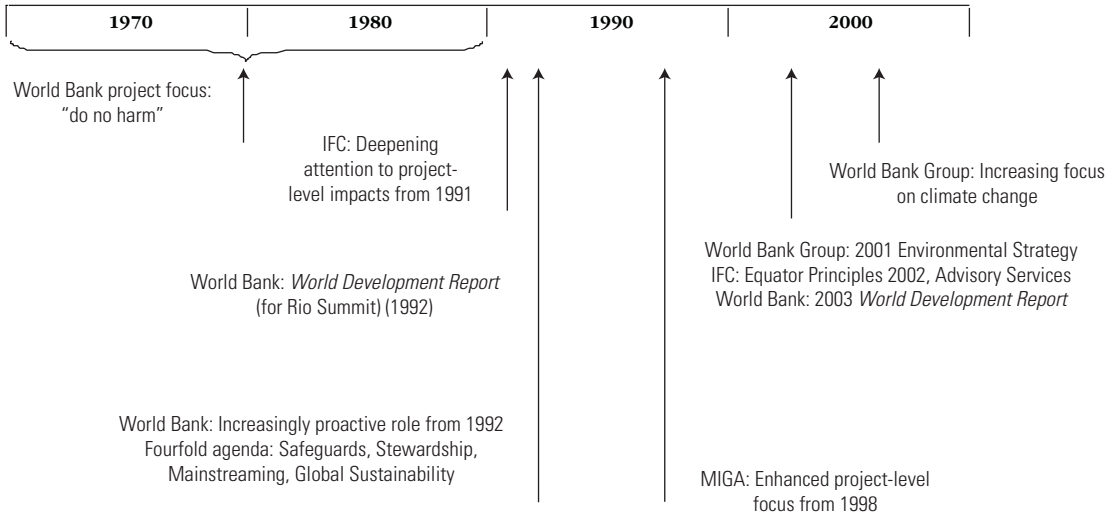
The 2001 Environment Strategy offered a more proactive "do good" approach.

The Bank's 2002 Forest Strategy also had a much broader scope than the 1991 Forest Strategy. It went beyond the goals of combating deforestation and doing no harm enshrined in the previous strategy to encompass the positive goals of poverty reduction (including strengthening the rights of forest-dependent people), sustainable economic growth (including improved forest governance), and protecting local and global environmental services and values (including expanding protected areas and developing markets and finance for global public goods such as biodiversity and carbon sequestration).

Both the Environment and Forest Strategies underwent a thorough and expensive consultation process over an extended period before being approved by the Bank's Board. More recently, climate change has become an additional area of focus for both environment and forestry activities, although many Bank activities over the past two decades have had clear implications for climate change.

As endorsed by the 2001 Environment Strategy, mainstreaming environmental sustainability requires that "*environmental improvement will come not just from interventions directly on*

Figure 4.2: The World Bank Group and the Environment: A Summary Timeline of Activities



Source: IEG.
Note: IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency.

environmental issues but also from the incorporation of environmental sensitivities and objectives into the work of other sectors, both in the Bank and in our client countries."[2] This moves significantly beyond the simple application of proper safeguards to protect the environment, although adequate attention to safeguards is a necessary precondition to ensure that a project does no harm.[3] It also includes a comprehensive assessment of risk under the new, harmonized Operations Policy and Country Services [OPCS]/IEG criteria for implementation completion reporting (2006) so that the relative importance of environmental risk is weighed against the impact on an operation's development outcome as a whole.

In 2006–07, the World Bank merged the Environmentally Sustainable Development Network and the Infrastructure Network into the Sustainable Development Network, specifically to enhance mainstreaming of environmental issues throughout the new network and to strengthen the Bank's focus on sustainability as it increases its investment in infrastructure. The new network now comprises the very sectors—energy and mining, water, transportation, and urban development in addition to environment, agriculture and rural development, and social development—that are responsible for overseeing almost 95 percent of the Bank's environment-related projects. While the merger provides the opportunity for stronger collaboration among these sectors, it also entails the risk that environmental concerns may—with the exception of climate change—become less visible now that those responsible are subsumed within a much larger network (IEG 2008c, p.75).

The 2001 strategy emphasized mainstreaming environmental issues into the work of many sectors.

Today, the Bank is working at the project, country, regional, and global levels to operationalize the concepts of sustainable development and environmental sustainability. At the project level, it seeks to mainstream an environmental consciousness into the design and implementation of Bank-supported projects in many sectors. At the country level, it provides AAA to help countries formulate country strategies and put in place economy-wide policies and institutions to promote environmental sustainability.

The Bank is engaged in environmental issues from the project to the global level.

Box 4.1: IFC and MIGA Have Also Strengthened Attention to the Environment in Recent Years

The ARDE is a World Bank, rather than a World Bank Group, report. However, IEG's evaluation of environmental sustainability (IEG 2008c) looked at the effectiveness of the entire World Bank Group's support to the environment from 1990 to 2007. While neither IFC nor MIGA have devoted major resources to investments focused directly on environmental issues, both have increasingly strengthened their attention to environmental impacts over time. In 2003, IFC developed the Equator Principles to help guide lending practices of private banks; 60 banks now participate (although actual impact has not been evaluated). In 2006, IFC adopted new Policy and Performance Standards on Social and Environmental Sustainability, and MIGA did the same in 2007. IFC has also recently started a business line for technical assistance on environmental and social sustainability, which has also not been evaluated due to its recent timing.

These improvements notwithstanding, coordination and collaboration across and within the World Bank Group have been suboptimal, since policy and regulatory reforms by the public sector create the framework for private sector activity, and the World Bank Group has the tools to support both the public and private sectors. For example, the Bank can help create opportunities for private sector participation in environmental utilities through public-private partnerships, IFC can help to find partners and undertake joint financing of these partnerships, and MIGA can provide insurance to lower the risks to private investors. Good examples of such coordination include policy and projects in the power and water sectors in Brazil, China, and India. However, there have also been occasions when IFC and the Bank have pursued different approaches or priorities—for example, differing approaches to development in the Brazilian Amazon. These coordination issues are presently being addressed through World Bank Group collaboration on the preparation of the new Environment Strategy, scheduled for launch in 2010.

At the regional and global levels, it is helping to raise sources of grant finance for country-level investments that have regional and global environmental benefits, so that the costs of making these investments are shared by the entire global community.

World Bank Support for the Environment Has Recovered Since 2002

Environment and natural resource management (ENRM) is a theme, not an economic sector. Therefore, the Bank's portfolio of environmental projects consists of those projects—about one-third of all projects—coded with at least one environmental theme but crossing many sectors. The share of the environment theme in the Bank's total commitments has averaged about 11 percent since 1990, peaking at 18 percent in 1994 and declining sharply to a low of 5 percent in 2002, before recovering (appendix table D.1).

Bank lending for the environment has recovered since 2002 and sources of financing for environmental projects have diversified.

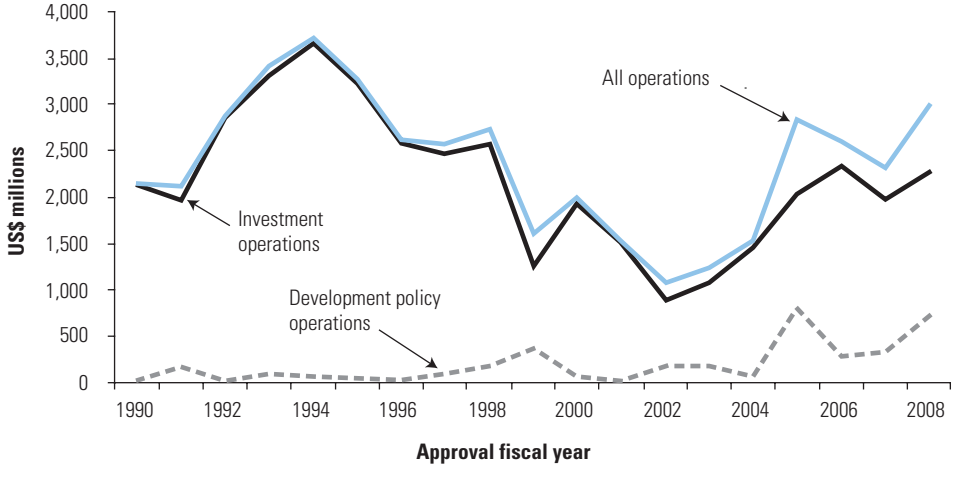
New ENRM commitments have recovered from their low of $1.1 billion in 2002 (figure 4.3). But a significant portion of the increase since 2002 has comprised development policy operations providing budgetary support in exchange for policy and institutional reforms.[4] Excluding development policy operations, ENRM investment lending in 2006–08 was still 35 percent below that of 1993–95 in nominal terms.

New Sources of Financing Are Driving the Thematic Agenda

The sources of financing for Bank-supported projects have become more diversified. The number and volume of International Bank for Reconstruction and Development [IBRD]/IDA investment operations have declined since the 2001 Environment Strategy was issued, compared with the previous seven years, 1995–2001 (figure 4.4). But development policy operations have increased, as have projects supported by the Global Environment Facility (GEF) and other trust funds (appendix table D.3).

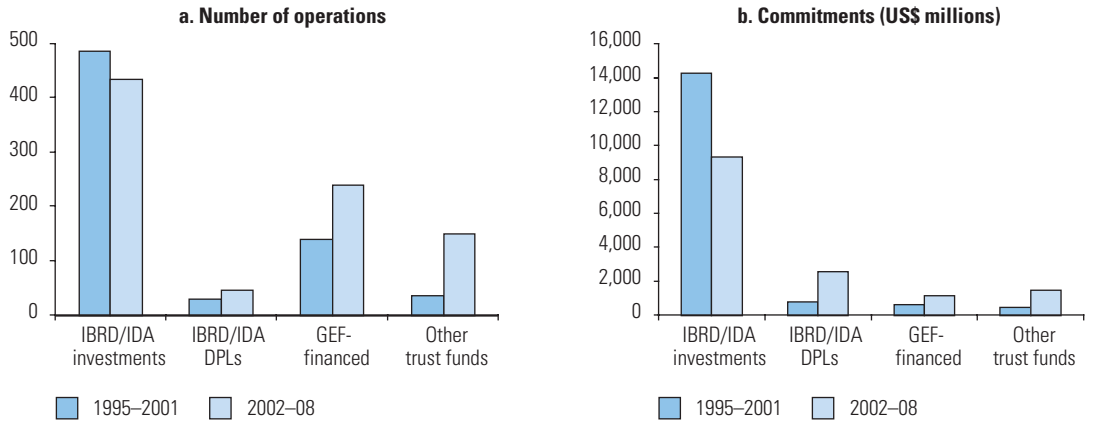
Global and regional programs—including the GEF, the Multilateral Fund to Implement the Montreal Protocol, various carbon finance programs, and the Climate Investment Funds approved in 2008—have become significant sources of financing for country-level environmental investments. These concessional funds are helping the Bank to overcome the limitations of its country-based model—discussed in the *Annual Review of Development Effectiveness*

Figure 4.3: Bank Commitments to ENRM Operations, Fiscal Years 1990–2008



Source: Appendix table D.2.

Figure 4.4: Bank-Implemented ENRM Operations by Source of Financing, 1995–2001 and 2002–08

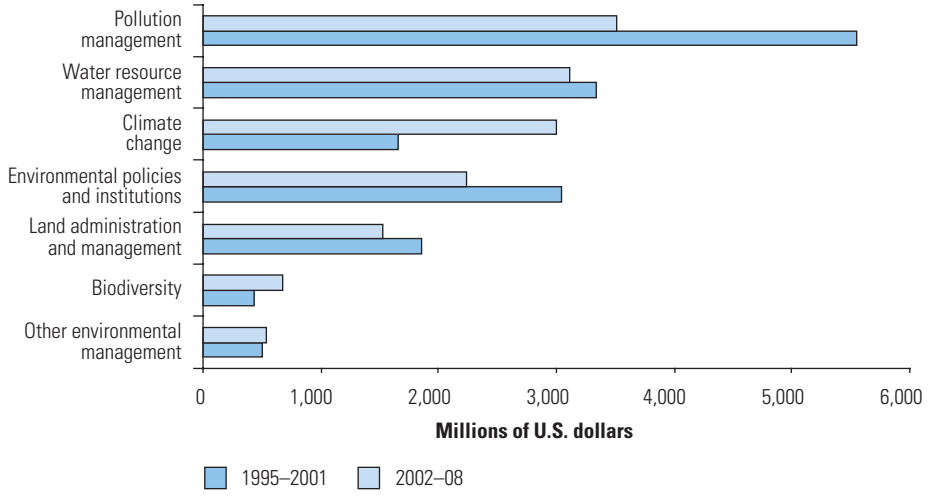


Source: Appendix table D.3.
Note: DPL = Development Policy Loan.

2008: Shared Global Challenges (IEG 2008a)—in terms of addressing global environmental concerns, such as climate change and deforestation, when the benefits of country-level investments are not easily appropriated at the national level or where the costs of these investments fall disproportionately on individual countries.

These expanding sources of financing have also—and not surprisingly—led to shifts in the thematic focus of Bank commitments (figure 4.5). The decline in IBRD/IDA investment lending in 2002–08 compared with 1995–2001 has coincided with a declining incidence of projects coded to pollution management and environmental health. The increase in GEF and carbon finance is directly related to the increased emphasis on climate change.

Figure 4.5: Bank-Implemented ENRM Operations by Environmental Theme, 1995–2001 and 2002–08



Source: Appendix table D.5.

The thematic focus has shifted toward climate change.

The changing sources of concessional finance for country-level investments will continue to influence the thematic focus of the Bank's environmental projects. Biodiversity projects, for example, are somewhat more dependent on the provision of concessional finance than other focal areas. Although biodiversity remains a highly important area of Bank support, new operational and procedural reforms introduced by the GEF may affect the ability of the Bank to develop as many blended investments for biodiversity conservation as it has historically (box 4.2).

Changes in IDA Rules Have Led to More Regional Environmental Projects

Regional environmental projects are another area where new sources of finance are helping the Bank move beyond its individual country-based model of lending as well as influencing the nature of the Bank's environmental operations. Bank commitments to regional projects to assist neighboring countries to more effectively manage their shared environmental resources (such as lakes and river systems) more than doubled from 1995–2001 to 2002–08, and now represent 5 percent of total environment commitments. Some are multicountry projects, some are related national projects, and others are formally constituted regional partnership programs (such as the Black Sea and Danube Partnership, the Nile Basin Initiative, Africa Stockpiles, and TerrAfrica) that draw upon IBRD/IDA, GEF, and other trust funds to finance their activities in individual countries. The largest numbers are in Africa, followed by Latin America and Europe and Central Asia (figure 4.6).

Regional environmental projects have grown, particularly in Africa, due to changes in IDA rules.

The increased number of regional projects in Africa partly reflects the influence of the New Partnership for Africa launched in 2001, which has called for greater regional cooperation and integration through increased attention to regional partnerships. But IEG's recent review of Bank support for multicountry operations (IEG 2007d) found that the regional pilot initiative introduced in IDA14 created an incentive for the shift. Under this pilot, which was continued under IDA15, two-thirds of a country's share of the cost of a regional project could be covered by resources from the overall IDA funding, so that only a third of the IDA resources would come from the country's individual IDA allocation. IDA

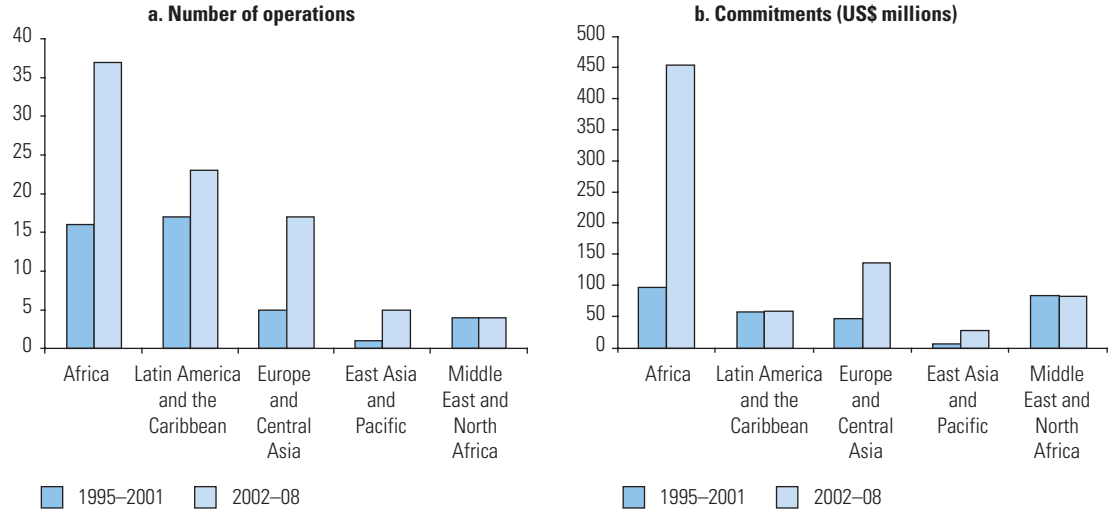
Box 4.2: Lessons from the Midterm Review of the GEF's Resource Allocation Framework

GEF's new Resource Allocation Framework (RAF), introduced in 2006 and now called the System for a Transparent Allocation of Resources (STAR), represents "a system for allocating resources to countries in a transparent and consistent manner based on global environmental priorities and country capacity, policies and practices relevant to successful implementation of GEF projects." A midterm review of the RAF conducted by the GEF Evaluation Office found that the new system was proving more successful in channeling GEF resources to countries with high global environmental benefits as measured by the GEF Environmental Index, but less so to countries with strong performance as measured by the GEF Performance Index.

The midterm review also found that the RAF, coupled with other operational changes (such as a change in the rules governing financing of project preparation), affected agency participation. At the time of the review, the World Bank share had dropped from more than half of GEF resources to 32 percent of GEF RAF resource utilization in the two focal areas of biodiversity and climate change, while the United Nations Development Program (UNDP) share increased to 43 percent, up from 28 percent historically. The role of the seven executing agencies also increased to 17 percent of RAF utilization, compared with 2 percent of all historical resources. These shifts reflected the spreading of small RAF allocations over many countries, which made it more difficult for the World Bank to blend GEF finance with Bank lending, since other funds were now easier to utilize than GEF RAF support. The UNDP has greater ability to provide technical assistance and capacity building supported by local offices and is more ready to engage in relatively small projects under the RAF (now STAR).

Source: GEF Evaluation Office 2009.

Figure 4.6: Bank-Implemented Global and Regional ENRM Operations by Region, 1995–2001 and 2002–08



Source: Appendix table D.4.

commitments for regional projects increased more than threefold, from $67 million in 1995–2001 to $310 million in 2002–08—which represented 40 percent of all commitments to regional projects in the second period.

Mainstreaming Environmental Concerns across Sectors Is More Apparent than Real

The 2001 Environment Strategy recognized the importance of mainstreaming environmental issues across many sectors—that is, addressing environmental issues from a multidisciplinary perspective, with strong cross-sector collaboration and through projects mapped to many different sector boards (box 4.3). For example, effective work on land and watershed management needs to engage technical expertise from infrastructure, agriculture, urban development, and social development. And a comprehensive approach to reducing greenhouse gas emissions from reduced deforestation and land degradation requires strong collaboration between technical forestry experts, carbon finance experts, economists looking at poverty and growth, and public management specialists with expertise on how to build administrative and judicial capacity.

Recent IEG evaluations have identified successful cases of mainstreaming—for example, in land and watershed management, urban environment, and river basin management projects in China—but found that many Bank managers and staff continue to approach their work from a sector perspective (IEG 2008c, p. 76). The Bank's matrix management structure, in which the Bank's task team leaders are primarily accountable for work in their own sectors, influences the incentives and opportunities for cross-sector collaboration.

The 2001 Environment Strategy recognized the importance of mainstreaming environmental issues across sectors.

One measure of mainstreaming—the volume of ENRM commitments mapped to sector boards other than environment—has actually declined (notably in agriculture, energy, and transport) since the 2001 Environment Strategy was issued compared with the previous seven years, 1995–2001 (figure 4.7). Most of the increase in development policy operations, GEF, and other trust fund resources during the second period has been mapped to the Environment Sector Board, causing its share of total commitments to increase from 21 percent to 27 percent between the two periods (appendix table D.6).

Box 4.3: Mainstreaming Environmental Themes into Bank-Supported Projects

Each Bank-supported project is supervised by a task team leader who reports to a regional manager. This manager is represented on a Bank-wide sector or thematic board, and the project is thereby "mapped" to—or becomes the responsibility of—that particular board. Each project can also identify up to five sectors of the economy supported by the project (such as agriculture, energy, transportation, and the like) and up to five developmental themes (such as environment, social, or urban development) promoted by the project.

Operationally speaking, "mainstreaming" refers to projects identified with at least one environmental or national resource management (ENRM) theme and mapped to sector boards other than the Environment Board. Of the 871 projects approved between 2002 and 2008 that identified at least one environmental theme, only 29 percent were mapped to the Environment Board—the other 71 percent were "mainstreamed." The extent to which the other 1,690 projects approved during the same period (those not identified with any environmental theme) were also addressing environmental issues is unknown, apart from information made available through the monitoring of environment-related safeguards.

Number of Bank-supported projects approved, fiscal 2002–08, by sector board mapping and thematic coding

	Sector board mapping		
Thematic coding	**Environment**	**Other sector boards**	**Total**
At least one ENRM theme	249	622	871
No ENRM themes	3	1,687	1,690
Total	252	2,309	2,561

Source: Appendix table D.7.

A second measure of mainstreaming—the proportion of ENRM projects (with at least one environmental theme) in the total number of projects mapped to each sector board—has also declined since 2001 compared with the previous seven years (appendix table D.7). To find out the nature of mainstreaming in a typical project in each sector, IEG conducted an in-depth analysis of the environmental objectives and components of the entire population of ENRM projects that were approved since 2000, closed in 2007 and 2008, and have been reviewed by IEG—a total of 51 projects. One-quarter of these projects were the responsibility of the environment sector (mainly biodiversity conservation projects), and therefore had environmental development objectives and components. At the other extreme, about 30 percent of the projects had no environmental objectives or components. They were coded with an environmental theme only because their choice of technologies in the energy and transport sectors, for example, were presumed to have positive externalities in terms of reduced pollution or greenhouse gas emissions. Another 18 percent of projects had environmental components but lacked stated environmental objectives (appendix F).

But the degree of mainstreaming appears to have declined since 2001.

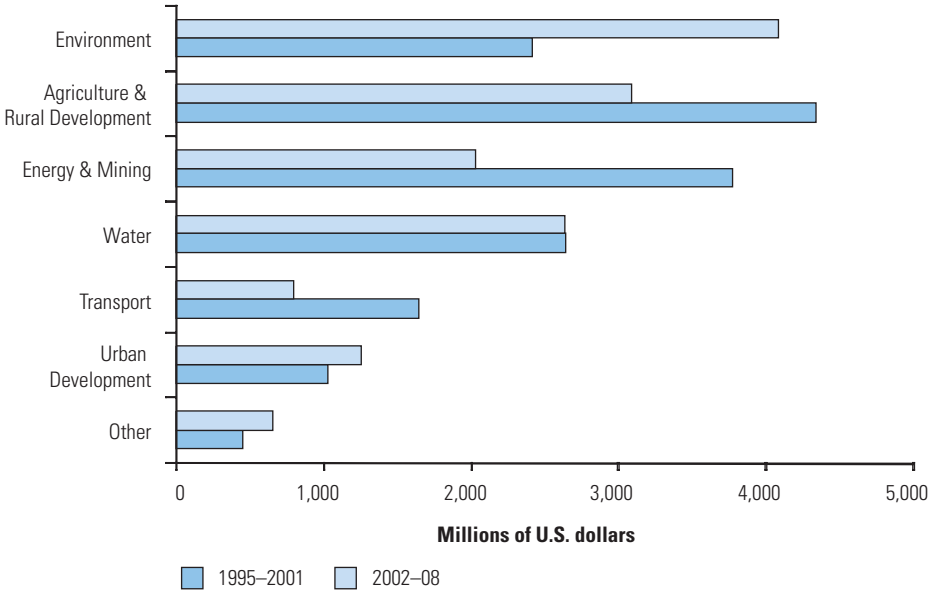
Cross-sector collaboration between water supply and health has been low.

The absence of environmental themes in projects mapped to the Health Sector Board is striking—only 2 projects in 14 years included such themes. There are indeed few compelling examples of integrated health-environment projects in the Bank's portfolio (box 4.4), even though the 2001 Environment Strategy confirmed that unsafe water and air pollution are major factors in generating or exacerbating diseases and their attendant economic costs, especially for the poor.[5]

Health themes have more commonly featured in the Bank's water projects since the adoption of the Bank's water resources management strategy in 1993. But IEG's recent review of the Bank's work in the health, nutrition, and population sector found that only 10 percent of water supply and sanitation projects between 1997 and 2006 had objectives to improve health outcomes, and only 3 percent targeted health outcomes among the poor.[6, 7]

It is still unclear to what extent the merger of the

Figure 4.7: Bank-Implemented ENRM Commitments by Sector Board, 1995–2001 and 2002–08



Source: Appendix table D.8.

two former Bank networks into the Sustainable Development Network is leading to stronger collaboration, particularly at the project and country levels.

In addition, it is important for the Social Development Network to forge stronger ties to the Human Development and Poverty Reduction and Economic Management Networks, given the linkages between environment, health, growth, and poverty reduction.

Analytical Work Is Helping to Catalyze Innovative Environmental Instruments

Recent IEG evaluations underscore the Bank's important role in generating and disseminating knowledge. IEG found that Bank economic and sector work (ESW) and research (including country-level ESW, regional and global workshops, two World Development Reports, and several Policy Research Reports) have made important contributions to knowledge generation (IEG 2008c, pp. 20–21). The list of such contributions is long: Energy-Environment Reviews, Strategic Environmental Analyses, and so on.[8] But the studies have not always been influential: Poverty and Social Impact Analyses of energy pricing and efficiency appear to have had uneven impact.[9]

Box 4.4: Meaningful Mainstreaming: Enhancing the Quality of Life through an Integrated Health-Environment Project in Eritrea

One compelling example of an integrated health-environment project is the HIV/AIDS, Malaria, STD, and Tuberculosis Control Project (HAMSET) in Eritrea. The project paired attention to treatment with interventions that tackled underlying environmental threats. It implemented environmental control work at the community level, including larvicidal activities (using chemicals and biological agents), source reduction for thousands of mosquito-breeding sites, research on vector control, and the planting of Mim trees in some regions. According to IEG, these environmental interventions, alongside prompt diagnosis and treatment of malaria cases, were significantly associated with lower malaria incidence.

Source: IEG 2009c.

Analytical and advisory work has more than doubled since 2002.

Bank expenditures on environment-related ESW and TA more than doubled from 2002 to 2008 (figure 4.8).[10] Roughly half has been financed by the Bank's administrative budget and the other half by donor trust funds. Roughly half was mapped to the Environment Sector Board—implying less mainstreaming in environment-related ESW and TA than in lending.

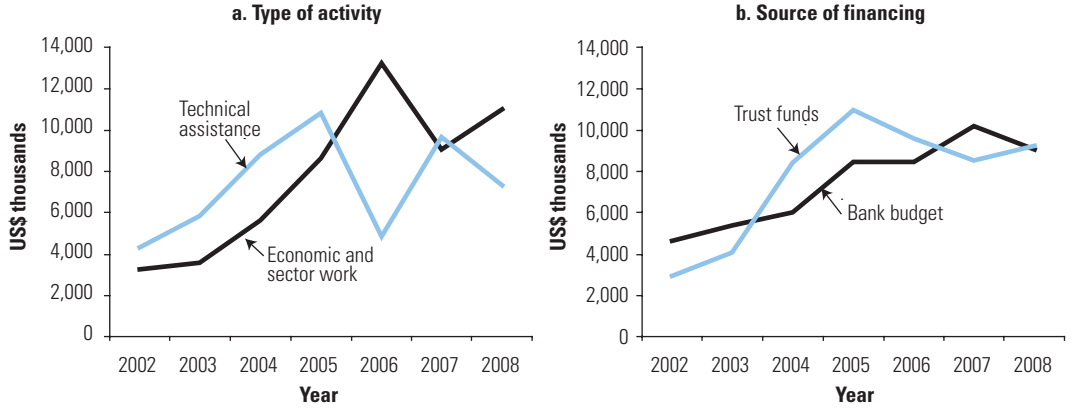
Almost 40 percent of Bank expenditures on environmental ESW and TA have been global or regional in nature, compared with only 5 percent of lending. Indeed, the environment is among the top sectors Bank-wide in terms of global and regional analytic work (IEG 2008e). This global analytic work has frequently been financed by global partnership programs such as the Program on Forests (PROFOR), which conducts analytic work on improving policies and institutions for sustainable forest management.[11]

Advocacy for global public goods such as mitigating climate change and developing carbon markets has also been an important role for the World Bank. The Bank launched the Prototype Carbon Fund in 2000 and now manages a series of carbon funds and facilities, most notably the Forest Carbon Partnership Facility. It has helped to extend the benefit of this market to beneficiaries that would otherwise be bypassed: for example, through the development of the Community Development Carbon Fund that supports small projects in low-income countries and projects in poor areas in other countries. In some cases, the Bank has been the first to purchase emission reductions in specific countries, poor communities, or technologies or sectors. It has also been a major contributor to the development of internationally approved Clean Development Mechanism methodologies and has contributed its experience to decisions by the parties to the UN Framework Convention on Climate Change and the Clean Development Mechanism Executive Board.

Environmental work has been more global and regional than has work in other sectors.

However, the state of the carbon market today suffers from uneven access across countries. Eighty-five percent of the Clean Development Mechanism market share is in Brazil, China, and India. Projects in Africa are only beginning to emerge. Many middle-income countries with high emissions have relatively low presence in carbon markets. And, until recently, reductions from reforestation and avoided deforestation have largely been absent. The agreement reached at Bali in December 2008 to move forward on the Reducing Emissions from Deforestation and Degradation (REDD) agenda can potentially help

Figure 4.8: Environment-Related Analytical and Advisory Services, Fiscal Years 2002–08



Source: Appendix table D.12.
Note: Share of total AAA expenditures assigned to the environment themes.

countries with tropical moist forests access carbon markets. The Bank, among others, has a role to play in helping these countries build capacity to measure and verify forest-related emissions and to bring these assets to market. Through the BioCarbon Fund the Bank has supported a prototype to demonstrate and benchmark the use of carbon finance in forestry and agriculture projects with strong co-benefits in biodiversity, land protection, and poverty reduction.

Internal and External Constraints Shape and Inhibit the Bank's Effectiveness

Recent IEG evaluations have found a number of internal and external constraints to the Bank's effectiveness at the country level. First, demand for environmental projects has been low in many countries. There is tension between the Bank's desire to implement a comprehensive agenda for environment and the strategic dialogue at the country level that leads to selectivity in Bank support across sectors (box 4.5). The modest demand for environmental investments in comparison with demand in other sectors is only partly offset by the availability of GEF and other concessional resources. Where the benefits of environmental action are localized, as with pollution control in China, a country's incentive to take action is stronger. A country's demand for lending may also be constrained by domestic political competition and corruption surrounding valuable resource rents. But the China example (box 4.6) shows what can be achieved when both the country and the World Bank dedicate high levels of attention and resources to environmental issues. Led by China, East Asia has received the largest share of the Bank's ENRM commitments, both in absolute terms and relative to its share of the Bank's total commitments (figure 4.9). China received 22 percent of all ENRM commitments during 2002–08, and four countries (Brazil, China, India, and Mexico) accounted for 45 percent of all such commitments during this period. The Africa Region as a whole received the least amount of ENRM commitments relative to its share in total Bank commitments.

Second, knowledge and capacity constraints inhibit lending. Country knowledge and capacity for environment-related policy making and management is uneven and tends to be particularly weak in smaller and poorer developing countries and at the subnational level. Capacity has expanded most where Bank support has been strong and continuous over an extended period, as in China. Capacity building has been less effective where Bank support has wavered over time and/or used shifting instruments—as in India and Africa (IEG 2008c, pp. 72–73).

Countries' incentives to act are stronger when environmental effects are felt locally.

Lack of country knowledge and capacity have inhibited lending.

Third, internal constraints have inhibited Bank effectiveness. IEG has found that the Bank faces significant knowledge gaps, including measurements of the environmental outcomes arising from its ENRM portfolio (IEG 2008c, p. 74). The evaluation also found that the Bank has been only partially effective at internal knowledge dissemination about what works and what does not. A number of less effective approaches—such as the use of credit lines for industrial pollution abatement—have been discontinued in some but not all Regions, and the lessons of more effective projects—such as certain land and watershed management projects—have not yet been incorporated in all Regions.

Fourth, current Bank staff capacity in the environmental area appears to be inadequate to meet

Box 4.5: Optimal Allocation of Environmental Resources Is Constrained by Political Realities at the Country Level

Three years after the 2001 Environment Strategy was issued, the Bank's Development Economics Group conducted a gap analysis of the Bank's environmental allocations (lending and AAA) to determine where adjustments in environmental support would be most effective in relation to environmental burden and institutional capacity across countries. Environmental burden was measured by biodiversity loss, land degradation, and disability-adjusted life years (DALYs) lost due to environmental contamination—water pollution, outdoor air pollution, and indoor air pollution. This proposed System for Environmental Priority Assessment was presented to the Environment Department, but its implementation was constrained by political realities at the country level.

growing needs—not only for technical specialists, but also for integrating environmental considerations into infrastructure and other types of projects (IEG 2008c, p. 76). The Bank has substantially enhanced its skills in carbon finance and climate change, but greater attention is needed to continue strengthening skills in forestry, natural resource management, and energy, in particular in working with clients on climate change adaptation, including the REDD agenda and ecosystem-based adaptation. This includes cutting-edge analytic and technical capabilities, operational skills to help borrowers prepare and implement environmentally sustainable projects, and enhanced environmental awareness among Bank country managers.[12]

Preference for larger projects has also hindered environment lending.

Finally, internal incentives favor projects with large commitments, which can disadvantage environmental initiatives. Managers and staff have preferred large infrastructure projects that focus on electricity generation and distribution over smaller energy-efficiency projects to deal with demand-side management or appliance standards and building codes:

> *Discussions with staff and other stakeholders are consistent with some standard diagnoses about the neglect of energy efficiency opportunities. Energy efficiency is simply not as visible as energy generation. It is hard to quickly spend large sums of money on energy efficiency (except with the mass distribution of CFLs or in some supply-side projects), and yet energy efficiency projects are often complex or difficult. This makes them less attractive to managers and agencies that use disbursements as a measure of action and large turbines as a visible symbol of achievement. Energy efficiency is viewed by some as being less*

Box 4.6: The Importance of Client Commitment and Sustained World Bank Engagement: The Case of China

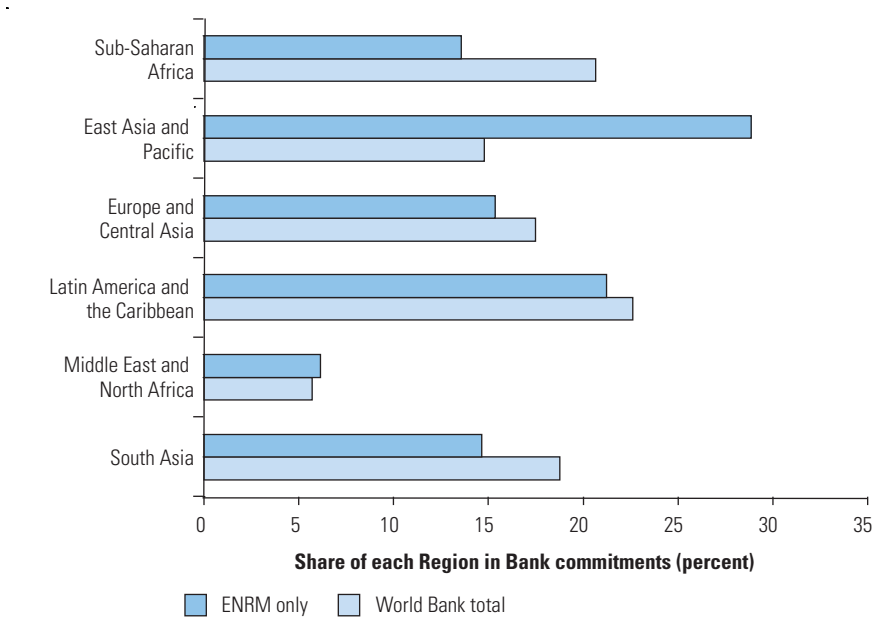
Although recent IEG evaluations point to many examples of successful World Bank country support, the China country program stands out for the breadth, depth, and longevity of Bank support. China faces many serious environmental challenges, including air and water pollution, soil erosion, deforestation, greenhouse gas emissions, and vulnerability to natural disasters. The government has recognized these enormous challenges and has shown a strong determination to address them and a willingness to engage the Bank in that effort. The Bank's assistance has included:

- Consistent attention to urban air and water pollution (including, most recently, a 2007 report *The Cost of Pollution in China* [World Bank 2007a]) and significant lending to help raise citizen awareness and reduce pollution in many metropolitan areas
- Support to land management in the Loess Plateau and elsewhere, resulting in environmental improvement together with sustained increases in agricultural output and rural poverty reduction
- Significant lending for river basin management in the Yellow, Yangtze, and other major river basins, thereby reducing vulnerability due to flooding
- Support for forest plantations and marketing of commercial timber, helping to achieve an increase in overall forest cover in the country since the 1990s
- Strong financial and analytical support to curbing local and global greenhouse gas emissions, including through a focus on energy efficiency and renewable energy in Bank-financed investment projects
- Successful support for phasing-out of ozone-depleting substances through analytic services and lending
- Assistance in designing and implementing (albeit sometimes with mixed results) approaches to environmental management, including pollution levies, public regulations, and public disclosure of polluters
- Mainstreaming of environmental issues across the country program, with nearly 60 percent of all projects approved by the Bank from 1990 to 2007 having environmental components.

Although many problems and challenges remain, the experience over the past two decades in China shows the progress that can be achieved through a combination of client commitment and strong and consistent World Bank engagement.

Source: IEG evaluations.

Figure 4.9: Bank-Implemented ENRM Commitments by Region, 2002–08



Source: World Bank data.
Note: There is no appendix table for this figure.

> *real than generation, when in fact numerous analyses show that much of the demand for energy services over the next 30 years can be more cheaply provided through increased efficiency than through increased generation.* [IEG 2009a, p. 83.]

Yet IEG's evaluation also noted that a small group of dedicated enthusiasts has pursued energy-efficiency projects despite this internal disincentive, and the Bank has included energy-efficiency components in three recently approved Climate Investment Fund projects in Egypt, Mexico, and Turkey.[13]

Major Lessons

Seize Opportunities to Elevate Attention to Environmental Sustainability

The World Bank has a central role in helping developing and transition countries address environmental challenges in a manner that is compatible with economic growth and poverty reduction. New sources of concessional financing are helping the Bank to overcome the limitations of its country-based model—discussed in the 2008 ARDE—by supporting country-level investments to address global environmental concerns such as climate change and deforestation, and the volume of the Bank's environmental commitments has recovered since 2002. But given the critical importance of environmental sustainability for long-term development and the magnitude of the current risks facing the planet, the transformational shift in how the Bank sees and addresses these issues, which is occurring at the corporate level, needs to be appropriately embedded into country strategies and individual Bank operations. The China example shows what can be achieved when both the Bank and the client dedicate high levels of attention and resources to environmental issues.

Mainstream Environmental Awareness into Investment Decisions and Technology Choices across Sectors

Environmental improvement requires mainstreaming environmental awareness into invest-

ment decisions and technology choices across sectors. The merger of the former Environmentally Sustainable Development Network and the former Infrastructure Network into the Sustainable Development Network provides the opportunity for stronger mainstreaming of environmental issues across the expanded network. But how to stimulate greater attention to environmental issues across sectors in the context of the Bank's current matrix structure is an outstanding question that management needs to address carefully. IEG evaluations suggest area-based approaches and point to successful programs and projects that have focused on the needs of a particular geographic area (such as the Loess Plateau and the Yellow River Basin in China).

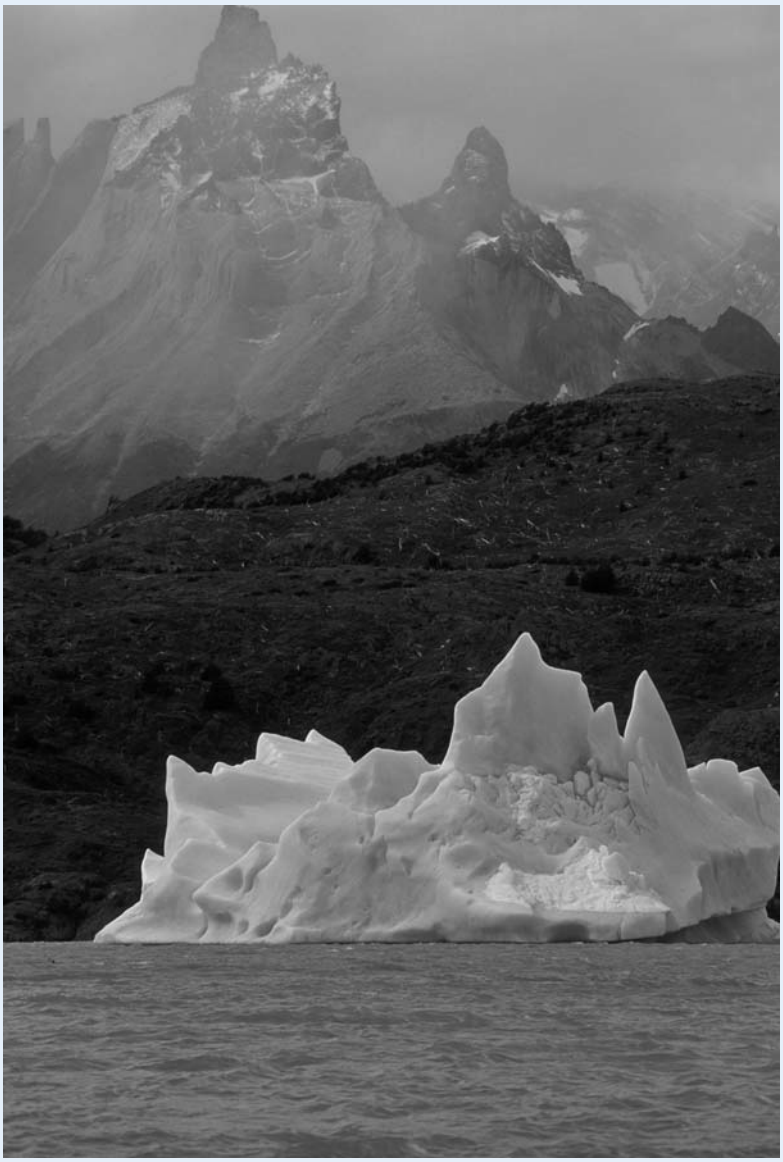
Strengthen Internal Skills and Knowledge Sharing

The Bank's AAA has generated important knowledge. But the Bank's effectiveness at the country level has suffered from both internal and external knowledge and capacity constraints. Staff skills need to be strengthened in a number of technical and operational areas in order to deliver environmentally sound investment and policy reform projects. Strong technical expertise is needed in forestry, natural resource management, and energy to support the efforts to mitigate and adapt to climate change, including the REDD agenda. Effective mechanisms for knowledge sharing are also needed to ensure that knowledge is created, lessons learned, and weak approaches discontinued and replaced with more successful ones. Energy efficiency is one area where rapid learning is needed. Forest policy and management practices to reduce deforestation and foster the sustainable use of forest resources are other topics where sustained attention to knowledge creation and dissemination is needed.

Chapter 5

Evaluation Highlights

- The Bank's direct support for the environment has yielded gains in biodiversity conservation and the development of market-based instruments for environmental management.
- However, most of the Bank's support for the environment is mainstreamed, and these projects lack systematic reporting of environmental performance.
- The growing body of regional projects offers an opportunity to address transnational environmental challenges, but a more strategic approach is needed to help resolve long-standing resource conflicts.
- Global environmental programs are adding value to traditional development assistance, but greater collaboration is needed at the country level for investments that produce regional and global environmental benefits.



Glacial ice, Chile. Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

Achieving Environmental Results from the Project to the Global Level

Part I of this report addressed the challenges of implementing the Bank's results agenda—strengthening M&E, implementing a Bank-wide results measurement system, and making real-time monitoring a realistic tool to inform project implementation and restructuring. These tools can generate valuable lessons and contribute to tangible results if they are based on meaningful information and are accurate and relevant to decision making.

Advancing results for *environmental sustainability* imposes two additional challenges. First, environmental interventions are most often mainstreamed—that is, embedded in projects managed by other sectors, whose M&E systems typically neglect reporting on environmental outcomes. This lack of metrics for tracking the results of mainstreamed projects is not in line with the spirit of the 2001 Environment Strategy to track and evaluate the results of environmental components across all sectors.

Second, environmental results are tied not merely to individual projects but also to efforts at the country, regional, and global levels. This is because environment interventions are characterized by externalities (both positive and negative) that transcend the boundaries of projects and countries. Therefore, this chapter examines efforts to get results from the project, country, regional, and global levels, highlighting the different challenges at each level. Two major findings that emerge from this review are that good monitoring is correlated with better overall outcomes (similar to what was shown in chapter 3)[1] and that poorly designed and implemented monitoring systems have compromised the quality of evaluation at all levels.

Project-Level Results Show Areas of Success, but Monitoring Is Weak

The main challenge to evaluation of environmental results at the project level is the absence of a system across sectors to take stock of, aggregate, and assess progress in achieving environmental outcomes. This is less problematic for projects directly under the management of the environment sector, but is a serious shortcoming for the three-quarters of projects with environmental components that fall under the management of other sectors.

Improvement in ENRM Project Outcomes over Time Reflects General Portfolio Trends

The overall outcomes of ENRM projects have been improving over time. There has been little difference between the overall outcomes of ENRM projects (mapped to all sector boards) and the Bank-wide average of all projects (figure 5.1). The overall outcomes of both project groups

The outcomes of ENRM projects have been improving over time.

have trended upward since the mid-1990s, from about 70 percent satisfactory in 1995 to about 80 percent satisfactory in 2008 (appendix E).

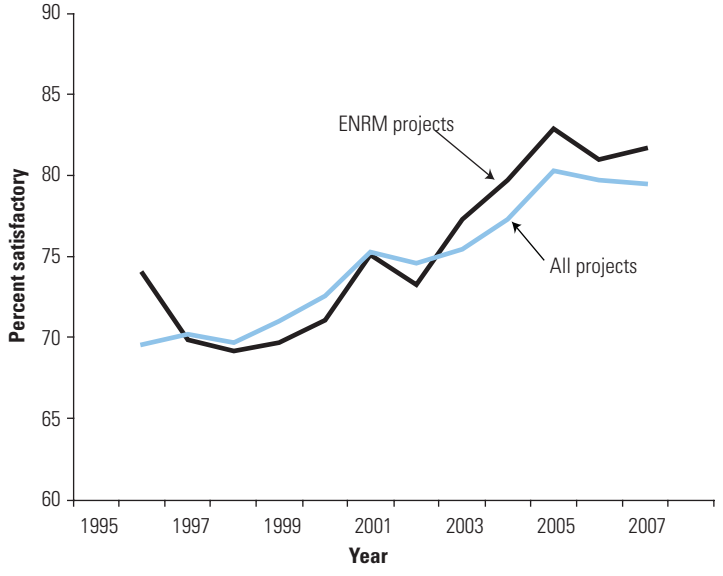
However, a shortcoming of these overall ENRM outcome ratings is that for most projects, they do not reflect performance of the environmental component. Roughly three-quarters of the portfolio has been mainstreamed through other sectors, and the ratings reflect mainly the performance of the managing sectors. The Bank has clearly found it difficult to deliver on the commitment in the 2001 Environment Strategy to implement a corporate portfolio monitoring system to track the environmental components of sector portfolios.

But overall outcome ratings do not reveal results in environmental terms.

Projects Managed by the Environment Sector Show Strong Improvement in Results

As shown in chapter 2, there has been a sharp increase in the percentage of environment projects rated satisfactory on outcome: there is a 15 percentage point improvement in the satisfactory outcomes of projects managed by the Environment Sector Board between the periods 2003–05 and 2006–08. (See figure 2.2b.) IEG's evaluations shed some light on the environmental performance of one subset of the portfolio—biodiversity conservation projects, implemented mostly in Latin America and Africa.

Figure 5.1: Overall Project Outcomes of Environment-Related Projects in Comparison with the Bank-Wide Average, Exit Years 1995–2008



Source: IEG database.
Note: ENRM projects are those coded with at least one environment and natural resource management theme. This is a three-year moving average of both series.

The Bank has been the world's largest source of support for biodiversity, including blended finance from the GEF. Biodiversity conservation projects have achieved an increase in the number and extent of protected areas; however, less is known about the sustainability of biodiversity in the production landscapes surrounding these areas, especially concerning the effectiveness of the introduction of alternative livelihoods.

Between 2002 and 2008, Bank assistance reportedly helped to support the creation or strengthening of protected areas by bringing at least 34 million additional hectares under protection and an additional 16 million hectares under improved management. Most of this assistance was partially funded by GEF. Further field-level assessment would be required to ascertain whether the protected areas supported by the Bank are being effectively and sustainably managed after the project closes.

Biodiversity conservation projects in Latin America helped to collect and aggregate biological data into the larger, landscape-level environmental management systems needed for making critical land-use decisions (box 5.1).

The Bank has also helped to develop and promote market-based instruments for environmental management, including payments for environmental services. The Bank assisted Costa Rica in bringing some 100,000 hectares of additional land, half of which is privately owned, into the national Environmental Services Payment Schemes, while also increasing the participation of women and indigenous groups. Based on this experience, the Bank has entered into a second phase of assistance in Costa Rica and has rolled out similar schemes in Brazil, Colombia, and Mexico.

The Sustainability of Outcomes of Environment Projects Mirror the Bank-Wide Average

Sustainability is measured by assessing and rating the risk to the development outcomes achieved by a project. The assessment takes into account both the probability and likely impact of various threats to outcomes, and considers how these threats have been mitigated in the operation's design or by actions taken during its initial implementation. Overall, there has been no significant difference between the risk to development outcomes of environment projects and the risk of other Bank-supported projects, either before or after the change in the rating system in 2006 from degrees of *sustainability* to degrees of *risk to development outcome* (figure 5.2).

However, IEG has raised the risk to development outcome rating of a significant portion of environment projects since 2006, particularly for biodiversity projects in Africa. This stems from a difference of opinion regarding the necessary conditions for ensuring the sustainability of the benefits of biodiversity projects. These conditions are:

- A thorough assessment of underlying threats coupled with an adequately financed management plan (under implementation) to handle these threats over the long term
- Well-managed and -incentivized organizational or institutional structures
- Real buy-in from local communities whose livelihoods depend in part on the area under conservation
- Sustainable livelihood activities that sustain or raise the income of these communities
- The development and implementation of sustainable financing mechanisms or long-term fund-raising schemes for site management.

The review of the Mesoamerican Barrier Reef System project provides a good example of this disconnect (box 5.2).

Country-Level Results Involve More than Successful Projects

At the country level, the Bank aims to provide strategic, analytical, and operational support in the environmental area and to help countries achieve strategic objectives relating to the environment. Achieving these results involves more than implementing successful projects. As discussed in chapter 1, IEG evaluations of country programs (CAEs) and reviews of CASCRs assess both these dimensions of environmental performance.

More evidence is available about protected areas than about the sustainability of the surrounding production landscapes.

Environmental Components Have Performed Less Well than Overall Country Strategies

Environmental concerns have received growing attention in CASs since 1990. However, the achievement of strategic objectives related to the environment has been less than satisfactory in about half of the CASCRs reviewed by IEG over the past three fiscal years, despite the moderately satisfactory or better performance of overall country programs in two-thirds of all cases. Even where the achievement of an environment-related pillar has been rated satisfactory, the CASCR Reviews have found that overall environmental performance has been mixed, as in Brazil, where land management and biodiversity projects have not performed as well as water resource management projects. And even where a CASCR Review has rated environmental performance as satisfactory, it has pointed

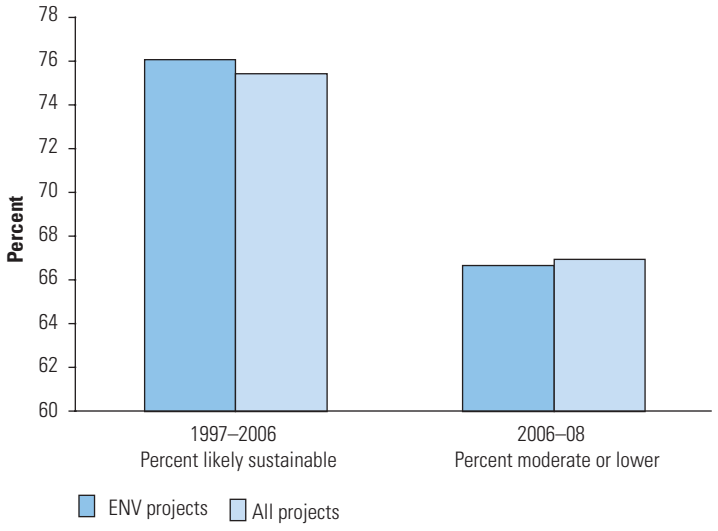
The Bank has successfully piloted and is expanding its support for market-based environment schemes.

Box 5.1: The Indigenous and Community Biodiversity Conservation Project in Mexico (COINBIO)

The COINBIO project put 1 percent of its project costs toward the development of an interactive geo-referenced database, the Integrated Information System (SII). The biodiversity data collected for the project was to be fed into the SII, which would then be made publicly available through a Web site and included as part of the Clearing House Mechanism managed by the government of Mexico. The integrated information system can be viewed at: http://coinbio.iacatas.org.mx. It includes a wide range of both alphanumeric and spatial (GIS) data. However, although the SII provided information needed to determine and report on outcomes at project completion, it was less useful in providing real-time feedback for the project during implementation.

Source: IEG ICR Review.

Figure 5.2: ENRM Projects in the Environmental Sector Have the Same Sustainability Ratings as the Bank-Wide Average



Source: IEG database.
Note: In 2006, the new harmonized OPCS/IEG criteria for implementation completion reporting changed the rating of *sustainability* to *risk to development outcome* (RDO). About 57 percent of projects exiting in 2006 were rated under the old rating system and the remainder under the new system.

to the lack of environmental indicators. For example, the CASCRs for Vietnam and Ethiopia lacked appropriate indicators to gauge progress on environmental sustainability, and the CASCR for Benin failed to provide any performance indicators related to environmental management, even though environment was included in one of its major pillars.

In cases where the outcomes for the environmental pillar were rated less than satisfactory, the most common reasons were lack of commitment by the borrower (Turkey, Ukraine), lack of capacity in key social and environmental sectors (Bosnia), lack of mainstreaming across other critical sectors (Guatemala), and the failure of some environment-related projects to even materialize (Maldives). Two noteworthy exceptions were Colombia and South Africa, where the environment objectives outperformed other complementary objectives.

The Bank's Environmental Stewardship Has Been Uneven, but There Have Been Areas of Success, Such as Energy Pricing

Supporting environmental stewardship involves helping countries set environmental priorities, build institutions, and implement projects for environmental improvement and sustainability. Recent IEG evaluations have found that the Bank

Box 5.2: Risks to Sustaining Environmental Outcomes: The Case of the Central America Mesoamerican Barrier Reef System

The Mesoamerican Barrier Reef System (MBRS) Project aimed to enhance protection of the ecologically unique and vulnerable marine ecosystems comprising the MBRS, the longest barrier reef system in the Western Hemisphere, by helping the littoral states strengthen and coordinate their national policies, regulations, and institutional arrangements for the conservation and sustainable use of this global public good.

Sustainability in the context of this project must be defined in terms of both ecological and program sustainability. That is, it should maintain the biological communities and ecological processes that comprise the MBRS and are responsible for the goods and services it produces, as well as establish the institutional arrangements, financial commitments, and economic and social incentives to maintain a strategic set of well-coordinated activities that will create the conditions for ecological sustainability.

IEG raised this project's level of risk from moderate to significant due to its assessment that, in a regional environment project financed by GEF, risk is more defined by the first criterion above—ecological sustainability. That is, the likelihood of the sustainability of the environmental gains, based on the reduction of existing threats, is a more important factor to consider than the continued support for the means to achieve these gains (such as regional collaboration and organizational structures, monitoring and data collection systems, and so on). The project demonstrated the possibility of interregional cooperation and agreement for transfrontier natural resource management. However, the project was less successful in attempting to manage negative tourism impacts, promote sustainable tourism, and create alternative livelihoods for those engaged in unsustainable natural resource extraction and fisheries. Nonetheless, the strong foundation set by this project provided a sound framework for future investments, and IEG recognized this as a strong aspect of project performance in its assessment.

has been a leader in providing analysis and financing to governments to help address environmental priorities, but the Bank has not generally succeeded in integrating environmental stewardship centrally or integrally into country programs, based on country case studies of a representative sample of countries (IEG 2008c, pp. 25, 30).

For example, the Bank has been a leader in helping countries reform energy pricing by removing costly subsidies while protecting the poor through safety nets. Its detailed analytical work and more than 250 operations involving energy pricing issues have supported significant reforms in the transition economies of Europe and Central Asia (such as Georgia, Romania, Russia, and Ukraine) and in Indonesia and China. But a series of past CASs in India, Mexico, and Pakistan repeated the same set of concerns, but with modest apparent impact. Nor has there been much progress on price reform in Argentina, Kazakhstan, Nigeria, or Vietnam, or in the two biggest diesel subsidizers—Iran and Venezuela.

The Bank has also given modest attention to national policies to promote energy efficiency, even though its 1993 energy policy (World Bank 1993) pointed to increased energy efficiency as an important area for attention. Potentially high-impact approaches involving demand-side management, as well as building and appliance standards and codes, have been underemphasized. As elsewhere, M&E in energy-efficiency projects has also been weak, although there are some signs of improvement. One example is projects promoting the use of compact fluorescent light bulbs, which is easy to monitor and where evaluation could answer a number of critical questions for policy and program design.

Although there is always room for more effective collaboration at the country level, the Bank has been fairly successful at establishing productive partnerships with other donors and development agencies to help countries strengthen their environmental management. One example of a successful country-level partnership is the Pilot Program for the Conservation of Brazilian Rainforests. A partnership between the Brazilian and German governments, GEF, the World Wildlife Fund, and the Bank, the program has strengthened local community and civil society participation and contributed to the establishment of extensive new indigenous ecological and extractive reserves.

Environmental concerns are receiving increasing attention in country programs.

Regional Projects Offer Growing Potential to Achieve Regional Environmental Benefits

The purpose of regional projects has typically been to help neighboring countries manage a common natural resource such as a body of water (such as the Aral Sea or Lake Victoria), a river system (such as the Nile), or a shared ecosystem (the Mesoamerican Biological Corridor, for example). Their specific evaluation challenges are, first, to aggregate country-level results to ascertain the achievements and the sustainability of regional environmental outcomes and, second, to assess the effectiveness and efficiency of their program-level institutional arrangements, such as governance and management.

But the outcomes of about half of all environmental country objectives have been unsatisfactory.

IEG's recent evaluation of Bank support to multicountry operations (IEG 2007d) found that regional projects offer substantial potential to achieve positive regional environmental outcomes, but this requires paying attention to the political economy of relations among countries to gain their acceptance of the obligations involved in acting cooperatively. The Bank has been effective in fostering multicountry cooperation to establish regional institutions to address regional environmental challenges through analytical work, project preparation, and resource mobilization, but the 2007 IEG evaluation of regional programs showed the Bank to be less effective in helping countries resolve longstanding resource conflicts and establish effective enforcement mechanisms.

The Bank has helped clients with energy pricing reforms and has given modest attention to energy-efficiency policies.

Regional projects have successfully built new assets or protected existing

Regional project design is complex, since benefits and costs of participation vary.

ones in ways expected to benefit participating countries, but they have not adequately helped countries make the complementary policy changes needed to sustain project outcomes or reach agreement on the use of shared resources. Regional environmental projects that are designed specifically to address issues that require trade-offs among countries (such as water resource management) are by their nature more challenging than projects that support compatible interests (such as preventing the spread of HIV/AIDS).

Accountable governance arrangements take time to establish but are essential to gaining country ownership. Clear delineation and coordination of the roles of national and regional institutions are also crucial to the implementation of program activities and the sustainability of outcomes. Countries also need to plan well in advance to absorb the costs of sustaining the outcomes of regional projects after external support ends.

What has generally worked best is reliance on national institutions for execution and implementation of program interventions at the country level and on regional institutions for supportive services such as coordination, data gathering and sharing, technical assistance, dispute resolution, and M&E. This delineation characterizes the satisfactory implementation of the first phase of the Lake Victoria Environment Management Program, in which national institutions conducted scientific studies and pilot activities, while a small regional secretariat coordinated information sharing and interactions with donors.

All of the regional environmental projects reviewed by IEG supported some form of scientific research, but project mechanisms varied greatly in the way they attempted to connect the research with enhanced learning and decision-making capacity. For example, the Lake Victoria Environment Management Program, the Central Asia Biodiversity Project, and the Integrated Silvopastoral Approaches to Ecosystem Management Project (box 5.3) were more successful at using and applying the findings of project research than the early phase of the Aral Sea Water and Environmental Management Project, Guarani Aquifer, and the Organization of Eastern Caribbean States Ship-Generated Waste Management Project.

Global Environmental Programs Add Value to Country-Level Efforts

Global partnership programs have become an increasingly important modality for channeling and delivering development assistance to address global concerns that can only be addressed, or addressed more efficiently, by many partners acting together (such as conserving global environmental commons). In addition to evaluating the outcomes of their individual activities, the essential evaluation challenge is to assess the value added by the partnership compared with more traditional modes of development assistance (both multilateral and bilateral) and with other existing, sometimes competing, global initiatives. To what extent do the benefits of the partnership outweigh the additional transactions and other costs associated with operating in a partnership?

Evaluations of global partnerships are the responsibility of the governing bodies of these programs, which typically commission external evaluations every five years or so. In cases where the Bank sits on the governing body or provides a financial contribution, the Bank's representative to that body and the task team leader also have oversight responsibilities—analogous to Bank supervision of an investment project. These responsibilities include, among other things, advocating for sound monitoring and periodic independent evaluations. IEG began conducting Global Program Reviews based on these evaluations in 2006, and has since conducted 14, including reviews of three environmental programs—the Critical Ecosystem Partnership Fund, Global Water Partnership, and Global Invasive Species Program. IEG has found that:

- *The Critical Ecosystem Partnership Fund* (CEPF) made strong progress in its first phase.

As of March 2007, the CEPF had contributed to the creation or expansion of 9.4 million hectares of protected areas in 15 countries and had helped strengthen protected area management across more than 21 million hectares in 16 countries. However, as with Bank-financed projects, the CEPF's investments in production landscapes lack aggregate evidence of the effectiveness of introducing alternative livelihoods in protected area management (IEG 2007b).

- *The Global Water Partnership* (GWP) has a niche in facilitating multistakeholder dialogue on integrated water resource management (IWRM). However, it has been slow to move dialogue beyond water-focused organizations, which runs counter to the comprehensive and integrated approach the GWP advocates. While there have been some notable advances in moving countries toward more integrated management of their water resources, attribution to the GWP is difficult to verify. Also, it has proven difficult to influence country development dialogue, particularly for Poverty Reduction Strategy Papers, to increase budgetary allocation to GWP activities, and to facilitate grassroots implementation of GWP principles through country partnerships. Engagement in transboundary water resource issues—the GWP's comparative advantage—was fragmented and difficult, and the GWP's support for countries and regions was judged to be at the expense of leadership in global policy advocacy (IEG forthcoming a).

National and regional capacities need to be matched to effectively implement regional project activities.

- *The Global Invasive Species Program* has been successful in collating information and raising awareness about invasive alien species (IAS), but has had few linkages to the World Bank's operations. Further research and analysis is needed to identify and prioritize such IAS threats and related cost-effective mitigation or eradication strategies. The Bank could consider supporting research on what the literature has identified as the greatest needs. One of these is the need to improve the basis on which IAS control strategies are evaluated and on which the potential impacts of species introductions are valued (since the valuation of costs and benefits of control options is still quite rudimentary) (IEG 2009b).

Global environment programs need to add value to traditional or alternative modes of development assistance.

IEG has also found that Bank oversight of global programs has generally been very weak because of inadequate budget allocations and poorly defined expectations of the roles, responsibilities, and accountabilities of Bank staff overseeing

Bank oversight of global programs has generally been very weak.

Box 5.3: What Does a Highly Satisfactory Regional Project Look Like? The Case of the Pilot Integrated Silvopastoral Approaches to Ecosystem Management Project in Latin America

The Integrated Silvopastoral Approaches to Ecosystem Management Project aimed to demonstrate and measure the effects of the introduction of payment for environmental services. The project has been successful in demonstrating and measuring the effects of offering payment incentives to farmers to adopt integrated silvopastoral farming systems on degraded pasturelands in Colombia, Costa Rica, and Nicaragua.

The project met its target, with some 12,000 hectares showing improved biodiversity and carbon sequestration. Measured benefits included carbon sequestration (20,000 tons), increased biodiversity (more birds, butterflies, and mollusks in all three countries), improved water quality (reduction of biological oxygen demand), soil retention, soil productivity, reduced inorganic fertilizer through nitrogen-fixing legumes, diversification of systems with risk-reduction potential, and scenic beauty enhancement.

IEG rated the project highly satisfactory because the highly focused, very carefully monitored pilot project seems to have yielded a high payoff both for profitability (and thus growth) and for the environment. Moreover, there was a strong focus on measurement so that evidence rapidly accumulated and lessons were learned quickly within the project period.

Source: PAD, ICR, and IEG ICR Review of the Integrated Silvopastoral Approaches to Ecosystem Management Project.

individual programs. This is both a Bank-wide and a sector issue. Except for a guidance note on conflicts of interest and the reporting requirements associated with Development Grant Facility application forms and progress reports, there are no Bank-wide guidelines for oversight of global programs, despite Internal Auditing Department and IEG recommendations for dealing with this issue going back to 2004. And, except for identifying and catalyzing new environmental partnerships in the context of the growing interest in climate change issues, the Environment Sector Board has not generally followed through on its commitments in the 2001 Environment Strategy to effectively monitor its engagement in global partnerships.[2]

Economic Analysis of Environmental Projects Is Challenging

Environmental projects do not calculate economic rates of return, although some cost-benefit analysis is available.

The economic analysis of projects can help form the basis for resource allocation and the rationale for public support. However, this practice has been in sharp decline in the World Bank (chapter 2). The environmental sector has followed this trend.

IEG reviewed the economic analyses conducted for the complete population of 51 ENRM projects approved since 2000 and closed in 2007 and 2008. More than half of the projects did not conduct any economic or financial rate of return analysis (table 5.1). Of the projects that did conduct economic or financial rates of return analyses, none attempted to calculate the monetary value of their environmental impacts (positive or negative).

Biodiversity conservation projects tend not to conduct economic rate of return or financial rate of return analyses because most World Bank biodiversity projects are partly or fully financed by GEF, and such projects have required the use of a different analytical tool—an incremental cost assessment. Incremental cost—the additional cost of transforming a project with local or national benefits into one that also generates global environmental benefits—is a founding principle of the GEF. The valuation of the incremental cost has aimed to ensure that the funds provided by the GEF are additional, that is, that they do not substitute for existing development funds.

Nine of the 11 biodiversity projects reviewed by IEG were fully financed by GEF and conducted an incremental cost assessment. In addition, the two biodiversity projects that blended GEF and IBRD/IDA finance conducted some type of cost-benefit analysis.[3] The lack of a financial or economic analysis in biodiversity projects may pose a more severe problem in the future due to a recent GEF decision to drop the requirement for incremental cost assessment altogether starting in fiscal 2008 (the result of a recommendation submitted by an independent evaluation of the GEF's incremental cost assessment requirements).[4]

There are clearly untapped opportunities to incorporate analysis of the costs and benefits of environmental outcomes in projects outside the environment sector. For example, projects that mainstream support for environmental health and pollution management can yield important, quantifiable health benefits or have unintended negative impacts. In Ecuador, for example, the Bank applied a willingness-to-pay approach to calculating the costs of adding a water quality component (ex ante) and calculated the estimated cost savings associated with a reduction in health expenditures related to water-borne diseases.

The costs and benefits of the environmental outcomes of irrigation and drainage schemes can also be measured. Bank-financed projects attempted to mainstream water resource management into irrigation and drainage projects in Azerbaijan, Mali, Pakistan, and Tunisia—activities that would have added costs to irrigation and drainage rehabilitation schemes—yet only the Tunisia project attempted to qualify the potential environmental benefits of one intervention, treated wastewater use. In Mali, where the Bank supported environmental and social micro-investments in irrigation, road rehabilitation, and rural water supply, no economic analysis was conducted of related

Table 5.1: Relationship between Economic Rate of Return/Financial Rate of Return and ENRM Projects by Subtheme

	Economic rate of return/financial rate of return				
ENRM subtheme(s)	**None**	**Both**	**Appraisal only**	**Completion only**	**Total**
Biodiversity	1				1
Biodiversity and EPI	9				9
Climate change	1	3			4
Climate change and EPI	1				1
Climate change and EHPM		2			2
EPI	2	1			3
EPI and NRM	1				1
EPI and EHPM	3	3			6
Land administration	3				3
Land administration and NRM			2		2
NRM	2	1		1	4
EHPM	1	7			8
ERM	3	4			7
Total	**27**	**21**	**2**	**1**	**51**

Source: IEG Review of PADs and ICRs of 51 ENRM projects approved since 2000 and closed in 2007 and 2008. See appendix F.
Note: EPI = environmental policies and institutions; EHPM = environmental health and pollution management; NRM = natural resources management; ERM = environmental resources management.

investments in integrated pest management and tree planting, even though such analysis should have been both feasible and desirable. The Bank's Development Economics Group, for example, has conducted quantitative research on the costs of supporting farmer field schools in other projects with integrated pest management activities.

Major Lessons

Critically Examine Success in Achieving Environmental Results through Mainstreaming as the Bank Develops Its New Environment Strategy

As the Bank develops its new environment strategy, it needs to focus carefully on the systematic tracking of environmental components of projects across sectors and on better monitoring and reporting of environmental outcomes at the project and country levels. The old adage of "what gets measured gets done" is all too often true. For the Bank, this means more rigorous economic and environmental assessment, monitoring, evaluation, and reporting for projects, including revising its preparation guidelines for ICRs to require a more systematic review of environmental dimensions and results. Those assessments should account for externalities, including the net impact on greenhouse gas emissions, and should seek to measure indirect and policy-related impacts, which could be much larger than those related to projects. Beyond project-level monitoring, the Bank should also invest in building stronger data and indicators at the country, regional, and global levels, including, for example, comparative data on energy prices, collection rates, subsidies, policies, and performance data at the national and subnational levels.

Few ENRM projects assess or qualify their potential to produce positive environmental externalities, including health benefits or improved water quality.

Foster More Effective Partnerships at All Levels to Enhance Environmental Management

The environmental agenda is so large that concerted action among many players will be essential. The World Bank, bilateral donors, and other development partners need to ensure adequate financing (loan, concessional, and grant) for country-level investments that have regional

and global environmental benefits. They also need to continue to support partnerships that are generating and disseminating knowledge about good policies and practices in environmental management. However, the benefits of increased knowledge will not be fully realized unless the knowledge is disseminated and incorporated into Bank-supported activities at the country level. At that level, donors also need to work closely with one another and with environmental NGOs representing civil society, and both groups need to ensure that governments are fully informed and empowered to participate actively in global partnerships.

Appendixes



Lumber floating on water, Indonesia. Photo by Curt Carnemark, courtesy of the World Bank Photo Library.

APPENDIX A: SUPPORTING DATA FOR 2008 PROJECT PERFORMANCE ANALYSIS

Table A.1: Project Performance Rebounded in 2008

	Fiscal year			
	2006 (percent)	2007 (percent)	2008 (percent)	Five-year average (percent)
Overall	82.6	75.8	81.0	79.4
By sector				
Transport	100	95	95	94
Poverty reduction	100	71	[a]	88
Water	75	90	100	88
Agriculture and rural development	85	83	94	87
Urban development	87	78	[a]	86
Economic policy	81	88	[a]	85
Social protection	84	100	71	83
Education	77	76	50	80
Environment	84	80	89	79
Energy and mining	73	79	67	77
Social development	67	100	[a]	74
Financial/private sector development	81	63	67	70
Public sector governance	68	60	75	64
Health, nutrition, and population	80	41	55	59
By Region				
East Asia and Pacific	92	86	88	85
Europe and Central Asia	79	87	84	85
Latin America and the Caribbean	93	73	81	83
South Asia	86	54	88	81
Middle East and North Africa[b]	71	88	56	74
Africa	66	60	77	68

Source: World Bank data.

a. Subcategories with fewer than five observations were excluded.

b. Only nine projects exiting the portfolio in 2008 from the Middle East and North Africa have thus far been evaluated.

Table A.2: Regression Estimates of Average Differences in Performance by Sector, Region, and Lending Instrument, 1993–2008

Element	Estimated effect[a]	T-ratio
Year (time trend)	0.02	4.45
Transport	—[a]	—
Agriculture and rural development	−0.43	−5.75
Economic policy	−0.61	−5.34
Education	−0.22	−2.53
Energy and mining	−0.53	−6.28
Environment	−0.38	−3.46
Finance and private sector development	−0.60	−6.42
Health, nutrition, and population	−0.56	−5.93
Public sector governance	−0.70	−7.27
Social protection	−0.24	−2.31
Urban development	−0.34	−3.25
Water	−0.49	−4.64
East Asia and the Pacific	—[a]	—
Sub-Saharan Africa	−0.63	−10.10
Europe and Central Asia	−0.06	−0.86
Latin America and Caribbean	−0.08	−1.25
Middle East and North Africa	−0.42	−5.05
South Asia	−0.27	−3.48
Development Policy Loan	0.37	5.08

Source: World Bank data and author's calculations.

Note: N = 3,936; R^2 = 8 percent; time period: 1993–2008

a. The dependent variable is the rating of project performance, measured on the six-point scale. The sector and Region effects are impacts relative to the highest-performing sector and Region: transport and East Asia and Pacific. Hence performance ratings for agriculture were 0.43 points lower, on average, than for transport over this period. Performance ratings for development policy operations were 0.37 points higher than for investment operations. The estimated time trend indicates that performance ratings increased, on average, 0.02 points per year.

APPENDIX B: CRITERIA FOR IEG EVALUATIONS

IEG's ICR Reviews assess Bank-supported projects on a number of dimensions. The primary rating is on an operation's outcome, or the extent to which its major relevant objectives were, or are expected to be, achieved efficiently. These outcomes are rated on a six-point scale, as shown in the table below.

For evaluation purposes, an operation's objectives include the official project development objectives contained in documents approved by the Bank's Board, as well as key associated outcome targets. Shortcomings in the achievement of objectives may involve either the number of objectives achieved or the extent to which they were achieved. Shortcomings in efficiency may involve the extent to which an operation has failed to achieve a return higher than the opportunity cost of capital and is not the least-cost alternative. Shortcomings in relevance may involve the extent to which an operation's objectives, design, or implementation are inconsistent with a country's current development priorities and the Bank's goals.

Outcome: the extent to which the operation's major relevant objectives were, or are expected to be, achieved efficiently

There were _____ in the operation's achievement of its objectives, in its efficiency, or in its relevance.	Rating
. . . no shortcomings . . .	Highly satisfactory
. . . minor shortcomings . . .	Satisfactory
. . . moderate shortcomings . . .	Moderately satisfactory
. . . significant shortcomings . . .	Moderately unsatisfactory
. . . major shortcomings . . .	Unsatisfactory
. . . severe shortcomings . . .	Highly unsatisfactory

APPENDIX C: SUMMARY OF MANAGEMENT ACTION RECORD 2009

IEG influences the Bank's effectiveness through recommendations to management as part of sector, thematic, and corporate evaluations, as well as through findings of CAEs. Bank management is accountable to the Board for follow-up. One of the intermediate outcomes for IEG is the extent to which management implements IEG recommendations and findings in policy advice, program design, and project design.

The Management Action Record (MAR) allows IEG to monitor the adoption[1] and implementation[2] of individual recommendations from sector, thematic, and corporate evaluations. It includes the ratings of both management and IEG on these two indicators, updated annually.

The MAR includes all recommendations issued in the past three calendar years (2006–08). Recommendations from earlier years are submitted to the Bank's Board in another document, the Implementation Report, and archived if there are no objections. The MAR for 2009 tracks management's progress on 61 recommendations, including 25 new recommendations from the seven IEG studies (excluding CAEs) presented to the Board in calendar year 2008[3] and 36 recommendations carried forward from calendar 2006 and 2007.[4]

There has been a decline in the level of Bank agreement with IEG's recommendations. Of the 61 recommendations in the 2009 MAR, 88 percent (54 recommendations) have been accepted by Bank management.[5] This is lower than the rate of acceptance in earlier years (96 percent in MAR 2008 and 95 percent in MAR 2007).

Level of Adoption of IEG Recommendations

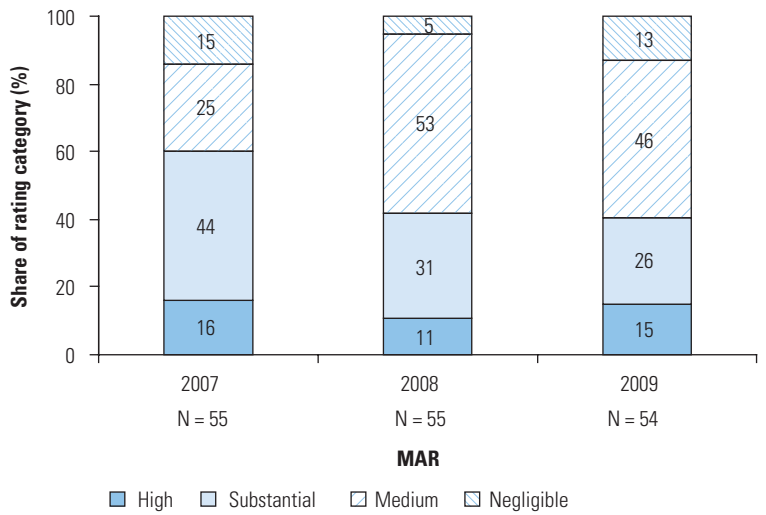
In recent years, there has been a downward shift in the distribution of adoption ratings among the top two categories, substantial and high. In the 2009 MAR, as shown in figure C.1, IEG rated adoption substantial or better for 41 percent of recommendations, compared with 42 percent in the 2008 MAR and 60 percent in the 2007 MAR. The lowest rating, negligible, has remained relatively stable, dipping from 15 percent in 2007 to 5 percent in 2008 to 13 percent in 2009.

Of the 36 recommendations that have been carried over from previous years, IEG rated management's adoption high or substantial for 53 percent (18) of these recommendations and medium for 44 percent (15). The adoption of one recommendation was rated negligible, and for two recommendations there was a difference of opinion between IEG and management.

It is unreasonable to expect the immediate adoption of recommendations in the first year; however, ratings for these new recommendations are substantially lower than was reported in the 2008 MAR, as shown in figure C.2. Of the 25 new recommendations from calendar 2008, the adoption of 20 percent (4) was high or substantial, of 50 percent (10) was medium, and of 30 percent (6) was negligible.[6]

Among the reasons for the increase in negligible ratings was the limited information management provided that linked concrete actions to the specific recommendations and the absence of objective indicators to verify the progress of adoption. The 2009 MAR ratings for new

Figure C.1: The Level of Adoption of IEG Recommendations Is Lower than in Previous Years



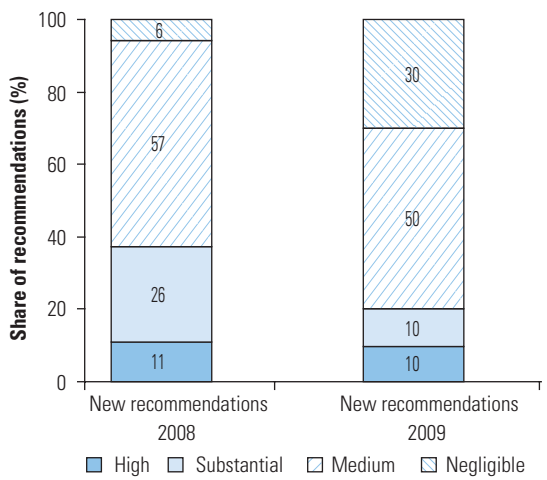
Source: World Bank data.

recommendations highlight the need to sharpen the focus on effective recommendations and their speedy adoption.

Disagreement between IEG and Management on Level of Adoption

In the 2009 MAR, IEG and management agreed on the rating on level of adoption for 67 percent of recommendations (36 out of 54).[7] In particular, there were disagreements on high and substantial adoption ratings, which IEG assigned to 41 percent of recommendations, compared with 54 percent by management. Where there was disagreement on the level of adoption, IEG's ratings were lower than management's for all but one recommendation.

Figure C.2: The Level of Adoption of New IEG Recommendations Dropped in 2009



Source: World Bank data.

Table C.1 shows the distribution of adoption ratings by management and IEG, which was similar to that in previous years (67 percent in 2009 compared with 65 percent in 2008). The disconnect between IEG and management was 13 percent in 2009, compared with 18 percent in 2008 and 28 percent in 2007. IEG and management agreed on the level of adoption for 65 percent (22) of recommendations carried over from previous years, which compares favorably with that reported in the 2008 MAR (53 percent).

Improving the MAR

IEG is currently undertaking an initiative to improve the MAR to create a more timely and effective product for assessing the implementation of IEG's recommendations. Key elements under consideration include measures to

improve the quality of IEG recommendations and to facilitate stronger engagement of the Board in the process. Further elements are aimed at simplifying the reporting and monitoring process and moving toward a more continuous engagement and support in the implementation of recommendations. IEG is also considering combining the MAR and Implementation Report into a single report that offers a summary assessment of management actions taken over the past year. Under the forthcoming update to IEG's disclosure policy, the combined document would be disclosed to the general public from fiscal 2010 onward.

Table C.1: The Bank Tended to Rate the Level of Adoption of Recommendations Higher than IEG

	IEG Ratings					Sum of management ratings
Management ratings	**High**	**Substantial**	**Medium**	**Negligible**	**Difference of opinion**	
High	7	5	1			13
Substantial	1	9	5	1		16
Medium			19	5		24
Negligible				1		1
Difference of opinion					7	7
Sum of IEG ratings	8	14	25	7	7	61

Source: IEG data.
Note: Fields in lighter blue show agreement between management and IEG. The last column shows the sum of ratings in each category by management. The last row shows the sum of ratings by IEG.

APPENDIX D: THE BANK'S ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT (ENRM) PORTFOLIO

Table D.1: Share of ENRM Operations in Total Bank Operations, Fiscal Years 1990–2008

	Number of operations[a]			Commitments (US$ millions)[b]		
Approval year	ENRM operations	All Bank operations	Percent of total	ENRM operations	All Bank operations	Percent of total
1990	24	222	11	2,153	20,702	10
1991	21	230	9	2,119	22,630	9
1992	36	228	16	2,867	21,718	13
1993	43	305	14	3,405	23,600	14
1994	52	324	16	3,712	20,992	18
1995	65	351	18	3,268	23,097	14
1996	50	369	14	2,618	21,701	12
1997	47	361	13	2,575	19,603	13
1998	47	401	12	2,732	28,871	9
1999	46	405	11	1,614	29,684	5
2000	47	334	14	2,004	15,938	13
2001	52	349	15	1,527	18,159	8
2002	31	333	9	1,065	21,283	5
2003	44	349	13	1,240	18,997	7
2004	51	371	14	1,521	20,720	7
2005	76	418	18	2,840	23,136	12
2006	69	418	17	2,602	25,635	10
2007	66	467	14	2,309	25,857	9
2008	70	451	15	2,989	25,723	12
Total	**937**	**6,686**	**14**	**45,160**	**428,046**	**11**

Source: World Bank data.

a. Weighted by the share of each project assigned to the environment themes.

b. Share of total commitments assigned to the environment themes.

Table D.2: ENRM Operations by Type of Instrument, Fiscal Years 1990–2008

Approval year	Number of operations[a]			Commitments (US$ millions)[b]		
	Investment operations	Development policy operations	Total	Investment operations	Development policy operations	Total
1990	58	3	61	2,128	25	2,153
1991	54	2	56	1,955	164	2,119
1992	81	3	84	2,855	12	2,867
1993	83	4	87	3,314	90	3,405
1994	95	4	99	3,657	55	3,712
1995	101	5	106	3,225	42	3,268
1996	95	3	98	2,591	28	2,618
1997	97	3	100	2,471	104	2,575
1998	110	3	113	2,561	171	2,732
1999	88	8	96	1,250	362	1,612
2000	90	4	94	1,937	67	2,004
2001	84	4	88	1,505	20	1,525
2002	77	3	80	879	186	1,065
2003	86	6	92	1,064	176	1,240
2004	113	5	118	1,463	59	1,521
2005	140	8	148	2,031	809	2,840
2006	135	9	144	2,328	274	2,602
2007	140	7	147	1,977	332	2,309
2008	133	10	143	2,265	724	2,989
Total	**1,860**	**94**	**1,954**	**41,456**	**3,700**	**45,156**

Source: World Bank data.

a. Number of operations with at last one environment theme.

b. Share of total commitments assigned to the environment themes.

Table D.3: ENRM Operations by Source of Financing, Fiscal Years 1995–2001 and 2002–08

Source of financing	Approval years: Fiscal 1995–01 Number of operations	Fiscal 1995–01 Commitments (US$ millions)	Fiscal 2002–08 Number of operations	Fiscal 2002–08 Commitments (US$ millions)
IBRD/IDA projects				
Investment projects	486	14,269	434	9,325
Development policy lending	30	793	46	2,550
Guarantees	4	174	3	45
Subtotal	520	15,236	483	11,920
Bank-implemented GEF projects				
World Bank/GEF blends[a]	(31)	169	(59)	312
Freestanding GEF projects	67	451	128	813
Medium-size GEF projects[b]	41	23	53	34
Subtotal	139	644	240	1,159
Selected trust funds				
Montreal Protocol	18	400	3	48
Carbon Offsets	1	0	101	1,173
Other trust funds	17	55	45	264
Subtotal	36	455	149	1,483
Total[c]	**664**	**16,334**	**813**	**14,562**
Annual average	**95**	**2,333**	**116**	**2,080**

Source: World Bank data.

a. These commitment amounts include the GEF commitments to the 31 blended projects in 1995–2001 and 59 blended projects in 2002–08. All but one of these projects (Cameroon in fiscal 2006) were investment operations.

b. These projects are for less than $1.0 million.

c. These totals count World Bank/GEF blends as one project.

Table D.4: ENRM Global/Regional Operations by Source of Financing, Fiscal Years 1995–2001 and 2001–08

Source of financing	Approval years			
	Fiscal 1995–01		Fiscal 2002–08	
	Number of operations	Commitments (US$ millions)	Number of operations	Commitments (US$ millions)
IBRD/IDA projects				
IBRD investment projects	4	102.3	6	115.4
IDA investment projects	7	67.1	13	309.7
IDA guarantees	0	0.0	1	16.5
Subtotal	11	169.4	20	441.7
Bank-implemented GEF projects				
World Bank/GEF blends[a]	(4)	39.2	(3)	21.4
Freestanding GEF projects	17	94.6	40	241.2
Medium-size GEF projects[b]	3	2.0	8	5.9
Subtotal	24	135.7	51	268.6
Selected trust funds				
Rainforest Trust Fund	8	6.6	11	16.2
Carbon Offsets	0	0.0	2	3.0
Other trust funds	1	4.3	4	48.1
Subtotal	9	10.9	17	67.4
Total[c]	**40**	**316.0**	**85**	**777.6**
Annual average	**6**	**45.1**	**12**	**111.1**

Source: World Bank data.

a. These commitment amounts include the GEF commitments to the four blended projects in 1995–2001 and the one blended project in 2002–08.

b. These projects are for less than $1 million.

c. These totals count World Bank/GEF blends as one project.

Table D.5: ENRM Operations by Source of Financing and Theme, Fiscal Years 1995–2001 and 2002–08 (US$ millions commitments)

	IBRD/IDA investment operations		IBRD/IDA development policy operations		GEF		Other trust funds		Total	
Theme	**1995–2001**	**2002–08**	**1995–-2001**	**2002–-08**	**1995–2001**	**2002–08**	**1995–2001**	**2002–08**	**1995–2001**	**2002–08**
Pollution management and environmental health	4,902	2,942	175	277	144	145	322	142	5,544	3,506
Water resources management	3,214	2,643	75	264	33	71	8	129	3,329	3,108
Climate change	1,431	1,150	25	383	81	312	115	1,156	1,652	3,001
Environmental policies and institutions	2,388	946	261	1,024	203	234	182	24	3,034	2,228
Land administration and management	1,606	992	217	412	24	82	1	35	1,848	1,521
Biodiversity	282	282	0	130	145	255	0	6	427	673
Other environment and natural resources management	446	362	39	59	14	68	1	41	500	530
Total	**14,269**	**9,317**	**793**	**2,550**	**644**	**1,167**	**628**	**1,533**	**16,334**	**14,566**

Source: World Bank data.

Table D.6: ENRM Operations by Source of Financing and Sector Board, Fiscal Years 1995–2001 and 2002–08 (US$ millions commitments)

	IBRD/IDA investment operations		IBRD/IDA development policy operations	
Sector Board	**1995–2001**	**2002–08**	**1995–-2001**	**2002–-08**
Agriculture and Rural Development	3,822	2,700	358	173
Environment	1,596	744	25	1,657
Energy and Mining	3,299	1,403	219	118
Water	2,614	2,423	0	49
Transport	1,624	758	29	4
Urban Development	1,018	1,158	0	80
Other sector boards	296	138	163	468
Total	**14,269**	**9,325**	**793**	**2,550**
Percentage of total				
Agriculture and Rural Development	27	29	45	7
Environment	11	8	3	65
Energy and Mining	23	15	28	5
Water	18	26	0	2
Transport	11	8	4	0
Urban Development	7	12	0	3
Other sector boards	2	1	21	18
Total	**100**	**100**	**100**	**100**

Source: World Bank data.

GEF		Other trust funds		Total	
1995–2001	2002–08	1995–2001	2002–08	1995–2001	2002–08
99	151	2	66	4,347	3,090
394	578	409	1,108	2,424	4,086
131	316	15	150	3,772	2,033
7	60	24	101	2,646	2,634
1	38	0	2	1,654	801
11	6	3	14	1,031	1,258
1	10	1	42	461	660
644	**1,159**	**455**	**1,484**	**16,334**	**14,562**
15	13	0	4	27	21
61	50	90	75	15	28
20	27	3	10	23	14
1	5	5	7	16	18
0	3	0	0	10	6
2	0	1	1	6	9
0	1	0	3	3	5
100	**100**	**100**	**100**	**100**	**100**

Table D.7: Share of ENRM Projects and Commitments in the Total Number of Projects and Volume of Commitments to Each Sector Board, 1995–2008

	ENRM as percent of total		
Sector Board	**1995–2001**	**2002–08**	**Total**
Number of projects			
Environment	95	99	97
Water	85	68	75
Energy and Mining	68	62	64
Agriculture and Rural Development	56	57	56
Urban Development	51	35	41
Transport	24	19	21
Other sector boards	3	5	4
Total	**32**	**34**	**33**
Commitments (US$ millions)			
Environment	62	85	75
Water	41	30	34
Energy and Mining	22	15	19
Agriculture and Rural Development	25	19	22
Urban Development	18	11	13
Transport	8	3	6
Other sector boards	1	1	1
Total	**10**	**9**	**10**

Source: World Bank data.

Number of ENRM projects			Total number of projects		
1995–2001	2002–08	Total	1995–2001	2002–08	Total
179	249	428	189	252	441
87	99	186	102	146	248
117	164	281	172	264	436
181	202	383	323	357	680
47	55	102	92	157	249
47	39	86	193	208	401
37	63	100	1,078	1,177	2,255
695	**871**	**1,566**	**2,149**	**2,561**	**4,710**
2,424	4,086	6,509	3,895	4,825	8,720
2,646	2,634	5,280	6,520	8,842	15,361
3,772	2,033	5,805	16,950	13,642	30,592
4,347	3,090	7,437	17,247	16,633	33,880
1,031	1,258	2,290	5,647	11,731	17,378
1,654	801	2,455	19,879	23,375	43,254
461	660	1,120	86,915	82,338	169,253
16,334	**14,562**	**30,897**	**157,053**	**161,386**	**318,439**

Table D.8: ENRM Operations by Sector Board, Fiscal Years 1995–2001 and 2002–08

	Number of operations			Commitments (US$ millions)		
Sector Board	**1995–2001**	**2002–08**	**Total**	**1995–2001**	**2002–08**	**Total**
Agriculture and Rural Development	181	202	383	4,347	3,090	7,437
Environment	179	249	428	2,424	4,086	6,509
Energy and Mining	117	164	281	3,772	2,033	5,805
Water	87	99	186	2,646	2,634	5,280
Transport	47	39	86	1,654	801	2,455
Urban Development	47	55	102	1,031	1,258	2,290
Public Sector Governance	6	14	20	85	234	319
Economic Policy	13	13	26	122	155	277
Financial and Private Sector Development	6	13	19	91	83	174
Education	3	3	6	108	17	126
Poverty Reduction	0	7	7	0	85	85
Social Protection	6	4	10	43	32	76
Social Development	2	8	10	8	52	60
Health, Nutrition, and Population	1	1	2	3	1	4
Total	**695**	**871**	**1,566**	**16,334**	**14,562**	**30,897**
			Percent of total			
Agriculture and Rural Development	26	23	24	27	21	24
Environment	26	29	27	15	28	21
Energy and Mining	17	19	18	23	14	19
Water	13	11	12	16	18	17
Transport	7	4	5	10	6	8
Urban Development	7	6	7	6	9	7
Public Sector Governance	1	2	1	1	2	1
Economic Policy	2	1	2	1	1	1
Financial and Private Sector Development	1	1	1	1	1	1
Education	0	0	0	1	0	0
Poverty Reduction	0	1	0	0	1	0
Social Protection	1	0	1	0	0	0
Social Development	0	1	1	0	0	0
Health, Nutrition, and Population	0	0	0	0	0	0
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: World Bank data.

Table D.9: ENRM Operations by Region, Fiscal Years 1995–2001 and 2002–08

Region	Number of operations			Commitments (US$ millions)		
	1995–2001	2002–08	Total	1995–2001	2002–08	Total
Africa	141	216	357	1,893	1,688	3,582
East Asia and the Pacific	126	160	286	5,716	5,097	10,814
Europe and Central Asia	153	168	321	2,559	2,282	4,841
Latin America and the Caribbean	153	202	355	2,821	2,516	5,336
Middle East and North Africa	55	55	110	931	831	1,762
South Asia	66	68	134	2,394	2,134	4,528
Global	1	2	3	20	14	34
Total	**695**	**871**	**1,566**	**16,314**	**14,548**	**30,862**
			Percent of total			
Africa	20	25	23	12	12	12
East Asia and the Pacific	18	18	18	35	35	35
Europe and Central Asia	22	19	20	16	16	16
Latin America and the Caribbean	22	23	23	17	17	17
Middle East and North Africa	8	6	7	6	6	6
South Asia	9	8	9	15	15	15
Global	0	0	0	0	0	0
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: World Bank data.

Table D.10: Incidence of ENRM Themes by Sector Board, Fiscal Years 1995–2008

Theme	Environment	Agriculture & Rural Development	Energy & Mining	Water	Urban Development	Transport	Other	Total
Number of projects[a]								
Environmental policies and institutions	266	102	62	39	14	22	28	533
Biodiversity	226	88	1	6	2	2	10	335
Pollution management and environmental health	148	42	103	132	54	57	8	544
Land administration and management	94	141	8	6	26	2	32	309
Water resources management	87	149	15	103	25	7	11	397
Climate change	93	21	191	8	10	8	9	340
Other environment and natural resources management	76	75	15	1	1	3	19	190
Total	**990**	**618**	**395**	**295**	**132**	**101**	**117**	**2,648**
Commitments (US$ millions)								
Environmental policies and institutions	1,956	977	845	482	155	509	339	5,263
Biodiversity	599	399	1	29	7	19	47	1,101
Pollution management and environmental health	1,339	413	1,968	2,664	1,004	1,587	75	9,050
Land administration and management	430	1,855	132	91	598	3	261	3,369
Water resources management	611	3,015	167	1,899	439	186	119	6,437
Climate change	1,439	104	2,641	115	73	135	145	4,653
Other environment and natural resources management	142	674	51	0	13	16	135	1,031
Total	**6,516**	**7,437**	**5,805**	**5,280**	**2,290**	**2,455**	**1,122**	**30,905**
Percent of total commitments								
Environmental policies and institutions	30	13	15	9	7	21	30	17
Biodiversity	9	5	0	1	0	1	4	4
Pollution management and environmental health	21	6	34	50	44	65	7	29
Land administration and management	7	25	2	2	26	0	23	11
Water resources management	9	41	3	36	19	8	11	21
Climate change	22	1	45	2	3	6	13	15
Other environment and natural resources management	2	9	1	0	1	1	12	3
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: World Bank data.

a. Number of projects in which each theme occurs. The differences among sector boards are significant at the 1 percent level.

Table D.11: Incidence of ENRM Themes by Region, Fiscal Years 1995–2008

Theme	Africa	East Asia & Pacific	Europe & Central Asia	Latin America & Caribbean	Middle East & North Africa	South Asia	Global	Total
Number of projects[a]								
Environmental policies and institutions	138	82	95	146	33	38	1	533
Biodiversity	109	42	41	118	10	13	2	335
Pollution management and environmental health	77	111	164	89	59	44		544
Land administration and management	74	49	67	95	9	15		309
Water resources management	90	67	80	65	51	43	1	397
Climate change	55	91	76	75	15	28		340
Other environment and natural resources management	69	29	27	53	6	6		190
Total	**612**	**471**	**550**	**641**	**183**	**187**	**4**	**2,648**
Commitments (US$ millions)								
Environmental policies and institutions	713	1,433	604	1,483	196	824	10	5,263
Biodiversity	264	176	85	437	14	101	23	1,101
Pollution management and environmental health	755	3,517	1,673	1,108	714	1,283		9,050
Land administration and management	406	1,017	839	765	74	268		3,369
Water resources management	795	1,912	867	848	625	1,389	1	6,437
Climate change	350	2,440	671	537	110	545		4,653
Other environment and natural resources management	301	318	101	160	34	116		1,031
Total	**3,583**	**10,814**	**4,841**	**5,339**	**1,767**	**4,528**	**34**	**30,905**
Percent of total commitments								
Environmental policies and institutions	20	13	12	28	11	18	29	17
Biodiversity	7	2	2	8	1	2	69	4
Pollution management and environmental health	21	33	35	21	40	28	0	29
Land administration and management	11	9	17	14	4	6	0	11
Water resources management	22	18	18	16	35	31	2	21
Climate change	10	23	14	10	6	12	0	15
Other environment and natural resources management	8	3	2	3	2	3	0	3
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: World Bank data.

a. Number of projects in which each theme occurs. The differences among sector boards are significant at the 1 percent level.

Table D.12: ENRM Analytical and Advisory Services by Type of Activity and Source of Funding, Fiscal Years 2002–08

	`2002	2003	2004	2005	2006	2007	2008	Total
Number of activities[a]								
ESW	33	56	72	66	61	64	62	414
TA	43	42	41	68	24	56	65	339
Grand total	**76**	**98**	**113**	**134**	**85**	**120**	**127**	**753**
Expenditures (US$ thousands)[b]								
ESW								
Bank administrative budget	1,746	2,853	3,611	4,796	7,396	5,874	5,620	31,896
Bank-administered trust fund	1,501	734	2,029	3,818	5,838	3,173	5,375	22,469
Total	**3,247**	**3,588**	**5,640**	**8,614**	**13,235**	**9,046**	**10,995**	**54,365**
TA								
Bank administrative budget	2,910	2,523	2,409	3,689	1,082	4,325	3,445	20,382
Bank-administered trust fund	1,424	3,345	6,398	7,142	3,751	5,370	3,884	31,314
Total	**4,334**	**5,868**	**8,807**	**10,831**	**4,833**	**9,695**	**7,328**	**51,696**
AAA total								
Bank administrative budget	4,656	5,376	6,020	8,485	8,478	10,199	9,065	52,278
Bank-administered trust fund	2,925	4,080	8,428	10,961	9,589	8,543	9,259	53,783
Total	**7,581**	**9,456**	**14,447**	**19,445**	**18,067**	**18,741**	**18,324**	**106,062**

Source: World Bank data.
a. Activities with at least one environmental theme.
b. Share of total expenditures assigned to the environment themes.

Table D.13: ENRM Analytical and Advisory Services by Country Level versus Global/Regional Level, Fiscal Years 2002–08

		Expenditures (US$ thousands)			Percent[b]		
Type of activity	**Number of activities[a]**	**Bank administrative budget**	**Bank-administered trust fund**	**Total**	**Bank administrative budget**	**Bank-administered trust fund**	**Total**
Country-level activities							
ESW	312	25,372	14,668	40,040	24	14	38
TA	259	12,480	12,511	24,992	12	12	24
Subtotal	571	37,852	27,179	65,032	36	26	61
Global/regional activities							
ESW	102	6,524	7,801	14,325	6	7	14
TA	80	7,902	18,803	26,705	7	18	25
Subtotal	182	14,426	26,604	41,030	14	25	39
All activities							
ESW	414	31,896	22,469	54,365	30	21	51
TA	339	20,382	31,314	51,696	19	30	49
Total	**753**	**52,278**	**53,783**	**106,061**	**49**	**51**	**100**

Source: World Bank data.
a. Activities with at least one environmental theme.
b. Share of total expenditures assigned to the environment themes.

Table D.14: ENRM Analytical and Advisory Services by Sector Board, Fiscal Years 2002–08

	Number of activities			Expenditures (US$ thousands)		
Sector Board	**ESW**	**TA**	**Total**	**ESW**	**TA**	**Total**
Environment	144	187	331	26,957	25,335	52,292
Agriculture and Rural Development	88	42	130	11,476	6,010	17,486
Energy and Mining	89	44	133	7,382	8,878	16,260
Water	41	30	71	5,747	6,230	11,977
Financial and Private Sector Development		9	9		3,278	3,278
Urban Development	11	7	18	952	755	1,707
Economic Policy	15	5	20	837	298	1,136
Social Development	8	6	14	477	517	994
Poverty Reduction	6	2	8	258	40	299
Transport	6	1	7	172	13	186
Public Sector Governance	2	1	3	65	11	75
Other	4	5	9	42	330	372
Total	**414**	**339**	**753**	**54,365**	**51,696**	**106,062**
			Percent of total			
Environment	35	55	44	50	49	49
Agriculture and Rural Development	21	12	17	21	12	16
Energy and Mining	21	13	18	14	17	15
Water	10	9	9	11	12	11
Financial and Private Sector Development	0	3	1	0	6	3
Urban Development	3	2	2	2	1	2
Economic Policy	4	1	3	2	1	1
Social Development	2	2	2	1	1	1
Poverty Reduction	1	1	1	0	0	0
Transport	1	0	1	0	0	0
Public Sector Governance	0	0	0	0	0	0
Other	1	1	1	0	1	0
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: World Bank data.

Table D.15: ENRM Analytical and Advisory Services by Region, Fiscal Years 2002–08

	Number of activities			Expenditures (US$ thousands)		
Region	**ESW**	**TA**	**Total**	**ESW**	**TA**	**Total**
Africa	89	76	165	9,897	15,429	25,326
East Asia and the Pacific	80	110	190	12,586	14,451	27,036
Europe and Central Asia	82	47	129	8,978	6,120	15,097
Latin America and the Caribbean	37	17	54	5,766	999	6,764
Middle East and North Africa	48	49	97	4,275	6,917	11,192
South Asia	44	27	71	9,505	2,952	12,457
Africa	34	13	47	3,359	4,829	8,188
Total	**414**	**339**	**753**	**54,365**	**51,696**	**106,062**
			Percent of total			
Africa	21	22	22	18	30	24
East Asia and the Pacific	19	32	25	23	28	25
Europe and Central Asia	20	14	17	17	12	14
Latin America and the Caribbean	9	5	7	11	2	6
Middle East and North Africa	12	14	13	8	13	11
South Asia	11	8	9	17	6	12
Africa	8	4	6	6	9	8
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: World Bank data.

APPENDIX E: PERFORMANCE OF THE BANK'S ENRM PORTFOLIO

Table E.1: Overall Project Outcomes of ENRM Projects in Comparison with the Bank-Wide Average, Exit Years 1995–2008

Exit year	Number of ENRM projects evaluated[a]	ENRM commitments evaluated[b]	Based on number of projects		Weighted by net commitments	
			Percent satisfactory outcomes	Bank-wide average (%)	Percent satisfactory outcomes	Bank-wide average (%)
1995	10	718	80.0	67.9	96.4	77.9
1996	64	5,680	67.2	68.9	61.8	71.8
1997	75	5,358	74.7	71.8	82.5	73.5
1998	87	6,794	67.8	69.9	71.1	76.9
1999	83	5,152	65.1	67.4	75.5	71.9
2000	80	6,173	76.3	75.8	69.9	80.2
2001	78	4,999	71.8	74.5	68.5	77.3
2002	84	5,520	77.4	75.5	89.0	83.2
2003	82	5,338	70.7	73.6	69.3	72.7
2004	93	6,167	83.9	77.3	90.7	87.2
2005	91	5,066	84.6	80.9	80.9	83.9
2006	81	5,573	80.2	82.6	89.7	90.2
2007	59	3,006	78.0	75.7	72.7	82.3
2008	30	2,320	86.7	80.2	95.6	92.3
Total	**997**	**67,865**	**75.4**	**74.3**	**77.8**	**79.3**

Source: IEG project ratings database.

a. Number of projects with at least one environment theme.

b. Commitments to projects with at least one environment theme.

Table E.2: Likely Sustainability of ENRM Projects in Comparison with the Bank-Wide Average, Exit Years 1995–2008

Exit year	Number of ENRM projects evaluated[a]	ENRM commitments evaluated[b]	Based on number of projects		Weighted by net commitments	
			Percent likely sustainable	Bank-wide average (%)	Percent likely sustainable	Bank-wide average (%)
1995	8	681	87.5	46.4	97.6	57.6
1996	40	3,662	67.5	47.1	67.3	53.7
1997	50	2,974	74.0	54.0	77.1	59.4
1998	59	4,617	69.5	49.5	74.7	65.4
1999	66	4,070	65.2	55.5	80.9	74.3
2000	75	5,931	74.7	70.8	66.7	75.0
2001	73	4,900	71.2	72.8	66.9	81.8
2002	75	5,063	68.0	74.3	83.4	83.7
2003	72	5,245	73.6	72.9	74.3	71.4
2004	83	5,728	78.3	78.8	81.7	88.0
2005	82	5,398	84.1	82.0	82.1	87.9
2006[c]	79	5,524	70.9	78.0	81.3	88.9
2007	60	3,011	61.7	69.6	69.6	75.6
2008	30	2,320	66.7	61.8	81.6	77.7
Total	**852**	**59,125**	**72.1**	**65.2**	**76.3**	**73.5**

Source: IEG project ratings database.

a. Number of projects with at least one environment theme.

b. Commitments to projects with at least one environmental theme.

c. IEG changed its rating criterion from *sustainability* to *risk to development outcome* in 2006.

Table E.3: ENRM Projects, Overall Project Outcomes by Type of Operation

	Number of projects[a]			Net commitments (percent)[b]		
Exit year	Investment operations	Development policy operations	Total	Investment operations	Development policy operations	Total
1995	9	1	10	78	100	80
1996	61	3	64	66	100	67
1997	71	4	75	73	100	75
1998	83	4	87	69	50	68
1999	79	4	83	65	75	65
2000	77	3	80	75	100	76
2001	76	2	78	71	100	72
2002	79	5	84	76	100	77
2003	76	6	82	71	67	71
2004	88	5	93	84	80	84
2005	86	5	91	86	60	85
2006	76	5	81	80	80	80
2007	56	3	59	80	33	78
2008	30	0	30	87		87
Total	**947**	**50**	**997**	**75**	**78**	**75**

Source: IEG project ratings database.
a. Number of projects with at least one environment theme.
b. Commitments to projects with at least one environment theme.

Table E.4: ENRM Operations, Overall Project Outcomes by Source of Financing, Exit Years 1995–2008

Source of financing	Number of projects[a]			Percent satisfactory		
	1995–2001	2002–08	1995–2008	1995–2001	2002–08	1995–2008
IBRD/IDA	432	449	893	69	80	74
GEF	37	53	90	84	81	82
Montreal Protocol	4	8	12	100	100	100
Rainforest Trust Fund	1	1	2	100	100	100
Special financing	3	9	12	100	67	75
Total	**477**	**520**	**997**	**71**	**80**	**75**

Source: IEG project ratings database.
a. Number of projects with at least one environmental theme.

Table E.5: ENRM Operations, Overall Project Outcomes by Sector Board, Exit Years 1995–2008

	Number of projects[a]			Percent satisfactory		
Sector Board	**1995–2001**	**2002–08**	**1995–2008**	**1995–2001**	**2002–08**	**1995–2008**
Environment	71	99	170	69	77	74
Agriculture and Rural Development	137	144	281	71	83	77
Energy and Mining	94	84	178	71	76	74
Water	59	71	130	56	82	70
Urban Development	44	44	88	73	77	75
Transport	41	39	80	88	97	93
Other	31	39	70	74	64	69
Total	**477**	**520**	**997**	**71**	**80**	**75**

Source: IEG project ratings database.
a. Projects with at least one environmental theme.

Table E.6: ENRM Operations, Overall Project Outcomes by Region, Exit Years 1995–2008

	Number of projects[a]			Percent satisfactory		
Region	**1995–2001**	**2002–08**	**1995–2008**	**1995–2001**	**2002–08**	**1995–2008**
Africa	89	111	200	48	71	61
East Asia & Pacific	102	102	370	76	85	81
Europe & Central Asia	68	98	166	88	81	84
Latin America & Caribbean	101	114	427	75	86	81
Middle East & North Africa	55	43	211	73	77	74
South Asia	62	51	113	65	75	69
Total	**477**	**519**	**996**	**71**	**80**	**75**

Source: IEG project ratings database.
a. Number of projects with at least one environmental theme.

Table E.7: ENRM Operations, Overall Project Outcomes by Theme, Exit Years 1995–2008

	Number of projects[a]			Percent satisfactory		
Theme	**1995–2001**	**2002–08**	**1995–2008**	**1995–2001**	**2002–08**	**1995–2008**
Biodiversity	60	85	145	70	76	74
Climate change	48	62	110	75	79	77
Environmental policy and institutions	188	186	374	73	77	75
Land administration	105	112	217	73	80	77
Pollution management	196	211	407	70	82	75
Water resources management	133	150	283	68	85	77
Other ENRM	34	52	86	56	79	70
Total	**764**	**858**	**1,622**	**71**	**80**	**76**

Source: IEG project ratings database.

a. Number of projects in which each theme occurs. Therefore, projects with more than one environmental theme are double-counted.

APPENDIX F: EVALUATING ENVIRONMENTAL PERFORMANCE AT THE PROJECT LEVEL

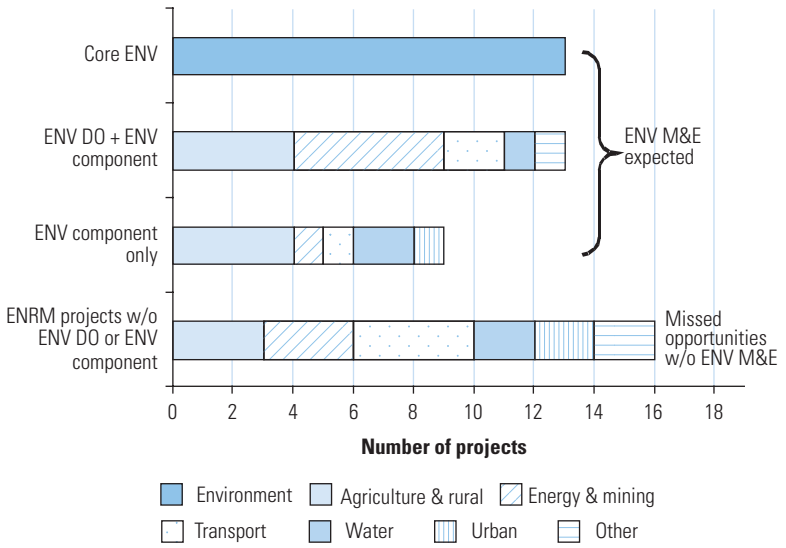
At the project level, overall outcome ratings do not necessarily reveal how projects have performed in environmental terms. This is because the ENRM portfolio includes mostly projects whose main objective is unrelated to the environment, and ICRs do not systematically report on the environmental outcomes of projects at closing. When combined with the deficiencies in project coding, it is evident that the Bank does not have a clear measure of how much of its project portfolio is supporting environmental improvements or the extent to which this is having a positive impact on the environment.

To understand how projects have performed in environmental terms, it is necessary to disaggregate the overall portfolio. Projects vary in their commitment to mainstream environmental concerns. The ENRM portfolio is not homogeneous. ENRM projects, which are mapped directly to the Environment Sector Board, are designed exclusively to achieve environmental outcomes. But the majority of projects in the ENRM portfolio, which are mapped to other sectors, vary widely in their commitment to achieve environmental results. Some projects have environmental objectives and environmental components and have developed M&E systems that adequately measure and monitor environmental results. Others have only environmental components and often do not include indicators that are designed to monitor or measure environmental results. Some projects have neither an environmental objective nor component, but are coded with an ENRM subtheme. These projects for the most part do not include any indicators in the M&E systems that relate directly to the environmental theme.

In order to assess the heterogeneity of the Bank's ENRM portfolio and its capacity to achieve environmental results, IEG conducted an in-depth review of the complete population of ENRM projects that were approved since 2000 and closed in 2007 or 2008 and have been reviewed by IEG—a total of 51 projects (see table F.1). While a more rigorous and exhaustive review of the entire Bank portfolio would be required to determine the extent to which the Bank's strategy and efforts relating to environmental mainstreaming have been optimal and effective in achieving environmental outcomes, this portfolio offers a snapshot of the heterogeneous nature of environmental mainstreaming and the quality of the M&E systems that are designed in line with the environmental mainstreaming effort.

Figure F.1 provides an overview of the 51 projects in terms of their sector with main responsibility and depth of environmental emphasis (mainstreaming). The core environment projects—those mapped to the Environment Board—are mainly biodiversity conservation projects, have environmental development objectives and environmental components, and account for 25 percent of the ENRM portfolio. The other 75 percent of the projects are mapped to other sector boards and give different levels of attention to environmental development objectives and components. At the extreme, about 30 percent of the projects had no environmental objectives or components; they were coded with an environmental theme only because their choices of technologies in the energy and transport sectors, for example, were presumed to have positive externalities in terms reduced pollution or greenhouse gas emissions. Another 18 percent of projects had environmen-

Figure F.1: Levels of Environmental Mainstreaming in the ENRM Portfolio



Source: IEG analysis of 51 ENRM projects approved since 2000 and closed in 2007 and 2008.
Note: DO = development objective of the project; ENV = environment or environmental; w/o = without.

tal components but lacked stated environmental objectives.

Core environment projects generally have indicators in their M&E systems that were constructed to monitor and report on environmental outcomes (see chapter 4). The large share of biodiversity conservation projects—both terrestrial and marine—in this subgroup were mainly in Africa and Latin America and helped countries build broader biological information systems.

Projects with an environmental objective and dedicated environmental components (but not mapped to the Environment Sector Board) included environmental indicators in their results frameworks. These projects tended to be mapped to the Agricultural and Rural Development and Energy and Mining Sector Boards, but unlike the core environmental projects mentioned above, their indicators were not generally constructed to monitor and report on environmental outcomes.

A significant number of these projects were designed to strengthen environmental policies and institutions, but their indicators were restricted to outputs and processes in almost all cases, making it difficult for the Bank to assess the achievement of their presumed positive environmental outcomes. In Chad, for example, where the Bank lent support for the reform of the environmental and social regulatory framework applicable to petroleum development projects, the only indicators applied were process indicators: the development of environmental regulations for the sector and the preparation of a new hydrocarbon code. In Nicaragua, the Bank supported decentralization of environmental management, emphasizing the application and enforcement of environmental norms and instruments, yet the only reported gains made after implementation were the approval of municipal land use plans, the drafting and passage of municipal laws, and the signing of interagency agreements.

There were only a few exceptions to the general lack of environmental indicators at the outcome level in this subset of projects. For example, the Azerbaijan Rehabilitation and Completion of Irrigation and Drainage Infrastructure Project

included relevant environmental indicators in its M&E system, such as waterlogging and soil salinity arising from its irrigation and drainage schemes, either of which could lead to soil degradation and negatively affect agricultural productivity.

Most of the nine ***projects with an environmental component but no environmental objective*** did not include indicators for their environmental interventions in their results frameworks. These projects included support for soil erosion control and reforestation (Algeria), an environmental cell in the power sector (Albania), watershed protection (Rwanda), and restructuring of the Sub-secretariat of Environmental Sanitation (Ecuador). This set of projects also included some small grant schemes to support environmentally sustainable rural development through a subproject approach (Burkina Faso and Ecuador), but the projects failed to achieve the environmental outcomes aligned with the projects' rural development objectives. IEG has also flagged this issue of the lack of reporting and dissemination of results and lessons related to the implementation of environmental investments at the subgrant level in several of its evaluations, most recently in its review of the Critical Ecosystem Partnership Fund (IEG 2007b).

The M&E systems of the remaining 16 projects, ***which were designed without environmental development objectives or components,*** did not have indicators related to the coded subtheme. This represents a missed opportunity for the Bank to fully account for its greening efforts, particularly in relation to the positive environmental externalities generated by projects that promote environmentally friendly technologies. In China, for example, the Bank's ENRM portfolio in the transport sector has helped to reduce reliance on fossil fuels, scale-up hydropower, and promote electric traction over the use of diesel fuel in the rail industry.

Overall, IEG has rated 57 percent of the M&E systems of these 51 projects as modest or negligible. Similar to the Bank's overall portfolio (discussed in part I of the main report), there is a weak but positive correlation between the quality of project-level M&E and better project outcomes (table F.1). The simple correlation between M&E quality and project outcomes is 0.60. ENRM projects with outcome ratings of highly satisfactory had M&E systems rated as high or substantial; ENRM projects with outcome ratings of unsatisfactory have only modest or negligible M&E ratings. But these overall outcome ratings still relate to the project as a whole, not necessarily to its environmental outcomes. The analysis is not very meaningful apart from biodiversity conservation and other projects under the Environment Sector Board. It is clear that M&E systems are weak overall and nearly invisible for ENRM projects under other sectors.

Table F.1: Relationship between IEG Outcome and M&E Ratings for the ENRM Portfolio

	IEG outcome ratings					
M&E rating	**Highly satisfactory**	**Satisfactory**	**Moderately satisfactory**	**Moderately unsatisfactory**	**Unsatisfactory**	**Total**
High	1	5				6
Substantial	2	10	4			16
Modest		10	10	1	2	23
Negligible			2	3	1	6
Total	**3**	**25**	**16**	**4**	**3**	**51**

Source: IEG ICR Reviews of 51 ENRM projects approved since 2000 and closed in 2007 and 2008.

Table F.2: Summary of the 51 Projects Reviewed

Approval fiscal year	Exit fiscal year	Financing	Country	Sector Board	Project ID	Project name
A. Projects with environmental development objectives and components						
2000	2007	GEF	Costa Rica	ENV	P061314	Ecomarkets
2000	2007	IDA	Mozambique	ENV	P070305	Coastal and Marine Biodiversity Management
2001	2007	GEF	Central America	ENV	P053349	Mesoamerican Barrier Reef System
2001	2008	GEF	Colombia	ENV	P063317	Conservation and Sustainable Use of Biodiversity in High Andes Region
2001	2007	IBRD	Latvia	ENV	P058476	Liepaja Region Solid Waste Management
2001	2007	GEF	Peru	ENV	P065200	Indigenous Management of Protected Areas in the Peruvian Amazon
2002	2008	GEF	Burkina Faso	ENV	P052400	Partnership for Natural Ecosystem Management
2002	2008	GEF	Croatia	ENV	P042014	Karst Ecosystem Conservation
2002	2008	GEF	Latin America	ENV	P072979	Integrated Silvopastoral Approaches to Ecosystem Management
2002	2007	GEF	Romania	ENV	P066065	Agricultural Pollution Control
2003	2008	GEF	Ecuador	ENV	P066752	National System of Protected Areas
2003	2007	GEF	Europe & Central Asia	ENV	P048795	Baltic Sea Regional – Phase I
2004	2007	GEF	Argentina	ENV	P078143	Enabling Activity for 2nd National Communication of Argentine Government to the Convention on Climate Change
2000	2007	IDA	Azerbaijan	ARD	P008284	Rehabilitation and Completion of Irrigation and Drainage Infrastructure
2000	2008	IBRD	Tunisia	ARD	P035707	Water Sector Investment Loan
2001	2007	IDA	Nicaragua	ARD	P055823	Second Rural Municipal Development
2002	2008	IDA	Albania	ARD	P069479	Pilot Fishery Development
2000	2007	IDA	Chad	EMT	P048202	Petroleum Sector Management Capacity Building
2000	2007	IBRD	Romania	EMT	P056337	Mine Closure and Social Mitigation
2001	2008	IBRD	Algeria	EMT	P067567	Energy and Mining Technical Assistance Loan (Emtal)
2001	2007	IDA	Mozambique	EMT	P001808	Mineral Resources Management Capacity Building
2005	2008	IBRD	Poland	EMT	P083093	Coal Mine Closure
2001	2007	IBRD	Argentina	SDV	P057473	Indigenous Community Development
2000	2007	IBRD	Philippines	TR	P039019	First National Roads Improvement
2001	2008	IBRD	China	TR	P045915	Urumqi Urban Transport Improvement
2000	2007	IBRD	Uruguay	WAT	P063383	Ose Modernization and Systems Rehabilitation
B. Projects with environmental components, but without environmental development objectives						
2000	2008	IDA	Mali	ARD	P041723	National Rural Infrastructure
2001	2007	IDA	Burkina Faso	ARD	P035673	Community-Based Rural Development
2002	2007	IBRD	Ecuador	ARD	P039437	Poverty Reduction and Local Rural Development (Prolocal)

Themes	Commitments (US$ millions)	Outcome	Risk to development outcome	M&E system
Biodiversity, climate change, env pol / inst	32.6	Moderately satisfactory	Moderate	Modest
Biodiversity, env pol / inst, water resource mgt	6.1	Moderately unsatisfactory	High	Negligible
Biodiversity, env pol / inst, water resource mgt	11.03	Satisfactory	Significant	High
Biodiversity, env pol / inst	15	Moderately unsatisfactory	Significant	Negligible
Climate change, pollution mgt	2.2	Moderately satisfactory	Moderate	Modest
Biodiversity, other ENRM	10	Satisfactory	Moderate	Substantial
Biodiversity, env pol / inst	7.5	Moderately satisfactory	High	Modest
Biodiversity, env pol / inst	5.07	Highly satisfactory	Negligible to low	Substantial
Biodiversity, climate change, land admin	4.5	Highly satisfactory	Negligible to low	High
Env pol / inst, land admin, pollution mgt, water res mgt	5.15	Satisfactory	Moderate	High
Biodiversity, env pol / inst	8	Satisfactory	Moderate	Substantial
Biodiversity, env pol / inst, pollution mgt, water res mgt	5.5	Satisfactory	Moderate	Modest
Biodiversity, climate change, env pol / inst, other ENRM	1.14	Satisfactory	Negligible to low	High
Water res mgt	48.0	Satisfactory	Moderate	High
Water res mgt	132.0	Moderately satisfactory	Significant	Negligible
Env pol / inst, other ENRM	30.7	Moderately satisfactory	Moderate	Modest
Pollution mgt, water res mgt	5.9	Moderately satisfactory	High	Modest
Env pol / inst, pollution mgt	23.9	Moderately unsatisfactory	High	Negligible
Env pol / inst	44.5	Satisfactory	Negligible to low	Modest
Env pol / inst	12.9	Unsatisfactory	Significant	Modest
Env pol / inst, other ENRM	19.5	Satisfactory	Moderate	Substantial
Land admin, pollution mgt	55.3	Moderately unsatisfactory	Significant	Modest
Land admin	5.0	Moderately satisfactory	Moderate	Negligible
Pollution mgt	138.2	Moderately satisfactory	High	Modest
Climate change, pollution mgt	97.6	Satisfactory	Moderate	Modest
Env pol / inst, pollution mgt	27.0	Moderately satisfactory	Moderate	Substantial
Land admin, water res mgt	127.0	Moderately satisfactory	Significant	Substantial
Other ENRM	73.0	Satisfactory	Moderate	Substantial
Land admin	25.2	Satisfactory	Moderate	Modest

(*Table continues on the following page.*)

Table F.2: Summary of the 51 Projects Reviewed (continued)

Approval fiscal year	Exit fiscal year	Financing	Country	Sector Board	Project ID	Project name
2003	2007	IBRD	Algeria	ARD	P076784	Second Rural Employment
2002	2007	IDA	Albania	EMT	P074905	Power Sector Rehabilitation and Restructuring
2002	2007	IBRD	Brazil	TR	P055954	Goias State Highway Management
2003	2007	IBRD	Algeria	UD	P067605	Urban Natural Hazard Vulnerability Reduction in the Wilaya of Algiers
2000	2008	IDA	Rwanda	WAT	P045182	Rural Water Supply and Sanitation
2001	2007	IBRD	Ecuador	WAT	P049924	Rural and Small Towns Water Supply and Sanitation (Praguas)
C. Projects without environmental development objectives or components						
2001	2007	IDA	Honduras	ARD	P073035	Access to Land Pilot (Pacta)
2001	2008	IDA	Pakistan	ARD	P071092	North West Frontier Province On-Farm Water Management
2001	2007	IDA	Sri Lanka	ARD	P050738	Land Titling and Related Services
2005	2007	IDA	Congo, Rep of	EP	P083627	Economic Recovery Credit
2002	2007	IBRD	Lithuania	ED	P070112	Education Improvement
2000	2008	IBRD	China	EMT	P056424	Tongbai Pumped Storage
2000	2007	IDA	Vietnam	EMT	P056452	Rural Energy
2000	2007	SPF	West Bank & Gaza	EMT	P040506	Electricity Sector Investment and Management
2001	2008	IBRD	China	TR	P056199	Third Inland Waterways
2001	2008	IBRD	India	TR	P010566	Gujarat State Highway
2001	2008	IDA	Mongolia	TR	P056200	Transport Development
2004	2008	IBRD	China	TR	P075602	Second National Railways (Zhe-Gan Line)
2000	2007	IBRD	Turkey	UD	P068368	Marmara Earthquake Emergency Reconstruction
2002	2007	IDA	Tonga	UD	P075171	Cyclone Emergency Recovery and Management
2000	2008	IBRD	Brazil	WAT	P039199	Low Income Sanitation Technical Assistance - Prosanear
2001	2008	IBRD	Ukraine	WAT	P035786	Lviv Water and Wastewater

Note: ENV = environment; ARD = agriculture and rural development; EMT = energy and mining; SDV = social development; TR = transport; WAT = water; UD = urban development; EP = economic policy; ED = education.

Themes	Commitments (US$ millions)	Outcome	Risk to development outcome	M&E system
Land admin, water res mgt	7.7	Satisfactory	Moderate	Modest
Pollution mgt	34.5	Moderately satisfactory	Significant	Substantial
Other ENRM	64.4	Satisfactory	Negligible to low	Substantial
Water res mgt	5.6	Moderately satisfactory	Moderate	Modest
Water res mgt	22.3	Satisfactory	Negligible to low	Modest
Pollution mgt	31.9	Satisfactory	Significant	Modest
Land admin	8.8	Satisfactory	Moderate	Substantial
Water res mgt	25.2	Moderately satisfactory	Significant	Substantial
Land admin	4.6	Unsatisfactory	High	Negligible
Other ENRM	17.6	Unsatisfactory	High	Modest
Climate change	33.9	Satisfactory	Negligible to low	High
Climate change	197.5	Satisfactory	Negligible to low	Substantial
Pollution mgt	138.8	Satisfactory	Negligible to low	Substantial
Pollution mgt	15.0	Moderately satisfactory	High	Modest
Climate change	99.3	Satisfactory	Negligible to low	Substantial
Pollution mgt	280	Highly satisfactory	Negligible to low	Substantial
Pollution mgt	34.4	Moderately satisfactory	Significant	Modest
Climate change	199.0	Satisfactory	Negligible to low	Modest
Land admin	294.1	Satisfactory		Substantial
Env pol / inst	6.1	Satisfactory	Moderate	Modest
Pollution mgt	16.7	Moderately satisfactory	Moderate	Modest
Pollution mgt	24.0	Satisfactory	Moderate	Modest

APPENDIX G: EVALUATING ENVIRONMENTAL PERFORMANCE AT THE COUNTRY LEVEL—AN ANALYSIS OF RECENT CASCR REVIEWS

Country	CASCR's Review period (fiscal years)	Fiscal year of IEG review	Environment pillar/ objective	IEG outcome rating	IEG ratings of environment pillar/ objective
South Africa	2000–06	2008	Yes	Moderately unsatisfactory	Moderately unsatisfactory
Maldives	2000–07	2008	Yes	Moderately satisfactory	Moderately unsatisfactory
Tanzania	2001–06	2007	No	Satisfactory	NA
Belarus	2002 –F06	2008	Yes	Moderately satisfactory	Satisfactory
Chile	2002–06	2007	Yes	Satisfactory	Satisfactory
Uzbekistan	2002 –07	2008	No	Unsatisfactory	NA
Kyrgyz Republic	2003–06	2007	Yes	Moderately unsatisfactory	Moderately unsatisfactory
Senegal	2003–06	2007	No	Moderately satisfactory	NA
Vietnam	2003–06	2007	Yes	Satisfactory	Satisfactory
Sri Lanka	2003–07	2008	No	Moderately unsatisfactory	NA
Gambia, The	2003–07	2008	No	Moderately unsatisfactory	NA
Nicaragua	2003–07	2008	Yes	Moderately satisfactory	Satisfactory
Mauritania	2003–07	2008	Yes	Moderately unsatisfactory	Moderately unsatisfactory

IEG CASCR Review comments
Environment outperformed other complementary objectives. The Bank engaged successfully and contributed in this area, primarily through GEF operations.
The CAS focused on protecting the invaluable environment of Maldives, particularly its coral reefs and coast. Bank support was to be provided through fisheries sector ESW and through policy dialogue. The first attempt at preparing the fisheries report had to be abandoned due to quality concerns. However, a study on fisheries has recently been completed. Although the preparatory process for the fisheries report may have influenced policy dialogues and some outputs, outcomes are still marginal. The provision of reliable supplies of safe drinking water remains a challenge on some islands and most still lack appropriate sanitation and solid waste collection systems.
NA
The Bank's analytical support related to the environment helped in the design of environmental institutions, mainstream environmental concerns, and enhance international compliance. The Bank's engagement has also been important in generating knowledge about energy-environment linkages and energy efficiency.
The Bank financed (under the Prototype Carbon Fund) a hydropower plant that has reduced emissions of CO_2 equivalent to 80,000 tons per year. The Bank also financed the studies and some of the works for the transport system in the metropolitan region of Santiago, which is expected to reduce the number of bus kilometers by 30 percent and the particle contamination of buses by 75 percent.
NA
The CASCR does not address progress in several important areas such as the environment. The CASCR is silent on environmental protection, although it does note that a planned fiscal 2006 Environmental Expenditure and Policy Project was dropped.
NA
The second CAS objective was to help improve social and gender indicators and environmental conditions in the country, especially in poorer areas. Within an overall context of rapid poverty reduction, most indicators show good progress in relation to the objective. On this basis, even though the absence of outcome indicators to gauge progress on environmental sustainability makes it difficult to assess this area, IEG has rated the outcome associated with this pillar as satisfactory.
NA
NA
The CAS objective of reducing environmental vulnerability was largely met. IDA supported this goal with the Sustainable Forestry, GEF-Atlantic Biological Corridor, and Disaster Prevention Projects and other donors funded supporting studies. Nicaragua is also involved in IDA's regional initiative (Corazon Transboundry Biosphere Reserve Project) to improve management of natural resources.
The CAS describes the current environmental situation as one of inadequate information, severe shortages of qualified labor, and an uncontrolled exploitation of all natural resources that, in the case of the fisheries, has led to overfishing in both an economic and a biological sense.

Country	CASCR's Review period (fiscal years)	Fiscal year of IEG review	Environment pillar/ objective	IEG outcome rating	IEG ratings of environment pillar/ objective
Colombia	2003–07	2008	Yes	Moderately unsatisfactory	Moderately unsatisfactory
Niger	2003–07	2008	No	Moderately unsatisfactory	NA
Ethiopia	2003–07	2008	Yes	Moderately satisfactory	Moderately satisfactory
Rwanda	2003–08	2009	No	Moderately satisfactory	NA
Benin	2004–06	2009	Yes	Moderately satisfactory	Satisfactory
Macedonia, FYR	2004–06	2007	Yes	Moderately satisfactory	Moderately satisfactory
Turkey	2004–07	2008	Yes	Satisfactory	Moderately unsatisfactory
Mali	2004–07	2008	No	Moderately satisfactory	NA
Ukraine	2004–07	2008	Yes	Moderately satisfactory	Moderately unsatisfactory
Brazil	2004–07	2008	Yes	Moderately satisfactory	Moderately satisfactory
Zambia	2004–07	2008	No	Moderately unsatisfactory	Moderately unsatisfactory
Ghana	2004–07	2007	No	Moderately satisfactory	NA
Mozambique	2004–07	2007	Yes	Moderately satisfactory	Moderately satisfactory
Madagascar	2004–07	2007	No	Moderately satisfactory	NA

IEG CASCR Review comments
Environment outperformed other complementary objectives. IEG rated this pillar moderately unsatisfactory mainly because of the failure to correct the fundamental causes of the fiscal imbalance and the limited contribution of the improvements in infrastructure, the other another major component under this pillar, to stimulating growth.
NA
The Bank has been criticized by other donors for neglecting to follow through in its supervision of environmental issues (see IEG ICR Review of PRSC program). In sum, the impact—in terms of reversing loss of environmental resources—is not yet known.
NA
No performance indicators related to environmental management were identified in the CAS but the GEF-financed National Parks Conservation and Management Program provided support for sustainable management of Benin's national parks, while the PRSC and the GEF Forests and Adjacent Lands Management Project supported reforms in forestry management. Some progress has also been made in improving the management of national forests and wildlife reserves, although absent continued donor financing, the sustainability of progress made in these areas is doubtful.
During the fiscal 2004 CAS period, the third phase of the 15-year environmental program started to be implemented. The government, with support from donors, designated 4.5 percent of the national territory as protected areas. Deforestation appears to have decreased in protected areas, but continues in other areas, although at a slower pace than before. The legislation for the protection of the country's natural resources was enacted, but it is still to be implemented. Important environmental institutions were established but their effectiveness remains an issue, given their overlapping responsibilities and weak enforcement capacities. Community-based approaches for natural resource management are being implemented, but progress is constrained by weak capacity of the communes, poor governance, a complicated contracting process, and unclear property rights.
While there was forward progress on both environmental management and disaster prevention, the pace was slower than the Bank had projected in the CAS. The Bank found it difficult to structure appropriate interventions faced with an apparent lack of commitment and interest on the part of the Turkish authorities. The Bank was less successful in getting the Turkish government to focus on broader environmental issues, despite the importance of this in the European Union accession negotiations.
NA
Bank CAS support targeted strengthening Ukraine's institutional capacity to implement Ukraine's National Environmental Strategy (NES). The institutional strengthening project did not materialize and the Avoz Black Sea Project was cancelled due to lack of government commitment. Bank objectives in supporting implementation of Ukraine's National Environmental Strategy through strengthening environmental institutional capacity were not achieved. However, negotiation of an emissions-reduction purchase agreement under the Kyoto Protocol was achieved with Bank support.
Brazil took important steps to improve environmental sustainability, but overall progress was mixed. The outcome of Bank support is rated marginally satisfactory because of good Bank contributions and outcomes on water resource management, more modest contributions in land management and biodiversity, and poor results in access to local services (and problems with municipal lending).
With respect to the mining sector and environmental regulations, the original indicator was substituted with an indicator to measure noncompliance with environmental regulations. However, the indicator was not monitored. There was a major spillage of effluent into the Kafue River in 2007, undermining public confidence in environmental controls.
NA
IDA and GEF programs of assistance related to sustainable management of natural resources experienced substantial implementation bottlenecks (including weak government capacity and commitment) and most of the intermediate indicators established were not attained.
NA

Country	CASCR's Review period (fiscal years)	Fiscal year of IEG review	Environment pillar/ objective	IEG outcome rating	IEG ratings of environment pillar/ objective
Malawi	2004–07	2007	Yes	Moderately unsatisfactory	Satisfactory
Indonesia	2004–08	2009	No	Moderately satisfactory	NA
Costa Rica	2004–08	2009	Yes	Moderately satisfactory	Satisfactory
Serbia	2005–07	2008	No	Moderately satisfactory	NA
Bosnia	2005–07	2008	Yes	Moderately unsatisfactory	Moderately unsatisfactory
Montenegro	2005–07	2007	No	Satisfactory	NA
Guatemala	2005–08	2009	Yes	Moderately satisfactory	Moderately unsatisfactory
Moldova	2005–08	2009	Yes	Moderately satisfactory	Moderately satisfactory
Croatia	2005–08	2009	Yes	Moderately satisfactory	Satisfactory
India	2005–08	2009	No	Moderately satisfactory	NA
Mexico	2005–08	2008	Yes	Moderately satisfactory	Moderately satisfactory

Note: NA = Not applicable.

IEG CASCR Review comments
Sustainable use of natural resources in the Mulanje Massif. The Bank program contributed to the preservation of biodiversity and the unique ecosystems of Mulanje Massif by incorporating biodiversity objectives into management of the reserve and focusing on community involvement in forest protection.
NA
The Bank has effectively contributed to enhancing Costa Rica's biodiversity and forest management program. Substantial improvements have been made through the innovative system for Payment for Environmental Services (PSA) and decentralized administration of conservation areas.
NA
Inefficiencies in key social and environmental sectors remain to be addressed.
NA
There is limited evidence of achieving outcomes in mainstreaming environmental concerns.
The second pillar sought to improve access to social services, capital, and community infrastructure, while minimizing environmental risks. With regard to the strategic objectives under this pillar, strongest areas of performance were registered with regard to health, water and sanitation, and environment.
The focus of the CAS under Pillar 4—sustainable natural resource management—was on environmental management capacity, wastewater and water supply management, and energy efficiency. Significant improvements in environmental management have taken place and the government has developed a strategy for meeting the Kyoto Protocol, thereby meeting the CAS objective.
NA
Bank support has contributed to the development of policies for improved domestic environmental resource management and Mexico's active participation in addressing global environmental problems. Country outcome targets were presumably mostly achieved either fully or substantially.

APPENDIX H: EVALUATING THE PERFORMANCE OF REGIONAL ENVIRONMENTAL PROJECTS

The purpose of regional projects has typically been to help neighboring countries manage a common natural resource, such as a body of water (such as the Aral Sea or Lake Victoria), a river system (such as the Nile), or a shared ecosystem (the Mesoamerican biological corridor, for example). Their specific evaluation challenges are to aggregate country-level results to ascertain the achievements and the sustainability of regional environmental outcomes and to assess the effectiveness and efficiency of their program-level institutional arrangements, such as governance and management.

IEG's recent evaluation of Bank support to multicountry operations reviewed the M&E systems of a representative sample of seven such projects (IEG 2007d). With one exception, these projects had overly ambitious and poorly defined objectives, although for some this may reflect the need to compromise between partners with disparate demands rather than poor project design. Nevertheless, project indicators across many of the programs suffered from lack of specificity and immeasurable targets, and some projects included objectives without any indicators to measure them.

Regional environmental projects have tended to be structurally complex, with a large number of components. Their M&E systems have therefore tended to include a large number of indicators that, without prioritization, have proven to be somewhat unmanageable (the M&E system for South America's Guarani Aquifer System Project included more than 70 indicators). Some projects did not develop a results framework until project closing (Organization of Eastern Caribbean States [OECS] Ship-generated Waste Management Project), and in other cases, such as the first phase of Lake Victoria Environmental Management Program, effective feedback loops to link scientific knowledge to policy and decision making were lacking.

Regional projects have relied on country-level data for effective reporting. One of the major challenges in designing and implementing an M&E system has been the uneven capacity of country systems across the regional partnership in developing a standardized system for data collection, management, and reporting. While some regional projects addressed this concern by hiring large firms to carry out highly specialized studies, as in the case of the Guarani Aquifer System Project, this resulted in long delays due to procurement issues. Other projects, such as the OECS Ship-generated Waste Management Project, relied too heavily on external consultants to design M&E systems in which the users did not ultimately own the data.

Table H.1: Summary of Seven Regional Projects Reviewed

Approval fiscal year	Exit fiscal year	Financing	Country	Sector Board	Project ID	Project name
Mediterranean Environment Technical Assistance Program (METAP)						
1996	2005	IBRD	Algeria	ENV	P004960	Industrial Pollution Control
1998	2005	IBRD	Egypt, Arab Rep of	ENV	P054958	Egypt Pollution Abatement
2001		Special Financing	West Bank and Gaza	ENV	P054051	Solid Waste and Environmental Management
2003		IBRD	Iran	ENV	P074499	Environmental Management Support
2006		IBRD	Egypt, Arab Rep of	ENV	P090073	Second Pollution Abatement Project
2007		IBRD	Tunisia	ENV	P095012	Sustainable Municipal Solid Waste Management
OECS Ship-Generated Waste Management						
1995	2003	IBRD / GEF	OECS countries	ENV	P006970 / P006957	OECS Ship-Generated Waste Management
Lake Victoria Environmental Management (LVEMP)						
1997	2003	IDA / GEF	Kenya	ENV	P046838 / P046871	Lake Victoria Environmental Management
1997	2006	IDA / GEF	Tanzania	ENV	P046837 / P046872	Lake Victoria Environmental Management
1997	2006	IDA / GEF	Uganda	ENV	P046836 / P046870	Lake Victoria Environmental Management
2005	2006	IDA	Tanzania	ENV	P090680	Lake Victoria Environmental Management Project—Supplemental Credit
2005		GEF medium size	Africa	ARD	P085782	Lake Victoria Transboundary
2009		IDA / GEF	Eastern Africa	ENV	P100406 / P103298	Lake Victoria Environmental Management Project II
Aral Sea Water and Environment Management						
1998	2003	GEF	Aral Sea	WAT	P008326	Aral Sea Water and Environmental Management
2001		IBRD	Kazakhstan	ARD	P046045	Syr Darya Control North Aral Sea
2003		IBRD	Uzbekistan	ARD	P009127	Drainage, Irrigation and Wetlands Improvement
Central Asia Biodiversity						
1999	2006	GEF	Central Asia	ENV	P042573	Central Asia Biodiversity
Silvopastoral Integrated Ecosystem Management						
2002	2008	GEF	Latin America	ENV	P072979	Silvopastoral Integrated Ecosystem Management
Guarani Aquifer Project						
2002	2009	GEF	Latin America	WAT	P068121	Guarani Aquifer Project

Source: World Bank data.
Note: ENV = environment; ARD = agriculture and rural development; EMT = energy and mining; SDV = social development; TR = transport; WAT = water; UD = urban development; EP = economic policy; ED = education.

Themes	Commitments (US$ millions)	Outcome	Sustainability/ risk to development outcome
Env pol / inst, pollution mgt	78.0	Moderately satisfactory	Likely
Env pol / inst, pollution mgt	35.0	Satisfactory	Likely
Env pol / inst, pollution mgt	9.5		
Env pol / inst, pollution mgt, water res mgt	20.0		
Pollution mgt	20.0		
Climate change, env pol / inst, pollution mgt	22.0		
Env pol / inst, pollution mgt, water res mgt	11.5 / 9.75	Moderately satisfactory	Likely
Biodiversity, Env pol / inst, Pollution mgt, Water res mgt	12.8 / 11.5	Unsatisfactory	Likely
Biodiversity, Env pol / inst, Pollution mgt, Water res mgt	10.1 / 10.3	Moderately satisfactory	Likely
Biodiversity, env pol / inst, pollution mgt, water res mgt	12.1 / 13.2	Moderately satisfactory	Likely
Biodiversity, env pol / inst, other ENRM	3.5		
Water res mgt	1.0		
Biodiversity, water res mgt, other ENRM	90.0 / 7.0		
Biodiversity, env pol / inst, water res mgt	12.2	Moderately unsatisfactory	Likely
Biodiversity, water res mgt	64.5		
Land admin, pollution mgt, water res mgt	60.0		
Biodiversity, climate change	10.15	Unsatisfactory	Significant
Biodiversity, climate change, land admin	4.5	Highly satisfactory	Negligible
Climate change, env pol / inst, water res mgt	13.4	Unsatisfactory (2006)	Significant

Table H.2: Regional Projects: Objectives and Components

Project name	Project dates	Objectives	Components
Regional partnership			
Mediterranean Environment (METAP)	Approved fiscal 1990	Supported by the World Bank, European Union, European Investment Bank, and UNDP, METAP aims to improve the environmental quality around the Mediterranean Sea by providing technical assistance to 14 countries bordering the sea for the preparation of environmental projects. It is currently in its fifth phase of implementation. A disengagement strategy will be developed in this phase.	• To generate investments in selected areas (hazardous wastes, integrated coastal zone management, water quality, and the like) • To build national capacity for policy development, project preparation, training, institutional strengthening, and local empowerment, and strengthen regional capacity with improved knowledge sharing and regional networks
Regional projects			
Eastern Caribbean Waste Management	Approved fiscal 1995, closed 2003	The project was designed to strengthen the capacity of the countries to manage their solid waste and process ship-generated waste generated largely by tourism and to preserve the quality of land and marine environments. Six countries participated in this project.	• To improve solid waste management including facilities for storage, collection, and disposal • To strengthen countries' capacity to effectively manage solid waste • To facilitate compliance with the MARPOL treaty on ship-generated waste • To reduce terrestrial and marine pollution
Lake Victoria Environmental Management (LVEMP) I and II	LVEMP approved fiscal 1997, closed 2005 LVEMP II approved in 2009	The projects seek to reverse the biodiversity decline in Lake Victoria, the second-largest body of fresh water in the world and an important resource for food, drinking and irrigation water, energy, and transport to the three riparian countries and numerous communities around the lake.	• To maximize sustainable benefits to riparian communities from use of basin resources to generate food, income, safe water, and reduced disease • To conserve biodiversity and genetic resources for the benefit of the riparian countries and the global community • To harmonize national management programs to reverse the increasing environmental degradation
Aral Sea Water and Environmental Management	Approved fiscal 1998, closed 2003	The overall goals of the project were to assist the five riparian countries (Kyrgyz Republic, Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan) to improve water allocations among them, and to provide technical and financial support for regional- and national-level actions to deal with the Aral Sea environmental crises.	• To stabilize the environment of the Aral Sea Basin • To rehabilitate the disaster area around the sea • To improve the management of the international waters of the Aral Sea Basin • To build the capacity of institutions at the regional and national levels to advance the program's aims

Project name	Project dates	Objectives	Components
Central Asia Biodiversity	Approved fiscal 1999, closed 2006	The project sought to help Kazakhstan, the Kyrgyz Republic, and Uzbekistan to conserve and enhance biodiversity in the Western Tien Shan, which is home to 3,000 species of flora and fauna and endangered wildlife.	• To support vulnerable biological communities and ensure conservation of globally important biodiversity in the West Tien Shan territory • To assist three countries to strengthen and coordinate national policies, legislative frameworks, and institutional arrangements for biodiversity protection • To identify alternative income-generating activities for local communities and thus reduce pressure on protected nature reserves • To establish a regional coordination system for biodiversity conservation to prevent fragmentation of habitat corridors
Latin America Land Use	Approved fiscal 2002, closed 2008	The project sought to demonstrate and measure the effects of the introduction of payment incentives for environmental services to farmers on their adoption of integrated silvopastoral farming systems in degraded pasturelands in Colombia, Costa Rica, and Nicaragua. It was a pilot operation that capitalized on economy of scale to demonstrate that silvopastoral farming and ecosystem improvement can coexist.	• To determine a level of payments sufficient to cause farmers to switch to integrated silvopastoral farming systems • To develop methodologies for monitoring and payment for environmental services • To monitor the impact of silvopastoral systems on biodiversity and water resources • To develop and promote policies for sustainable livestock husbandry
Guarani Aquifer (SAG)	Approved fiscal 2002 and due to close in 2009	The project objective was to study and plan for the long-term management of the SAG, one of the world's largest groundwater reservoirs. It is bordered by Argentina, Brazil, Paraguay, and Uruguay.	• To support the four countries to jointly elaborate and implement a common institutional and technical framework for the management and preservation of the Guarani Aquifer System, with a focus on prevention of overuse and contamination

Table H.3: Regional Projects: Outcomes and Sustainability

Program name	Outcomes (achievements)	Sustainability
Mediterranean Environment (METAP)	Program assistance was invaluable in finding appropriate technologies and cost-effective solutions and in resolving project management issues. But it is difficult to find conclusive evidence about the impact of the majority of these interventions. For the capacity-building objective, the METAP program has led to enhanced national institutional capacity in several member countries. However, without a clear statement of expected regional outcomes at the program level and related performance measures, it is not possible to assess impact on regional capacity building.	Although the sustainability of policy reforms and the outcomes of individual country-level technical assistance activities is high in many instances, at the overall program level, the lack of country counterpart funding and the complete dependence of the program on external grant funding are major risks to long-term sustainability. Countries are also not directly involved in implementing program activities. METAP IV began devolving management and implementation of certain activities (still financed by METAP) to regional entities (Mediterranean Regional Facility and UN Economic and Social Commission for Western Asia, and so on), thus building up lower levels of capacity. Should such external sources of financing be terminated it is unlikely that regional-level activities will be continued.
Eastern Caribbean Waste Management	The project achieved most of its solid waste management objectives; there were significant improvements in collection coverage and disposal in the five countries (except Dominica). But recycling and waste separation activities were not fully implemented, and there was little progress in management of marine pollution and ship-generated wastes.	Project achievements in strengthening institutional, technical, and financial capacity of individual countries to manage solid waste have been strengthened and are likely to be sustained after project closure.
Lake Victoria Environmental Management (LVEMP) I	Although the pace of implementation was slow, the project made significant impact in three areas: fisheries research, fisheries management, and hyacinth control. Limited achievements were realized in research on improving water quality and pollution control. Pilot schemes in afforestation and watershed management were completed. An array of scientific knowledge was amassed, mostly by local institutions and academia, enhancing local ownership. The strategic use of such knowledge during this first phase was lacking however. Plans to scale-up these pilots through feedback loops into practical policy and country-level action plans and investments were not developed. Regional-level coordination needs further strengthening.	Phase I achievements are limited given the enormous and ambitious scope of work, but the sustainability of these achievements is likely. Phase II of the program was approved in April 2009 and by design has taken into account the challenges of Phase I (including potential intercountry conflicts over water usage and insufficient regional-level coordination) and the need to follow through with interventions such as scaling up and policy development.
LVEMP II	No outcomes yet as Phase II has just been approved.	NA

Program name	Outcomes (achievements)	Sustainability
Aral Sea Water and Environmental Management	The main achievements of the program have been in mobilizing support and defining actions needed to stabilize the environment around the Aral Sea. The program clarified what actions were needed for improved water management and improved dam safety, installed water monitoring stations, and restored the wetlands surrounding Lake Sudoche. But the program did not achieve much in the areas of water conservation and the translation of water management studies into action plans that would have a basin-wide impact, due in large part to weak country ownership of the problem assessments and their proposed solutions. Achievement of regional-level coordination was modest.	Sustainability of country-level achievements is likely, as are the modest achievements at the regional level.
Central Asia Biodiversity	The project had mixed success in achieving its objectives. It was successful in expanding the territory under nature reserves and national parks and significantly improving the management of protected areas. Numbers of some endangered species were restored to or exceeded safe levels. Good regional cooperation for joint scientific work (research, training, and knowledge sharing) was achieved and management capacities strengthened within individual countries. An ecosystems approach to conservation was adopted and a bioregional plan was developed for each protected area using a common methodology to collect baseline data. But the outcome of conservation efforts in areas adjacent to protected areas is yet to become fully evident, as proposed changes in legislation are yet to be adopted by the countries.	From the standpoint of sustainability of legislative achievements and establishment of protected area management systems within countries, there is good likelihood of their being sustained, and prospects for financial support for national-level activities look good. Sustainability of the most important biodiversity benefits that depend on integrated regional action does not look as promising. At the time of IEG's ICR review in 2007, neither the tripartite agreement to establish the transboundary Western Tien Shan biosphere nor the accompanying regional coordination of management plans had been ratified.
Latin America Land Use	Actual gains in biodiversity, carbon sequestration, and other environmental benefits using the payment for environmental services (PES) scheme, even with cattle-ranching farms (instead of adopting land conservation, the project proved cattle ranching could coexist with modified silvopastoral farming and environmental gains). Rigorous measurement and documentation proved viability of the model and concept. Lessons were easily extracted and disseminated through regional and international forums and research publications.	The project was primarily a measurement and demonstration intervention. The demonstration effect was powerful and even cattle ranchers are persuaded about the profitability of environmental conservation activities on a farm. Even if external financing incentives are limited, stakeholders are likely to continue environmental activities and scale them up. Colombia and Nicaragua are moving forward with follow-up projects. In Costa Rica, payments for environmental services will be absorbed into and financed by the national forestry financing fund.

(*Table continues on the following page.*)

Table H.3: Regional Projects: Outcomes and Sustainability (continued)

Program name	Outcomes (achievements)	Sustainability
Guarani Aquifer (SAG)	At the time of IEG's case study in 2006, the project was delayed to the point that the overall project goal or even the four sub-objectives could not be achieved (PAD closing date was 2006). Progress on the substantial body of scientific work had been limited due to delays in negotiating the large contracts. The project finally closed in January 2009, and an ICR is expected soon.	NA, since an ICR has not yet been issued.

Source: IEG 2007d.
NA = Not applicable.

Table H.4: Regional Projects: Monitoring and Evaluation

Program name	Monitoring and evaluation
Mediterranean Environment (METAP)	• As a program with multiple phases, METAP undergoes a formal exercise to assess its efficacy before each replenishment cycle. The evaluation covers program activities, individual technical assistance projects, and in some instances specific pillars of support such as solid waste management and environmental impact assessments • Overall monitoring by program management is weak • The Secretariat's reporting to stakeholders on program activities is of variable quality and consistency • Not all completed projects are evaluated, but some projects (Regional Solid Waste Management Project) have good monitorable performance indicators and conduct external midterm and final reviews
Eastern Caribbean Waste Management	• Weak M&E system; performance indicators developed only at ICR stage • Project health objective was not tracked • At the country level, a monitoring system for the solid waste management component was developed (by external consultants) but it was not owned or used
Lake Victoria Environmental Management (LVEMP) I	• Complex project with large number of components and indicators and an inadequate logical framework • Inconsistent reporting format across countries despite project capacity-building efforts aimed at creating a harmonized M&E framework • Absence of historical data compounded project difficulty in measuring impact on communities (focus of first phase was on developing a knowledge base about the lake situation) • Good country ownership of project data sources because project used in-country resources (academia, research groups, civil society organizations) to conduct studies, and so on • Feedback loops from implementation experience not well linked to policy making
LVEMP II	• Major improvement in M&E design as lessons from Phase I are applied to Phase II • Project remains complex with large numbers of components, but Phase I studies and large amount of data collected have improved selectivity and identification of indicators • M&E framework is more harmonized and facilitates reporting across countries • Feedback loops are designed to be linked to policy making at country and regional levels
Aral Sea Water and Environmental Management	• Inadequate M&E framework was largely due to project complexity and the broad, poorly defined project objectives • Targets and monitoring indicators were not quantified, were set in general terms, and largely measured outputs • National-level activities enjoyed better-quality M&E • Lessons from implementation experience were applied in design of new country-level projects • Difficulty linking and aggregating results of national-level projects with regional benefits
Central Asia Biodiversity	• Project M&E lacked specific targets and was overly complex, leading to limited use during project implementation • In particular, lack of specificity in performance indicators hindered overall project monitoring and demonstration of outcomes • The M&E system made no provisions for collection of baseline data, though for some specific interventions the use of state-of–the-art scientific methods (for example, IUCN scorecard method for biodiversity), pertinent to performance measurement of the management of protected areas, enabled project demonstration of the restoration or increase in several plant and animal species • Thus, the impact on other objectives, such as improved livelihoods of communities, could not be demonstrated

(*Table continues on the following page.*)

Table H.4: Regional Projects: Monitoring and Evaluation (continued)

Program name	Monitoring and evaluation
Latin America Land Use	• M&E system was exemplary in this pilot project's design, implementation, and utilization • Manageable project size helped achieve positive results, enabled proof of concept that cattle ranching could coexist with ecomanagement • Project created a baseline documenting every element of the ecosystem that was included in the piloted areas • Good selection of indicators that were highly prioritized, measurable, and finite • Methodology of analysis and sampling frequencies was laid out clearly in the M&E framework • Project M&E demonstrated clear results in farming—productivity increases persuaded farmer associations to accept increased tree coverage as complementary to their lifestyle • Detailed documentation by M&E system of project experience has enabled widespread dissemination of project concept and experience, including international forums
Guarani Aquifer (SAG)	• Inadequate M&E framework was largely due to project complexity and the broad, ill-defined project objectives • A large part of the project depended on the gathering of scientific and technical knowledge and data before subsequent management and other intervention measures can be designed • Serious delays in the scientific and technical studies that had been contracted out affected the quality and implementation of the M&E system • Indicators selected were numerous (more than 65) and were mostly process indicators, while impact indicators were not quantified

APPENDIX I: EVALUATING THE PERFORMANCE OF GLOBAL ENVIRONMENTAL PROGRAMS

Evaluations of global partnerships are primarily the responsibility of the governing bodies of these programs, which typically commission external evaluations every five years or so. In cases where the Bank sits on the governing body or provides a financial contribution, the Bank's representative on the governing body and the task team leader also have oversight responsibilities—analogous to Bank supervision of an investment project—among other things, to advocate for sound monitoring and periodic independent evaluations. IEG began conducting Global Program Reviews (GPRs) of programs based on these evaluations in 2006.

IEG has conducted 14 global program reviews since it initiated this new product, including reviews of three environmental programs—the Critical Ecosystem Partnership Fund, the Global Water Partnership, and the Global Invasive Species Program. Overall, IEG has found that the independence of the programs' external evaluations has been improving, but the quality of most evaluations has been compromised by a weak M&E system:

- Either the objectives and strategies of the program have not been well defined (not focused, too process-oriented, difficult to measure, or open to different interpretations by different stakeholders), or
- The M&E system has not been well designed (focusing only on inputs and outputs, and not outcomes), or
- Data on the progress of activities and the achievements or outcomes have not been systematically collected.

As a result, most evaluations have had to spend additional resources attempting to reconstruct the historical inputs, outputs, and outcomes of the program. Although many of the evaluations were able to document notable achievements of selected activities at the output level, none found much systematic evidence of the achievements of the programs' objectives at the outcome level.

The Critical Ecosystem Partnership Fund (CEPF)

CEPF is a global partnership that provides grants to NGOs and other private sector partners to protect critical ecosystems (ecological hotspots) in developing countries. The partnership is housed in Conservation International and includes Conservation International, the World Bank, the Global Environment Facility, the MacArthur Foundation, the government of Japan, and the French Development Agency. During its first phase (December 2000 to June 2007), CEPF awarded approximately 1,000 grants to more than 600 NGOs, community groups, and private sector organizations in 33 countries. Averaging $16–17 million a year, CEPF grants have supported expansion and enhanced management of protected areas; promotion of alternative sustainable livelihoods in production landscapes; and environmental education, awareness, and capacity building.

An external evaluation conducted in the fall of 2005 found that CEPF had made strong progress during its first five years. However, there was some variation in the performance of individual hotspots, and the scope of the evaluation was limited by a lack of assessment of individual grant outcomes. As of March 2007, CEPF had contributed to the creation or expansion of 9.4 million hectares of protected areas in 15 countries, and CEPF activities in protected area buffer zones and

production landscapes, for the most part, were achieving their environmental objectives. However, there is a need to better understand how these interventions are affecting the livelihoods of the people living in these areas. The major partners have recently approved a second phase for the program (IEG 2007b).

The Global Water Partnership (GWP)

The Global Water Partnership was formed in 1996 and became an independent intergovernmental organization, based in Stockholm, in 2002. It supports countries in the sustainable management and development of their water resources through a worldwide network of 1,800 members formed into 71 Country Water Partnerships and 12 Regional Water Partnerships. The GWP includes all aspects of water management and is a working partnership among all those involved in water management: government and NGOs, public institutions, private companies, professional organizations, multilateral development agencies, and others. The primary focus is the development of country and river basin integrated water resources management. The number of donors steadily increased from 3 in 1996 to 12 in 2008, and over the same period GWP's annual grant expenditure rose from $0.7 million to $16.5 million. Three donors—the United Kingdom, Sweden, and the Netherlands—have provided more than two-thirds of GWP's total income. Total Bank contributions were $5.7 million, 18 percent of GWP's grant income to 2002, when the Bank funding ceased.

An independent evaluation of the GWP's performance in 2008 found that the GWP retained its clear niche in facilitating multistakeholder dialogue on integrated water resources management (IWRM). The major growth area of the GWP was at the country level and in the maturing of country partnerships. Even so, it has been slow to move dialogue beyond water-focused organizations, which runs counter to the comprehensive and integrated approach advocated by the GWP.

The evaluation recommended that GWP refocus on the cross-cutting themes of water, environment, and broader development concerns related to IWRM. While there were some notable advances in moving countries toward more integrated management of their water resources—particularly when supported by earmarked bilateral funding—attribution to the GWP is difficult to verify. It also has proved difficult to influence country development dialogue, particularly for PRSPs; to increase budgetary allocation to IWRM activities; and to facilitate grassroots implementation of IWRM principles through country partnerships. Engagement in transboundary water resource issues—its comparative advantage—was fragmentary and difficult. And GWP's support for countries and regions was judged to be at the expense of leading global policy advocacy and attention to redressing poor internal governance that hindered its effectiveness.

The Bank played a major role in convening and providing legitimacy to the GWP and benefited from the relationship, but has lost interest in the last five years. GWP's advocacy prepared the ground for the Bank's high-profile Water Resources Sector Strategy of 2003 (World Bank 2004b), and its sponsorship with the World Water Council for the World Panel on Financing Water Infrastructure led to the Camdessus Report (Camdessus 2003), which provided the rationale in 2004 for the Bank's Municipal Fund, which enabled subsovereign lending.

Since then, however, the Bank's participation in the GWP has declined rapidly as the Bank has become more focused on the Millennium Development Goals and water supply and sanitation, and the GWP is no longer listed on the Bank's Web site as one of its ongoing global water partnerships. Concern for the poor governance of the GWP evaporated with cessation of Bank financing. Almost 80 percent of Bank water staff responding to an IEG questionnaire saw GWP's benefit to Bank operations as modest or worse, or did not know. And only 4 of 1,864 projects approved by the Bank between fiscal 1997 and 2007 referred to the GWP. Interest in the GWP among Bank staff has been further eclipsed by the rise of the Bank-Netherlands Water Partner-

ship Program, which provides direct support to the Bank's ESW and TA. Thus, unless there are incentives, as in the case of the GEF, it appears to be extremely difficult to foster linkages between the GWP and the Bank's country operations (IEG forthcoming a).

The Global Invasive Species Program (GISP)

GISP is an independent nonprofit association whose mission is to conserve biodiversity and sustain human livelihoods by minimizing the spread and impact of invasive alien species (IAS). It is located in the Centre for Agriculture and Biosciences International (CABI) in Nairobi, Kenya. GISP was supported for three years (fiscal 2003–06) by the World Bank with funds made available through the Development Grant Facility and continues to receive Bank support through the Bank-Netherlands Partnership Program. At the request of the World Bank, an external evaluation was commissioned by the GISP Secretariat in the spring of 2006, and IEG followed up with a *Global Program Review* in 2008.

The World Bank leveraged both its reputation and financial resources to support the creation of a GISP Secretariat in South Africa. The director of the Bank's Environment Department announced the Bank's commitment at the World Summit on Sustainable Development in Johannesburg in August 2002, and the Bank's Development Grant Facility contribution represented a significant portion of the program's financing during fiscal years 2004–06. However, the Bank has only modestly addressed the issue of IAS in its operations. With a few exceptions, links to country operations are weak. Moreover, the IBRD does not have an operational policy on IAS, nor are IAS specifically referred to in any of the existing operational policies, such as Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), and Forestry (OP 4.36).

IEG found that guidance and training are needed for Bank task managers working in fields where development interventions may pose potential IAS threats. At the same time, research and analysis is needed to identify and prioritize IAS threats and related cost-effective mitigation and/or eradication strategies. The Bank could consider supporting research on what the literature has identified as a clear need to improve the basis on which IAS control strategies are evaluated and on which the potential impacts of species introductions are valued (since the valuation of costs and benefits of control options is still quite rudimentary) (IEG 2009d).

APPENDIX J: THE RESULTS MEASUREMENT SYSTEM UNDER IDA: A REVIEW

This appendix offers a stocktaking of implementation of the IDA Results Measurement System (RMS), with special reference to the RMS recommendations of the IDA15 Agreement. A formal review will take place during the IDA15 Midterm Review in the autumn of 2009.[1]

The RMS has significant implications for strengthening statistical capacity and a results orientation not only in the Bank, but also in borrowing countries, as well as among other development agencies and donors. This appendix outlines the origins of the RMS in IDA13 and its evolution through IDA14 to its current state under IDA15. The appendix assesses how the Bank is approaching the implementation of IDA RMS recommendations, including early indicators of progress, key constraints to progress, and the use of the RMS system to improve development outcomes.

Sources include documents dealing with the RMS produced by IDA replenishment negotiations, as well as by Bank operations and evaluation management and staff. Interviews with Bank staff have also provided important insights, as have responses to a questionnaire by seven IDA donors.

Background

The RMS has its origins in the 1990s. During those years, there was growing demand in the international development community to demonstrate development results. In the Bank, this was reflected in the Country Development Framework of early 1999; results orientation (or results focus) was one of its four pillars. This was reinforced by a statement in March 2002 on "Measuring, Monitoring, and Managing for Development Results" (AfDB, ADB, EBRD, and others 2002) issued by the heads of the five multilateral development banks, following the Monterrey Conference on Financing for Development. The Second International Roundtable on Managing for Development Results, held in Marrakech, Morocco, in February 2004, gave additional international emphasis to results measurement and use.

On July 1, 2002, the Final Deputies' Report on the IDA13 Replenishment negotiations called for a "system to measure, monitor, and manage for development results" and cited the Millennium Development Goals as a point of reference. The focus of the deputies' recommendation was on a country-based system "capable of aggregating across country programs in order to report and assess IDA-wide results" (IDA 2002, pp. 7–8). The results measurement requirements implied by the requests of the IDA deputies have become progressively more detailed from IDA13 through IDA15.

Based on experience under IDA13 and responding to IDA deputies' requests, at the beginning of the IDA14 period, July 1, 2005, Bank management proposed an RMS with three components:

Tier 1: Monitor country outcomes (14 indicators in 4 categories)[2]

Growth and poverty reduction

- GDP per capita (constant year 2000 US$)
- Population below $1 a day (percent).

Public financial management and investment climate

- Public financial management (number of heavily indebted poor country [HIPC] benchmarks set)

- Cost required for business startup (percentage of gross national income per capita)
- Time required for business startup (days).

Infrastructure for development

- Access to improved water source (percentage of population)
- Fixed line and mobile phone subscribers (per 1,000 people)
- Access to an all-season road (percentage of rural population)
- Household electrification rate (percentage of households).

Human development

- Under-5 mortality rate (per 1,000)
- Prevalence of HIV/AIDS (percent adult population ages 15–49)
- Births attended by skilled health staff (percent of total)
- Primary completion rate, total (percent of relevant age group)
- Ratio of girls to boys in primary and secondary education (percent).

Tier 2: Monitor IDA's contribution to country outcomes (nine indicators in three categories)

Country level

- Number of Results-Based CASs.

Project level

- Percentage of operations with satisfactory quality at entry
- Percentage of Implementation Status and Results Reports (ISRs) with satisfactory outcome baseline data[3]
- Percentage of projects with satisfactory outcome ratings
- Percentage of projects with satisfactory Implementation Completion Report (ICR) quality.

Project outputs (example output indicators):[4]

- Five indicators in health (for example, health professionals trained)
- Six in education (for example, classrooms built or rehabilitated)
- Seven in water supply and sanitation (for example, beneficiaries from water supply or sanitation interventions)
- Seven in transport (for example, total kilometers of roadway built).

Strengthening Statistical Capacity

The IDA14 Agreement recommended that *"in addition to continuing support for the PARIS21 consortium, IDA should intensify support within its CASs and projects for national statistical capacity building, and work in partnership to implement the global action plan to strengthen statistical systems, including household surveys."*[5]

The IDA14 Midterm Review Report (IDA 2006) devotes a chapter to "Progress in Statistical Capacity Building" and mentions Bank and other donor support for the Trust Fund for Statistical Capacity Building (TFSCB), the STATCAP multicountry lending program, and support for the Marrakech Action Plan for Statistics (MAPS). The Bank's support for MAPS has included assistance for the development of national strategies for the development of statistics as well as for an Accelerated Data Program for Africa (IDA 2004, p. 17–18).

The IDA15 RMS Recommendations

Based on experience with the RMS under IDA14, the final report of the IDA15 Replenishment Meeting, held in December 2007, asked Bank management to:

1. *Strengthen Tier 1* of the RMS by reviewing the private sector development indicators and exploring the feasibility of developing a public expenditure and financial accountability–based aggregate indicator to measure the quality of public financial management in IDA countries.
2. *Strengthen Tier 2*:
   - Move from monitoring the number of CASs to monitoring their quality.
   - Improve the availability of baselines for key outcome indicators in IDA projects.
   - Improve the quality of output and outcome reporting in Implementation Completion Reports for IDA operations.

- Improve the quality of outcome indicators by developing lists of indicators for four-to-five sectors by the IDA15 midterm review to allow a more accurate indicative aggregation of sector-specific outputs.

3. *Strengthen statistical capacity* in IDA countries:
   - Monitor statistical capacity in line with partner country priorities during IDA15.
   - Develop a data standards system to help IDA countries track their progress in building statistical capacity.
   - Collaborate with donors to strengthen statistical capacity.

In support of this, management was urged to:
- Include a more comprehensive discussion on country statistical systems in IDA CASs.
- Follow up on progress made.

Overall Accomplishments

To facilitate a systematic approach to the RMS, a Bank-wide Results Steering Group was established under IDA14 with members from the Operations Policy and Country Services Vice Presidency (OPCS), the Regions, networks, and Development Economics (DEC), which provides statistical and data support. OPCS provides the Secretariat for the RSG. While the main emphasis has been on project results, as noted previously, the IDA agreements also proposed a country-based system to "measure, monitor, and manage for results" and envisioned a system "capable of cross-country aggregation." In response to this proposal, the Bank has pursued two approaches: developing a set of core indicators that could be used for projects of a given type and developing a method to enable aggregation of project-specific results to the country and Bank-wide level for reporting to stakeholders.

During IDA14, 14 Tier 1 indicators for four broad areas (growth and poverty reduction, governance and private sector development, infrastructure, and human development) and 9 Tier 2 indicators were posted on the internal and external Bank Web sites. But timely coverage for a number of countries and indicators (for example, access to an all-season rural road) is lacking.

IDA15 Recommendations and Their Implementation Status

The IDA15 Agreement made specific recommendations, building on the system established during IDA14. Table J.1 (at the end of this appendix) juxtaposes each recommendation with an assessment of the current status of implementation. The overall picture is one of a work in progress. The Bank continues to make progress at the level of Results-Based Country Assistance Strategies (RBCASs), but delineation of outcomes and outputs at the project level is problematic. Quality rather than quantity has become a central issue for RBCASs and baseline indicators. Weak statistical capacity at the country level limits the availability of Tier 1 indicators. The use of results information for decision making is still in a nascent, pilot stage.

RMS Constraints and Challenges

A number of constraints and challenges face the Bank in implementing each element of the RMS. Five sets of issues are delineated below: measurement, aggregation, expansion, country statistical capacity, and utilization.

Measurement: Clarity, Availability and Quality of Outcomes, Outputs, and Indicators

As illustrated in box J.1, the distinction between outcome and output levels is not always clear in either Tier 1 or Tier 2. Baseline indicators are typically shown at the ISR phase rather than at project entry, and they do not always relate well to project objectives or expected outcomes. Definitions are relatively clear for Tier 1 indicators, but they still leave room for differences in interpretation that hinder aggregation and comparability among countries. Sheer availability is a serious problem with some indicators that also constrains comparability.

Aggregation

There are two dimensions to the challenge of aggregation: within countries and among countries. The intention of the Bank, through the Results Secretariat, is to establish results-based indicators at the sector level in order to provide a link between the project and country levels.

Box J.1: Issues Regarding Outcomes, Outputs, and Indicators

- Some indicators that could be viewed as outputs are included in Tier 1 outcome indicators, such as births attended by skilled health staff. An indicator that is arguably an outcome—jobs created—is treated as an output in Tier 2.
- Indicators are defined relatively clearly. For example, the percentage of the rural population with access to an all-season roads is defined as:

  The number of rural people who live within 2 km (typically equivalent to a 20-minute walk) of an all-season road as a proportion of the total rural population. An all-season road is a road that is motorable all year by the prevailing means of rural transport (often a pick-up or truck that does not have four-wheel drive). Predictable interruptions of short duration during inclement weather (e.g., heavy rainfall) are accepted, particularly on low-volume roads.

- However, without a reliable census there is an element of subjective judgment regarding number of people within 2 kilometers of an all-season road. Definitions of "motorable" and "short duration" may also vary from country to country.
- A more serious problem is the sheer lack of data. For example, access to an all-season rural road is not reported at all for a number of IDA countries for the period from 1990 to 2008, and when it is, the indicator is typically reported only for one year. For IDA countries as a whole, an indicator (38 percent) is shown only for 2003. Other Tier 1 indicators showing only one or two data points for IDA as a whole include: poverty head count, public financial management (measured by number of HIPC benchmarks met), and prevalence of HIV. There are no data points at all shown for ratio of girls to boys in primary and secondary education.

Note: Definitions of results chain terms such as *outputs* and *outcomes* vary. They are often defined by examples and by their relationship to other terms in a results chain or logical framework. IEG cites the OECD *Glossary of Key Terms in Evaluation and Results Based Management* (2002), which contains brief definitions of these terms. The Operations Policy and Country Services Vice Presidency of the Bank makes the following distinction in its guidance:

> *The key distinction between an output (a specific good or service) and an outcome is that an output typically is a change in the supply of goods and services (or deliverables), while an outcome reflects changes in the utilization of goods and services (demand side) . . . by beneficiaries.* [World Bank 2007b]

In the examples cited in this box, skilled health staff would arguably be seen as a *supply* of deliverables or outputs from the perspective of beneficiaries, whereas jobs created would be seen as a *demand* for services, or an outcome from the perspective of worker beneficiaries.

This effort is at an early stage. However, IDA donors feel that project indicators need to be found that can be better aggregated to show country performance.

While the Bank's focus has been on the country-based development approach, there is interest among IDA deputies in aggregation across countries. Such comparisons are problematic, owing to differing definitions and timeframes. There is also a potential tension between the RMS objective of identifying a selected number of project outcome indicators that can be aggregated within a sector and the need to measure project outputs and outcomes even if they do not correspond to RMS indicators (for example, for a tertiary education project). Both approaches have complementary rationales. The aggregation of outcomes provides an indication of accountability and can serve as a guide to overall resource allocation. But monitoring project outputs and outcomes is essential for effective project management.

Expanding to Other Sectors, Themes, Situations, and Modes

The Results Secretariat is currently working with Bank networks to expand the RMS from four sectors to all sectors and themes, anchoring indicators in an electronic database at the ISR stage. This is an ambitious and complex undertaking. It will be particularly challenging in some thematic areas, such as environment, where output and outcome indicators are diverse and vary widely in availability. The piloting of the Country Program Results Monitoring Tool, as well as the CAPScan pilot diagnostic reviews of country statistical capacity, are

important initiatives, but they need to be carefully monitored and evaluated for lessons learned.

A major challenge for the RMS is extension to fragile states or fragile situations. The Bank believes a results-focused approach is possible in such situations, as conveyed in the first quote in box J.2. IDA donors are looking to the Bank to take the lead in developing results-based approaches for fragile situations.

The Bank is attempting to include AAA in the RMS. The major challenge here is to measure outcomes as well as outputs. Bank guidance calls for the expected results of AAA to be specified at entry, but this is done only sporadically. One reason is the inherent difficulty of identifying with confidence the outcomes of a research or analytical paper, policy note, workshop, or training course. Yet it is argued that the value added from these uses of the Bank's resources should be assessed, just as they are for investment operations. Another difficulty is that the results of AAA may become apparent only in the long run, when it may be difficult to attribute a result to specific AAA. Finally, there is the challenge of aggregating the results of different kinds of AAA.

Gaps and Weaknesses in Country Statistical Capacity

Efforts to strengthen statistical capacity are slowly gathering momentum, with the new Statistics for Results Facility Catalytic Fund constituting a potentially significant development. The spotty availability of most of the 14 Tier 1 indicators (GDP per capita is an exception) during the 1990–2008 period is one manifestation of weakness in statistical capacity. As noted in box J.3, even in the area of vital statistics, capacity in IDA countries is often weak.

IDA donors see the building of appropriate statistical and M&E capacity—along with country will and ownership—as main constraints to building an effective RMS. They consequently continue to place substantial importance on the Bank's performance in this area.

How Is the RMS Currently Being Used and What Are the Plans for Its Future Utilization?

Measuring for results is necessary but not sufficient for managing for results. While the IDA15 agreement did not specifically refer to the application of the RMS, the IDA13 agreement envisioned a country-based system to "measure, monitor, and manage for results."[6] Information on results is increasingly being used in the Bank's

Box J.2: How Applicable Is the RMS to Fragile Situations?

The Bank IDA RMS Web site envisages the possibility of a results-based approach in fragile states:

> *Experience in several fragile states has demonstrated that even where capacity is low, information is limited, and risk is high, it is possible to take a results-focused approach. Donor harmonization and clarity of objectives are central in such settings, and a focus on building results management capabilities can bolster early efforts to reestablish core institutional capacities. But approaches to these challenges must be feasible and adaptive to enable responsiveness in an uncertain institutional setting.*

The scope for a results-based approach in fragile situations may well depend on the degree of fragility. One recent study suggests that in situations of extreme fragility marked by:

> *Deteriorating governance, increasing risk of conflict, prolonged impasse between national governments and the international community, or ongoing violent conflict, the model of development partnership [including results orientation] that the Paris Declaration envisages is unlikely to apply.*

But even in this case, "harmonization [among donors] remains a key priority" [OPM /the IDL Group 2008].

Some IDA donors have flagged fragile states as a major challenge for the RMS and see the Bank as leading the way in developing a results-based approach for these situations.

Box J.3: Civil Registration: A Missing Link in IDA Country Statistical Capacity

For vital statistics on births, marriages, and deaths, it is generally assumed that data are relatively timely and reliable, but they actually are often patchy and of questionable reliability in IDA countries. In the absence of more reliable and frequently reported data, the Bank and other donors tend to rely on donor-financed surveys and other estimation methods. But such surveys are often ad hoc and do little to build the institutional capacity of partner countries. Censuses provide a snapshot of such information at 10-year or longer intervals.

Annual civil registration is a third important element in a functional system of vital statistics. This is taken for granted in industrial countries but is often absent and neglected in IDA countries. The Bank is helping the development community find solutions to strengthen and expand civil registration efforts that are under way in several countries. For example, it sponsored a meeting on Strengthening Civil Registration: Improving Vital Statistics for Evidence-Based Decisions in June 2009 to learn from efforts to establish civil registration systems in Cambodia, Ghana, Mozambique, Sri Lanka, and other countries.

main planning document, the CAS. But little attention has been given to using RMS data beyond the CAS for such purposes as budget allocation or reallocation, staffing decisions, and the like.

Donor Perspectives[7]

Three of seven IDA donors surveyed indicated that they would like to see the Bank move beyond measurement to using results as a management tool, not only for strategic planning but also for budget priorities, staffing, and performance evaluation. One of these donors saw the Bank and its partner countries still steeped in an approvals-based culture rather than one based on performance by results.

Four surveyed IDA donors view the Bank as a leader in the field of results measurement. But three expect a deeper institutionalization in the Bank of managing for development results. They envision a management tool that would feed into the Bank's planning and evaluation processes, real-time project results disclosure, and ultimately aggregation of project results. Two respondents also encourage the continued efforts of multilateral development banks to converge on standard country- and project-level performance indicators.

Table J.1: The Bank's Progress in Implementing IDA15 Recommendations

	Recommendation	Status of implementation
Tier 1 (1)	Review private sector development (PSD) indicators	Since IDA14, the RMS has included two PSD indicators drawn from the Doing Business survey (cost and time required for business startup). No additional review has been reported.
Tier 1 (2)	Explore development of a public expenditure and financial accountability (PEFA) aggregate indicator	Aggregation of the six PEFA component indicators is viewed as conceptually difficult and of little value to decision making or making country comparisons.
Tier 2 (1)	Monitor quality, not just number of results-based CASs	All new CASs are results-based, and their quality is monitored in CAS Completion Reports and CASCR Reviews done by IEG. Treatment of results is now more uniform and evidence-based, but outcomes tend to lack realism and intermediate milestones. Due to difficulty of getting donor agreement on objectives, joint RBCASs tend to be weaker. The financial crisis is resulting in two-year indicative CASs with weak results orientation.

Table J.1: The Bank's Progress in Implementing IDA15 Recommendations (continued)

	Recommendation	Status of implementation
Tier 2 (2)	Improve availability of key outcome indicator baselines	Availability and quality of baselines is improving, but gaps remain. The Bank reports that more than 80 percent of 131 fiscal 2006–07 ISRs reviewed had at least one outcome indicator with baseline data, and 53 percent had outcome baseline data for all indicators. But only 63 percent of ISRs included baselines that were judged to have indicators of satisfactory quality.
Tier 2 (3)	Improve quality of output and outcome reporting in ICRs	IEG assessments of M&E report an improvement in M&E quality, which included output and outcome reporting, from fiscal 2006 to 2007, but a plateau in fiscal 2008.
Tier 2 (4)	Develop lists of indicators for four or five sectors by the IDA15 Midterm Review to improve outcome indicator quality and allow more accurate aggregation of sector outputs	Based on the Africa Results Monitoring System, the RMS is being extended to all sectors and themes, and the system will be anchored in a database at the ISR level. Lists of indicators are being developed for all key sectors and themes in order to improve outcome quality and aggregation of sector outputs. Ten IDA countries are piloting a Country Program Results Monitoring Tool.[a] These are ambitious efforts. The incorporation of AAA is also being considered but raises thorny issues of outcome and attribution identification.
Strengthening statistical capacity (1)	Monitor statistical capacity in line with partner-country priorities	Statistical capacity is being monitored by the Bank's Development Economics Data Group unit in line with partner-country priorities.
Strengthening statistical capacity (2)	Develop a data standards system to help countries track their progress	The Bank encourages progress toward data standards by co-chairing the PARIS21 Consortium and will launch an Internet-based tool to enable countries to monitor their progress in strengthening statistical capacity.
Strengthening statistical capacity (3)	Collaborate with donors to strengthen statistical capacity, including expansion of the Trust Fund for Statistical Capacity Building Work toward the collection and analysis of gender-disaggregated statistics at the country level	With other donors, the Bank helped create a Statistics for Results Facility Catalytic Fund to supervise, finance, and cofinance larger investments in statistical capacity. The DEC Data Group collects gender-disaggregated data whenever available and feasible. The Bank's Gender Group is working on an improved approach to the collection and analysis of gender-disaggregated data under IDA16.
Strengthening statistical capacity (5)	Include more comprehensive treatment of statistical systems in CASs	A CAS guidance note and online learning tool are being developed for Regional staff.

Source: IEG interviews and analysis.

a. Burkina Faso, Burundi, Democratic Republic of Congo, Mali, Mauritania, Moldova, Mongolia, Nigeria, Rwanda, and Zambia.

Chapter 1

1. This shift has been widely documented. See, for example, the World Bank Group 2008.

Chapter 2

1. More specifically, IEG rates the outcome of a project highly satisfactory if there were no shortcomings in the operation's achievement of its objectives, in its efficiency, or in its relevance. Satisfactory projects have only minor shortcomings in relevance, efficacy, or efficiency; moderately satisfactory projects have moderate shortcomings; moderately unsatisfactory projects have significant shortcomings; unsatisfactory projects have major shortcomings; and highly unsatisfactory projects have severe shortcomings.

2. Fiscal year 2008 runs from July 1, 2007, through June 30, 2008. The Implementation Completion Reports are issued within six months of project closing, and are then reviewed and rated by IEG.

3. There is a possible bias in the overall evaluation of project ratings because not all projects that exited in fiscal 2008 were rated by the time this report was prepared, whereas data for fiscal years 2007 and 2006 reflect the full sample of projects. However, adjusting for this does not significantly change the reported trends. The percents satisfactory with the adjusted sample are 82.6 (2006), 75.8 (2007), and 81.0 (2008).

4. This calculation is based on five-year moving averages of the performance data, which is why the last year shown is 2006. Some argue that crossing the hurdle into satisfactory is an important threshold, and that increments above moderately satisfactory are less so, but this is not self-evident.

5. The regression uses the project ratings on a six-point scale as the dependent variable. The sample includes all projects exiting between 1993 and 2007. Independent variables are an annual time trend and sector, Region, and development policy lending dummy variables. The 0.021 trend improvement cited in the text is the estimated coefficient on the year variable from this regression. Average performance of projects by sector and Region is estimated using the coefficients on the sector and Region dummy variables.

6. After the fall of the Soviet Union, Bank support to transition economies grew rapidly in the 1990s. Recent years have seen a decline in Bank support, as a number of Eastern European countries have graduated from the Bank. Nonetheless, there is, in total, more lending to countries in this region than was the case in 1993.

7. Note that whether a sector is a low or high performer is measured by its mean performance over the full period 1993–2008 from the regression; no further adjustment is made for annual trends within this period.

8. This is calculated by dividing the total sector + Region + development policy lending effect (0.90) by the combined composition and time effects (0.09 + 0.316). An alternative approach using the same calculation but omitting extreme outliers in project ratings yields an estimate of 35 percent. Incorporating log GDP of the country to the regression and recalculating yields an estimate of 32 percent. This analysis suggests that a small amount of the improvement in project performance over time is because Bank client countries where slightly richer in 2008 than in 1993.

9. See chapter 8 in Kapur, Lewis, and Webb 1997.

10. Note, however, that the Bank did not work extensively in the Region before 1989, so the ability to compare pre- and post-1989 results is limited.

11. IEG 2008e. Unless otherwise noted, country examples in this section of the evaluation are taken from the same report.

Chapter 3

1. Before 2004, the Bank had required logframes in their projects. The results framework places greater emphasis on the outcomes, differentiating between the final outcomes (the project development objective) and intermediate outcomes that could be used to monitor

progress toward achieving the objective. The logframe included inputs and outputs as well as outcomes.

2. An M&E system rated "high" is expected to strongly influence project performance, provide sufficient information to satisfactorily assess the stated project objectives, and contribute to testing the underlying development model (or results chain). Conversely, a system rated negligible would have many weaknesses, have very little impact on the project or program, be insufficient to satisfactorily assess the stated project objectives, and contribute little to testing the development model.

3. Coefficient = .324, t=8.98.

4. See appendix J, endnote 7, for a list of the responding donors. These donors accounted for 48 percent of cumulative IDA subscriptions and contributions as of June 30, 2007.

5. Impact evaluation, like all analytical techniques, should be applied where it is best suited. Deciding when and where to pursue impact evaluations is an important continuing agenda, which the Bank is pursuing in part through the Development Impact Evaluation Initiative. Most observers agree that the scope for impact evaluations is much greater than currently practiced, but the technique will never be appropriate for all projects.

6. The total number of projects opened after fiscal year 2001 exceeded 44, but the criteria for selection (closed by December 2008) limited the sample to 44.

7. Collecting good baseline data is a fundamental hallmark of good practice in monitoring, evaluation, and even project design. Nevertheless, for certain special evaluations—randomized controlled trials—it is not strictly necessary, since the random selection ensures that average characteristics of treatment and control groups, including initial conditions, are similar. And, of course, collection of baseline data in itself is no guarantee of a good evaluation.

8. *Other* refers to evaluation efforts using inputs from various sources. Examples are participatory M&E stakeholder meeting reports, assessments of community satisfaction surveys for a subset of the project, and field visit reports from operational staff.

9. In this case, the counterfactual is inadequate because treatment localities were purposively located in the poorest area in the region, rendering significantly different socio-demographic and geographic characteristics from any other locality. No attempts (such as econometric tools) were made to find a comparable locality; therefore, outcome differences are likely attributed to distinct initial conditions between treatment and control localities.

10. A sixth project was also available, but all the documentation was in the local language and could not be included in this assessment.

11. A rating at the project's midpoint is here defined as an ISR completed between the 40th and 50th percentiles of a project's lifespan.

12. In fiscal 2006, the Bank took several steps to encourage restructuring projects when necessary, including allowing some restructuring (that is, major and significant changes that do not affect the project development objectives or associated outcome targets) with approval from a vice president rather than the Board.

13. See Operational Policy 10.04 in the Operations Manual: "For every investment project, the Bank staff conduct economic analysis to determine whether the project creates more net benefits to the economy than other mutually exclusive options for the use of the resources in question." The policy further states that this should be assessed using the positive net present value criterion.

Chapter 4

1. The Reducing Emissions from Deforestation and Degradation (REDD) Initiative was officially launched at the United Nations Conference on Climate Change in Bali in December 2007. The Intergovernmental Panel on Climate Change has estimated that 17 percent of global CO_2 emissions are the result of human interactions with forests, thus providing the essential rationale for the REDD initiative.

2. World Bank Environment Department Web site: http://go.worldbank.org/ATD8DARR80

3. IEG is currently undertaking a major study on the World Bank Group's experience with safeguards from 1999 to 2008 that will be completed in fiscal year 2010.

4. The peak levels of commitments in 2005 and 2008 are explained by large environmental development policy operations in Brazil, Colombia, and Mexico in 2005 and in Mexico in 2008. The extent to which these operations will translate into public and private investments in environmental improvements is uncertain, and their value for actual environmental improvements is extremely difficult to determine.

5. Bank support was to focus on cost-effective measures to prevent and reduce environmental health risks

through minimizing people's exposure to indoor and urban pollution, waterborne diseases, and toxic chemicals along with providing access to cleaner fuels and improved design of water and sanitation services. QAG findings at entry and supervision have also highlighted the absence of framing environmental health concerns in the context of environmental planning and management.

6. Accountability for health outcomes in water supply and sanitation projects also appears to have declined since 2002. Water supply and sanitation projects approved since then are less likely to have been justified by health benefits, to have explicit health objectives, or to plan to collect health indicators compared with projects approved in the previous five years (IEG 2009e, pp. 73–77).

7. Management notes that attribution of health improvements in improved access to water is very difficult and expensive to monitor. It is much easier to monitor time savings on water collection.

8. Energy-Environment Reviews have been able to address issues of fuel subsidization (in Egypt, Iran, and Mexico), Strategic Environmental Analyses have been used to assess hydropower options (in Laos, Nepal, and the Nile Equatorial Lakes Region), and Country Environmental Analyses have analyzed energy-environment linkages and energy efficiency (in Bangladesh, Belarus, Colombia, Egypt, India, Pakistan, and Serbia-Montenegro). (IEG 2009a, pp. 30–31.)

9. The Bank has used Poverty and Social Impact Analyses to analyze the poverty and distributional impacts of energy pricing reform and possible changes in social safety nets to offset these impacts. In Indonesia and Ghana, for example, detailed Poverty and Social Impact Analyses and recommendations appear to have shaped successful policies of price increases with compensation, while such analyses appear to have been less effective or evident in Bolivia, Ghana, and Yemen. (IEG 2009a, pp. 49–50).

10. The lack of available data before 2002 does not permit a comparison with the 1995–2001 period like other comparisons made in this report.

11. PROFOR's outputs have included publications, knowledge tools, seminars, and technical workshops. The 2006 Midterm Review of PROFOR (Salmi 2006) found substantial demand for specific publications, including the highly regarded *Forest Institutions in Transition: Experiences and Lessons from Eastern Europe* (World Bank 2005), which brought knowledge to the region from credible external experts on issues of high relevance (Salmi 2006). But there has been no systematic assessment of the outcomes of PROFOR's work in terms of improved forest policies, incentive frameworks, forest practices, and investments at the country level.

12. IEG would like to note that Bank management appears aware of these needs and has recently begun a training program to increase environmental knowledge and awareness of Bank managers.

13. Management notes that internal incentives are not only measured by project commitment values. It should be noted that several of the small GEF energy-efficiency and GEF ODS phase-out projects received QAG "1" highly satisfactory ratings, and task team leaders and task teams thus received strong positive feedback and recognition. Bulgaria Energy Efficiency GEF and Jordan ODS Phase-out II are two such examples.

Chapter 5

1. Based on a review of the complete population of ENRM projects approved since 2000 and closed in 2007 and 2008 and reviewed by IEG, there is a positive correlation between better M&E and better outcomes. The correlation coefficient is 0.60. See appendix F.

2. The 2001 strategy (p. 81) committed the Environment Sector Board to (a) defining more precisely the monitoring, quality enhancement, and reporting responsibilities; (b) reviewing exit strategies for existing partnerships to ensure effective transition; (c) identifying and catalyzing new partnerships that could contribute to the strategy's implementation; (d) setting guidelines for improving governance, management, and reporting; (e) ensuring that accurate records were kept on partnerships, their budgetary implications, and their performance; and (f) initiating periodic reviews of portfolio performance.

3. Two biodiversity projects—the Mozambique Coastal and Marine Biodiversity Management Project and the Latin America Integrated Silvopastoral Approaches to Ecosystem Management Project—conducted cost-benefit analysis and cost-effectiveness analysis, respectively, in parallel to their incremental cost assessments.

4. This is not to say that incrementality will not be considered in approving future GEF projects. Rather, the GEF evaluation (GEF 2007) found that incrementality of the GEF portfolio is achieved through the initial negotiations between the GEF agents and the recipients, in the determination of baselines, and in expected benefits rather than through the cost assessments that were being administered after project design.

Appendix C

1. Levels of adoption ratings are: high (fully adopted); substantial (largely adopted but not yet fully incorporated into policy, strategy, or operations); medium (adopted in some operational and policy work but not to a significant degree in key areas); and negligible (no evidence or plan for adoption, or plans and actions for adoption are in a very preliminary stage).

2. The categories for the implementation status of recommendations are: active and remain actionable by management, active and archived, complete and archived, incomplete and archived, obsolete or overtaken by events and archived, and difference of opinion between management and IEG.

3. The following reports were submitted to the Board by IEG in calendar year 2008: *Public Sector Reform: What Works and Why? An Evaluation of World Bank Support; Doing Business: An Independent Evaluation—Taking the Measure of the World Bank-IFC Doing Business Indicators; World Bank Group Guarantee Instruments 1990–2007—An Independent Evaluation; Environmental Sustainability—An Evaluation of World Bank Group Support; Decentralization in Client Countries: An Evaluation of World Bank Support 1990–2007; Climate Change and the World Bank Group, Phase I: An Evaluation of World Bank Win-Win Energy Policy Reforms; and Using Knowledge to Improve Development Effectiveness—An Evaluation of World Bank Economic and Sector Work and Technical Assistance, 2000–06* (see references).

4. The following IEG reports were submitted to the Board during calendar year 2005 and 2006: *Financial Sector Assessment Program—IEG Review of the Joint World Bank and IMF Initiative; Hazards of Nature, Risks to Development: An IEG Evaluation of World Bank Assistance for Natural Disasters; Evaluation of World Bank Support for Primary Education; Engaging with Fragile States: World Bank Support to Low-Income Countries Under Stress (LICUS); 2006 Annual Report on Operations Evaluation; Country Financial Accountability Assessments and Country Procurement Assessment Reports: How Effective Are World Bank Fiduciary Diagnostics?; A Decade of Action in Transport: An Evaluation of World Bank Assistance to the Transport Sector, 1995–2005; World Bank Assistance to Agriculture in Sub-Saharan Africa, An IEG Review; The Development Potential of Regional Programs: An Evaluation of World Bank Support of Multicountry Operations; Development Results in Middle-Income Countries: An Evaluation of the World Bank's Support; and Using Training to Build Capacity for Development: An Evaluation of Project-based and WBI Training* (see references).

5. The recommendations that have not been accepted by management will be excluded from the following data analysis.

6. As mentioned in endnote 5, the five new recommendations that have been only partly accepted by management will be excluded from the following data analysis.

7. This excludes the two recommendations on which there was a difference of opinion between IEG and management. These did not receive an adoption rating and are excluded from the sample when comparing levels of adoption.

Appendix J

1. Further information on interviews, documents, and questionnaires may be obtained from IEG upon request.

2. These indicators were selected on the basis of discussion by IDA deputies from 18 possible country outcome indicators proposed in a paper prepared by Bank management (IDA 2004, p. 6, table 1).

3. This indicator was introduced as an additional project-level indicator during IDA14.

4. These indicators were introduced during IDA14. The original IDA14 recommendation was that "aggregate progress" be monitored on "selected project outputs . . . in four sectors where IDA is active across a range of countries" (IDA 2004, p. 13). Twenty-five indicators were delineated in IDA 2006 (p. 14).

5. IDA 2004, p. 13. PARIS21 stands for "Partnership in Statistics for Development in the 21st Century."

6. Management for results was also explicit in the statements of heads of multilateral development banks following the Monterrey and Marrakech meetings.

7. A questionnaire regarding perceptions of the Bank's performance in implementing the IDA RMS was sent to eight IDA donors. The seven donors who responded accounted for 48 percent of cumulative IDA subscriptions and contributions, as of June 30, 2007. The author appreciates the time and effort taken to respond by the following IDA donors: Australia, Canada, Denmark, Netherlands, Sweden, the United Kingdom, and the United States.

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