Results and Performance of the World Bank Group 2015

AN INDEPENDENT EVALUATION

IEG Independent Evaluation Group

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WHAT WORKS

Results and Performance of the World Bank Group 2015

An Independent Evaluation

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Contents

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Appendixes

Boxes

Tables

Figures

Abbreviations

AAA	analytic and advisory activities
AFR	Sub-Saharan Africa Region
ASA	advisory services and analytics
BROE	Biennial Report on Operations Evaluation
CAS	Country Assistance Strategy
CASCR	Country Assistance Strategy Completion Report
CCT	conditional cash transfer
CLR	Completion and Learning Reviews
CMU	Country Management Unit
CODE	Committee on Development Effectiveness
CPE	Country Program Evaluation
CPF	Country Partnerships Framework
CPIA	Country Policy and Institutional Assessment
CPS	Country Partnership Strategy
DOTS	Development Outcome Tracking System
DPF	development policy financing
DPL	Development Policy Loan
DPO	development policy operation
E&S	environmental and social
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
ECD	early childhood development
ESIA	Environmental and Social Impact Assessment
FY	fiscal year (for World Bank)
CY	calendar year (for IFC)
FCS	fragile and conflict state
GEF	Global Environment Facility
GP	Global Practice
HIES	Households Income Expenditure Survey
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
ICRR	Implementation Completion and Results Reviews
ICT	Information and Communication Technology
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	investment project financing
ISR	Implementation Status and Results
LAC	Latin America and the Caribbean Region
M&E	monitoring and evaluation
MAR	Management Action Record
MFI	Microfinance institution
MIGA	Multilateral Investment Guarantee Agency
MNA	Middle East and North Africa Region
MS	moderately satisfactory (rating)
MU	moderately unsatisfactory (rating)
NGO	nongovernmental organization
NHFO	non-honoring of financial obligations
OPCS	Operations Policy and Country Services
PCR	project completion report
PDO	project development objective
PPAR	Project Performance Assessment Report
PPP	Public-Private Partnerships
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
SAR	South Asia Region
SME	Small and medium enterprise
SSN	Social Safety Nets
TTL	Task team leader
XPSR	Expanded Project Supervision Report

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Overview

The Independent Evaluation Group's (IEG) Results and Performance of the World Bank Group (RAP) is a comprehensive assessment of World Bank Group performance, drawing on recent IEG evaluations. The report also examines how effectively the World Bank Group addressed current and emerging development challenges. This year's RAP focuses on gender integration in World Bank Group operations, building on previous examinations of World Bank Group approaches to risk management (RAP 2013) and the Millennium Development Goals (RAP 2014). This report also reviews how effectively the World Bank Group's portfolio and country programs deliver results, and its system for monitoring the implementation of IEG's recommendations.

"No country, community, or economy can achieve its potential or meet the challenges of the 21st century without the full and equal participation of women and men, girls and boys." This statement from the World Bank Group website's topic page on gender states the essential importance of gender for development. In line with that view, the World Bank Group made considerable progress in addressing gender issues during the past 15 years. Gender has been a prominent corporate objective since the first World Bank Group strategy, introduced in 2001. This year, a new World Bank Group gender strategy has been launched—the first joint World Bank–International Finance Corporation (IFC) strategy to focus on gender. It is an important step toward sharpening the corporate focus on gender and improving the approach to gender mainstreaming.

This report describes how mechanisms for integrating gender in projects and country strategies are working, and to what extent they provide meaningful information about progress and results on gender. The analysis aims to inform World Bank Group efforts to strengthen the approach to documenting, assessing, and evaluating results as part of the new strategy rollout.

Corporate commitments have helped broaden policy and strategy attention to gender, which increased gender uptake. However, the quality of gender integration was uneven. Corporate commitments on gender were agreed, and reflected in, the results framework of the 16th Replenishment of the International Development Association (IDA16) and IDA17, and in the World Bank Group Corporate Scorecard. The commitments were monitored through the introduction of gender flags, mandatory disaggregation of project beneficiaries, and inclusion of gender indicators in IFC's Development Outcome Tracking System. The gender mainstreaming strategy was successful in increasing gender uptake (the number and percentage of operations and country strategies that addressed gender issues at entry). This uptake is more notable in recent years.

At the same time, progress in including gender integration at entry (the increase in the rate of projects defined as "gender-informed") was not matched by similar attention to quality and depth of gender integration. Current guidelines refer to integrating gender when relevant, but the guidelines do not define relevance, resulting in variable practice. The portfolio review revealed that projects—and especially country strategies—do not clearly identify gender relevance, and therefore struggle to clearly articulate an explicit result chain and select appropriate indicators for measuring results.

Country strategies are required to integrate gender by corporate commitments, and they generally do this. Most country strategies identify gender as a cross-cutting theme, delegating the explanation of the rationale and results chain to individual projects within the country portfolio. This effectively dilutes the strategy focus on the country gender priorities that need to be addressed.

The monitoring and evaluation (M&E) frameworks of operations and country strategies do not adequately measure and report on gender results. The importance of tracking, reporting, and assessing gender results has become a higher organizational priority in the recent period, reflected in the corporate commitment to tracking female beneficiaries. An increasing number of projects report this indicator; several added it during implementation. When indicators were integrated at an early stage and were grounded in concrete actions and components, reporting on the indicators was substantial. This was true for both projects and country strategies—reporting on the indicators was typically sound when gender actions were identified and were supported by a relevant background diagnostic, and indicators were integrated into Country Assistance Strategy programs. Qualitative reporting of indicators is more frequent than quantitative reporting, but both have serious limitations, including poorly reported indicators, vague qualitative statements, incoherent reporting, and not reporting indicators at all.

However, weaknesses in M&E frameworks prevent meaningful tracking and assessment of projects' and country strategies' gender results. Nearly all country strategies reviewed incorporated gender in at least some dimension, but only a few had internally consistent background analysis, actions, and indicators and corresponding results measured and reported. At the project level, development outcome indicators reflecting gender are rare, and many person-level indicators are still not sex-disaggregated, even when meaningful disaggregation was technically feasible. Defining and counting female beneficiaries, though increasingly done, requires more than counting recipients or residents of the project area, and involves measuring both the direct and broader distributional impacts. For both country strategies and projects, indicators used are often inadequate to capture gender results since they are frequently narrow in scope and tend to measure outputs rather than outcomes.

The new World Bank Group gender strategy offers an opportunity to improve tracking and reporting of gender results. The introduction of the first World Bank Group gender strategy in fiscal year 2016 (FY16) is an opportunity to ensure that the mechanisms established to support gender integration in country strategies and projects are fine-tuned to generate and produce meaningful information and reporting. IEG's analysis shows this can be achieved by moving away from a purely mechanical observance of corporate mandates and a box-ticking culture to embrace a more consistent, robust approach that involves identifying priorities, articulating a results chain, selecting meaningful indicators, following up coherently, and monitoring and reporting the results achieved.

The performance of Bank lending, IFC Advisory Services, and Multilateral Investment Guarantee Agency (MIGA) guarantees remains stable, but the performance of IFC investments continues to decline. World Bank Group commitments peaked in FY10 after the global financial crisis, but lending tapered off through 2013. Commitments are now rising once again and have increased for two consecutive years. Commitments reached $60 billion in FY15. Weighted by commitment size, the performance of World Bank projects for the period FY12–14 exceeded FY17 corporate targets; measured by number (unweighted percentage), performance held steady, but was below the FY17 corporate target. The performance of Bank projects in East Asia and Pacific resisted the overall trend, declining in FY12–14 to a performance rating just above the Middle East and North Africa Region. Among the Global Practices, performance was particularly strong in Social Protection and Labor, and in Agriculture.

IFC advisory and MIGA guarantee products continued to perform well, but IFC investment lending continued the downward trend first reported in 2013. Falling equity success, influenced by ongoing fallout from the financial crisis and global economic slowdown, affected investment success. Investment project performance improved in IDA and blend countries, but continued to dip significantly otherwise, reflecting poor investment outcomes and work quality, particularly in the manufacturing and services industry group, and in the Europe and Central Asia and East Asia and Pacific Regions.

Mid-course corrections matter more than project size for successful performance in World Bank projects; for IFC projects, size matters for real sector projects, but less than do other risk factors. Using statistical analysis, IEG found that initial commitment size is not a key element of success for World Bank investment lending projects, but the change in project size during the project cycle is a significant correlate of a project outcome rating. Additional financing is typically introduced for what are deemed well-performing projects, which increases their size, but does not cause their success. Performance can improve by paying more attention to certain factors at entry, such as risk assessment, relative design complexity, and clear objectives. Currently, quality at entry is not systematically rated at the beginning of the project.

The analysis also found that higher outcome ratings were associated with projects in countries with higher Country Policy and Institutional Assessment ratings, when controlling for country- and project-specific characteristics, Global Practice, and Region. Lower project outcome ratings were associated with task manager turnover, higher supervision cost, and whether the project was ever labeled a problem project. Related analysis suggests that early and candid assessment of project implementation performance is important because lack of corrective actions or untimely restructuring were the key reasons for poor project outcomes. Projects in countries with greater gender equality, more effective government functions, or more stable rule of law were also associated with higher outcome ratings.

For IFC projects, IEG found that project size was a significant correlate of development results for real sector projects, but not for banking projects. However, for real sector projects, the association of commitment size with development success diminished as other risk factors were added to the model. For these projects, external project risks (such as management quality, market conditions, investment climate, and internal controllable risk factors in IFC's work quality) are more significantly correlated with development outcomes.

Using the identified factors associated with development outcomes, analysis to predict the performance of IFC projects revealed that recently committed IFC projects are likely to perform worse than recently evaluated projects, despite a larger concentration of recent IFC commitments in less risky countries.

Outcomes of country programs for International Bank for Reconstruction and Development (IBRD) and IDA have improved during the past three years and remained stable in Fragile and Conflict States with a higher success rate than for the World Bank Group average. Improvement is led mostly by the European and Central Asia and Latin America and Caribbean Regions. The performance of the World Bank Group in designing and implementing country programs deteriorated slightly overall, especially in Latin America and Caribbean. It improved in all other regions including Africa region or remained stable.

The Management Action Record (MAR) process was successful in creating a formal,

transparent, and well-understood structure within the organization for reporting about progress made to address recommendations in IEG evaluations. IEG evaluations make recommendations to improve the development effectiveness of the World Bank Group. IEG and management then monitor the implementation of actions associated with those recommendations to promote accountability and generate knowledge about where improvements are and are not made. The World Bank Group's Boards of Executive Directors can use the MAR as a tool to hold World Bank Group management accountable for actions to which it committed.

Between FY12 and FY14, IEG produced 25 corporate, sector, and thematic evaluations, resulting in 170 recommendations being tracked using the MAR. This year, as in previous years, IEG found that implementation of those recommendations improves over time. IEG rates implementation of just over 80 percent of the recommendations substantial or better by year four.

However, M&E recommendations have eluded meaningful response. Implementation progress is even across all major recommendations categories except for M&E quality. For M&E, World Bank Group management generally agreed with IEG's recommendations, but implementation was difficult because of issues with data collection, assessment methodologies, and the time required for outcomes to materialize. Management acknowledged these difficulties and rated implementation substantial for only half of M&E-related recommendations in the fourth year of implementation, which is well below average.

The MAR could be an even more effective tool if it were less formalistic and more purpose driven, and by integrating active, deliberative, and ongoing dialogue throughout the process.

The MAR is a useful accountability tool, but the process requires further reform to make it an effective tool for learning. Interviews with selected IEG and World Bank Group managers and staff involved with the six evaluations entering their fourth year of follow-up revealed that the evaluations themselves have more influence than the recommendations alone. Many managers and staff interviewed considered the MAR follow-up to be a static, bureaucratic accounting exercise that resulted in little deep reflection on progress. Recommendations are tracked even when they may have lost their relevance as the operational environment and strategic priorities evolved.

The review identified three major factors that contributed to an evaluation's influence. Timely evaluations that generated findings and recommendations aligned with ongoing strategic priorities and operational programs tended to have relatively strong adoption of recommendations. World Bank Group managers and staff also said they were more likely to take an evaluation and its recommendations seriously if they considered its analysis to be of high quality and the evaluation team technically credible. Management also cited the value of early and frequent engagement with evaluation teams as a factor in their receptiveness to findings and recommendations.

Still, it was also noted that for some evaluations that address difficult or cross-cutting issues with unclear ownership, early engagement with the right stakeholders may not be achieved. Such evaluations may be among the most influential in the longer run, but the influence may take a longer time, and avenues of influence other than what the MAR can offer may be required. A statement in the Independent Panel's report to the Committee on Development Effectiveness stressed the importance of IEG's strategic engagement and a close but uncompromised relationship with management and staff.

Further reforms of the MAR process should seek to encourage earlier and deeper engagement between evaluators, management, and topical stakeholders.

Management Comments

World Bank Group management welcomes the report of the Independent Evaluation Group (IEG), *Results and Performance of the World Bank Group 2015*, and the opportunity to respond with comments. The report brings out many salient issues and provides useful analysis and insights on three key topics: (a) the integration of gender into Bank Group operations and country strategies; (b) results and performance of recent Bank Group operations; and (c) the Management Action Record (MAR).

Bank Group management welcomes IEG's recognition of recent positive trends as well as of challenges in the results and performance of Bank Group operations. These include (a) the good progress in gender mainstreaming in recent years, in particular the increased gender uptake in operations and country strategies; (b) the good performance of Bank lending, International Finance Corporation (IFC) Advisory Services and Multilateral Investment Guarantee Agency (MIGA) guarantees; and (c) the overall improvement in the performance of Bank Group country programs.

World Bank Management Comments

Gender Integration

The report reflects on the Bank Group's experience in gender mainstreaming and draws some lessons that also informed the new Bank Group Gender Strategy, published in December 2015. The new Bank Group Gender Strategy emphasizes the importance of defining specific gender gaps on which to focus in Country Partnership Frameworks (CPF), approaches to address and track such gaps in the analytical and operational portfolio, and clear results-chains on gender equality at the project and strategy level. It also highlights the critical role of country ownership, since achievements on closing gender gaps will only be sustained if they are integrated in countries' own development agenda and institutions.

Gender mainstreaming to gender integration. Management fully recognizes the need to strengthen the link between diagnostics and relevant interventions and outcomes at the country strategy and project levels. Much progress has been made since the 2001 Gender Strategy. The latest Bank Group Gender Strategy has greatly benefited from lessons learned over the past 15 years through the implementation of Country Gender Assessments and country and Regional Gender Action Plans, as well as from a wealth of analytical and evaluative work, notably the 2010 IEG evaluation of the implementation of the 2001 strategy and the World Development Report 2012 on gender.

The introduction of the three-dimension gender flags at the project and country levels in FY13 successfully raised the uptake of gender issues in country strategies and projects. Building on this success, the new Bank Group Gender Strategy aims to raise the bar by strengthening the links between country gender diagnostics and the identification of relevant interventions, and by enhancing the quality and relevance of monitoring and evaluation (M&E) frameworks for improved reporting of gender-related results. Management appreciates the analysis and examples of indicators in projects and country strategies (in the text and Box 1.3) and the focus on outcomes, which enhance learning and provide a useful reference point as we implement the Bank Group Gender Strategy. Revised guidelines for the inclusion of gender equality outcomes in the Systematic Country Diagnostic and CPF documents are under development and will be available by the end of FY16.

Global Practices and IFC departments are developing follow-up notes for how they will implement the Bank Group Gender Strategy. These plans will discuss the gender gaps they can help close, highlight good practices and approaches in operational programs, and identify areas for which more piloting and research are needed. IFC industry departments and five Global Practice follow-up notes are already under development, and the remainder will follow in FY17.

More systematic diagnostics and monitoring. Management plans to address the gaps identified in the report through a more systematic approach, including (a) enhanced country diagnostics that not only identify specific gender gaps but also probe into the underlying causes and constraints for those gaps; (b) support for more and better sex-disaggregated data at the country and global levels; and (c) a new monitoring system for projects using and enhanced three-dimension gender tag and monitoring indicators throughout the project cycle.

As the 2015 strategy explained, the gender tag has been revised, with sharper definitions and questions that better link project-relevant gender gaps and those identified through the country engagement framework. The new gender tag has already been introduced for all investment project financing (IPF) operations. Progress will be monitored at project entry and throughout implementation and completion, including through a new outcome rating of how well the activity closed gender gaps in the Implementation Completion Report. Implementation of the new monitoring system has already commenced: the trial phase for the new gender tag system is under way, and working groups have been formed for the development of revised rating criteria, relevant guidelines, and so forth. Following the successful completion of the trial phase, gradual rollout is expected to start in FY17, with the first phase targeting Bank IPF operations.

The Bank Group Gender Strategy also takes on the challenges highlighted in the report, both in the availability of relevant data and the necessary skills to use these data and improve the quality of gender analysis at the country level and in operations.

Methodology for the country strategy and project reviews. The *a posteriori* application of the gender flag to the analysis of country strategies ignores the fact that the scorecard assessed country strategies presented to the Board in FY15, while the review considers country strategies that closed between FY12 and 14, that is, before the analysis of the three dimensions became part of International Development Association (IDA) monitoring. Similarly, the *a posteriori* application of the gender flag to the analysis of projects should be tempered by the fact that many sample projects that were closed between FY12 and FY14 were designed and implemented before the flag system was put in place.

Recent Results and Performance of World Bank Operations

Management appreciates the comprehensive presentation of project outcomes information with different levels of disaggregation—by project counts versus commitment amount, IPF versus development policy financing, International Bank for Reconstruction and Development (IBRD) versus IDA, by Region, and by Global Practice. Such disaggregation enables a deeper analysis to pinpoint areas of weaker performance and enriches the discussion. **The Regional** and

Practice Group updates attached to the report are a very useful tool to highlight each group's overall portfolio characteristics, as well as its trends, strengths, and challenges in performance. Management also appreciates the report's recognition of some of the concrete steps taken to address performance challenges.

Factors affecting project outcomes. Management also appreciates the report's detailed analysis on factors affecting project outcomes, which is a rich source of information and insights. Not surprisingly, quality at entry, quality of supervision, and M&E quality are among the top factors affecting project performance. Client capacity and commitment, project management, and experience and turnover of Bank task team leaders also play important roles. A deeper analysis to understand project-specific factors and context may be useful—for instance, the relationship between project restructuring and outcome ratings.

Project size. Management notes the finding that changes in commitments during implementation (through cancellation or additional financing) are significantly associated with outcome ratings, while the correlation with initial commitment size was not significant. Figure 2.11 also confirms this intuitive result since, as the report points out, additional financing (or cancellation) is often an effect of good (or poor) performance, not a cause.

Risk. The report underemphasizes the recent developments to strengthen the identification of risks and mitigation measures. Under the Systematic Operations Risk-rating Tool (SORT) framework, introduced in October 2014, risk is defined as it relates to the achievement of intended development outcomes and the risk of unintended impact of an operation or country engagement. The SORT is a simple tool designed to identify risk early on and throughout the project cycle, systematically track progress, and continuously assess its effect. This information can effectively contribute to improvements, not only in quality at entry, but also vis-à-vis the development results that the operations were designed to achieve.

Crisis response. Management appreciates the observation that the global food crisis projects supported by the Bank are seen to have "performed exceptionally well." On avian influenza, the Annex notes the positive experience and the Bank's "ability to use its convening power, to raise funds, to work with partners, and to rapidly prepare and supervise a global investment program." It also highlights how the Bank continues to support important global agendas even after the spotlight has moved on. For example, the Agriculture GP has recently made concerted efforts to resuscitate the Global Food Crisis Response Trust Fund and will use the available funds to mount analytical support in response to the El Niño phenomenon, which affects several client countries.

Management Action Record (MAR)

It is encouraging to note the high rates of implementation of IEG recommendations after four years. A key remaining challenge is the recommendations on M&E: only two of the four recommendations showed substantial or better implementation progress by year four. The upcoming reform of the Implementation Completion and Results report will present an important opportunity to strengthen guidance and tools for self-evaluation of projects. Management is also taking actions to step up staff training in M&E and results measurement.

Management is already working with IEG to strengthen the MAR process with earlier and more collaborative interactions between IEG evaluators and operations staff. The proposed dynamic engagement and dialogue to promote learning and adaptable implementation of recommendations is also welcomed by management. As a follow-up to the recommendations from the IEG External Review, management and IEG are planning to implement a few pilot processes to that effect.

IFC Management Comments

Management appreciates IEG's review and analyses detailed in the World Bank Group Results and Performance 2015. It commends IEG for highlighting gender as a featured evaluation topic this year, particularly given the new Bank Group Gender Strategy, and for providing candid insights from recent results based on IEG-validated self-evaluation systems and other studies. Management also appreciates IEG's undertaking an analysis of the influence of project size on investment success. The report overall is helpful in drawing attention to important areas for IFC to consider as it continuously seeks to improve operational performance.

Development Results. With respect to IFC's investment services, management acknowledges that the share of positively rated projects in the evaluated sample for CY12-14 declined to 58 percent on an unweighted basis, or 69 percent weighted by commitment size, from 73 percent for CY08-10. In this regard, management agrees with the report that the development performance of IFC investments is closely linked to the financial success of those investments and that it was significantly impacted by the global economic and financial crisis throughout the period of CY07-14, as well as region-specific effects in Europe and the Middle East. Global economic conditions affected the equity portfolio in particular, which has become a larger share of IFC's business over the review period. With respect to IFC's equity investments, however, management wishes to note that they have consistently outperformed against relevant global emerging market benchmarks, and IFC manages equity investments with a long-term approach. Furthermore, widespread economic volatility, accompanied by currency depreciation and low commodity prices, continued to affect both developed and developing countries.

The report also points to work quality as one of the key factors affecting IFC investment development outcomes. IFC management acknowledges the analysis, and views this as an important opportunity to identify potential improvements in work quality. Based on a further review of evaluated projects, it is difficult to discern a systematic pattern from the data. IFC therefore plans to undertake a further analysis jointly with IEG to examine the data in more granular detail to identify causality at the process, product, industry, or regional level. Following the analysis, actionable recommendations linked to more specific findings on where work quality can be improved will be identified. This work will be done in conjunction with the diagnostic exercise launched by IFC's Executive Vice President.

With respect to advisory services, management acknowledges IEG's recognition of the steady development effectiveness of IFC's advisory services in the report. The success rate in the most recent three-year rolling period (CY12-14) was 75 percent by self-rating, based on all the applicable advisory portfolio, compared to the 63 percent reflected in the report after IEG adjustments. Strong performance has been steady over the last five years and is expected to continue per CY15 preliminary data. This is consistent with a 91 percent client satisfaction rate reported through client surveys. Management is pleased with the stable success backed by strong work quality assessed by IEG, including over the period of reorganization of IFC's advisory services. Since it has been one and a half years since the reorganization took place, it would be useful for IEG to start reporting results against the current structure.

Methodology. Management is aware of methodological differences between IEG and IFC, particularly on evaluation of IFC's investment operations. The IFC team looks forward to resolving them with IEG. For instance, the more significant decline in the IEG system than that in the Development Outcome Tracking System (DOTS) is influenced by the fact that the former does not update project performance for the sample even if the financial performance of the underlying investments improves after the Expanded Project Supervision Report (XPSR) is validated by IEG. This is an important consideration given the timeframe. The implementation period of the projects in the sample, conceived and approved by the Board in CY07-09, included the global financial crisis, Eurozone slowdown, and such geopolitical events as those in Eastern Europe and the Middle East. Since IFC held on to the evaluated investments after IEG validation, DOTS has captured net performance improvement for the entire active portfolio which may have taken place after conditions started to stabilize.

Signs of weakening development outcomes are also evident in the success rate generated by IFC's internal and portfolio-wide DOTS. The DOTS success rate stood at 66 percent for FY12-14, and the decline from 71 percent for FY08-10 was more modest. Management further acknowledges that IFC's preliminary self-rating for the same CY12-14 XPSR sample stood at 73 percent on a non-weighted basis. Management is pleased to learn that the difference in the success rate between IFC's review and IEG's is narrowing, and has fallen to 13 percentage points in CY13. Management encourages IEG to assess projects and IFC's work based on the information that was available to project teams at the time they engaged in the rated activities. Management understands that a detailed memo with full analysis of rating differences will be issued to IFC and looks forward to further discussions together with the above-mentioned joint analysis.

Another instance of differences is in respect to IFC's additionality framework established in 2007, and IEG's role and contribution framework embedded in the XPSRs. For instance, IFC considers "long-term partnership" and "provision of equity not available in the market" as important forms of additionality, while IEG does not recognize them as such. According to IFC's client survey, long-term partnership is the most cited reason why investment clients choose to work with IFC. In addition, the provision of equity not available in the market can be essential to the viability of an investment.

Gender Operationalization in IFC. Management appreciates IEG's undertaking a special thematic analysis regarding the Bank Group's gender integration and is pleased with the report's recognition of IFC's initiatives in integrating gender into its strategy and operations, with notable progress in recent years. As described, IFC has come a long way in its selective gender mainstreaming efforts since its first gender-dedicated projects in 2005. This now includes the launch of a gender flag, first in advisory projects and then in investments; the establishment of a Gender Secretariat, the Bank Group Gender CCSA, and the recently endorsed Bank Group Gender Strategy (FY16-23); three new gender-focused advisory solutions (employment, insurance, and women business and leadership training); and the large Banking on Women portfolio. Management is proud of the achievements IFC has made in helping and promoting gender equality in the private sector and beyond. As IEG observed, IFC has been strategically focused in the way it operationalizes gender with clients. Implementation has contributed to closing gaps between men and women when it comes to access to jobs and assets, but management recognizes that even more can be done. With clients in targeted areas, IFC's approach has been to seek to support the projects' gender-related needs, which are typically implemented as specific activities rather than as defined objectives. Investments in the Banking on Women program, currently consisting of 32 projects, do have a clear-cut gender objective, along with DOTS targets and reporting, which are part of investment agreements. IFC's investment efforts also involve the appointment of women directors to the board seats of client companies, with a target of reaching 30 percent on IFC-seated boards. In FY14, IFC reached 28 percent of women as non-executive directors being nominated into its board seats. Going forward, IFC is looking to help more clients realize gender solutions to their business challenges.

Regarding IFC's Global Entrepreneurship Markets Initiative, implemented in Africa, management acknowledges the comments made in the report. These projects were the first cohort of micro, small, and medium enterprises projects in Africa with a gender component. The valuable lessons drawn from the challenges encountered during implementation of these projects have been addressed in subsequent project design—in particular, by focusing on phasing projects in a way that considers the client's internal capacity to implement. The Diamond Bank Burundi project was a stand-alone gender project, implemented by the same team that rolled out the early pilots, and similar lessons on client readiness have been effectively applied.

Regional Operations—Eastern Europe and Central Asia. The IEG evaluation states that the success rate of investments in Eastern Europe and Central Asia (ECA) was on a downward trend, first reported in 2013. As noted above, the cohort of projects covered in the report was approved just before or during the global financial crisis, which affected the region the most severely because of its stronger linkages with the Eurozone, especially through the financial sector. The crisis significantly weakened the economic and financial performance of the projects in the cohort. Since IFC's clients do not operate in isolation from the rest of the economy, which was in recession as late as 2013, their performance could have been much worse without IFC's support, given the magnitude and persistence of the shocks that they were facing. Consequently, management believes that IFC investments in ECA were among the most resilient, given the challenging environment. Regarding the overall assessment of economic challenges faced by the region related to the review period, management observed that low competitiveness driven by resource intensity (especially energy), poor financial intermediation, inadequate infrastructure, and a poor business-enabling environment also presented challenges to the region in addition to social inclusion, as spelled out in the ECA strategies for the last two years and reviewed by IEG.

In Kazakhstan, IFC responded vigorously with long-term lending targeted at small and medium enterprises (SMEs) to address issues in the financial sector during the 2008 crisis. In the real sector, IFC provided support with advisory services in many sectors of the economy. In parallel, IFC actively explored investment operations in an environment where suitable sponsors were scarce and the economy was dominated by state interests. Many projects did not materialize mostly because of sponsor issues, high leverage, and low competitiveness. Since 2009, IFC has significantly increased investment activities in select sectors, consistent with its strategic priorities. Regarding better coordination on investment climate reform and SME development, management is pleased to share that the joint Trade and Competitiveness Global Practice is enhancing coordination and that all current country strategies in the region are being delivered jointly and explicitly address SME issues.

MIGA Management Comments

Evidence base. Overall, MIGA finds that the Results and Performance (RAP) 2015 report provides a useful analysis of MIGA operations during the review period, based on FY09-14 project evaluations, with a Development Outcome (DO) success rate of 63 percent (35/56). RAP 2014 was based on FY08-13 project evaluations with a DO success rate of 70 percent (30/43). MIGA notes that, while the longer (six-year) accumulation for DO success rate is sensible—given the small number of projects evaluated annually—the DO success rate variations in the yearly RAPs should be viewed in the context of the performance profile of project evaluations that enter and exit the portfolio in the RAP cycle.

Performance of MIGA guarantees. The report notes the performance of MIGA guarantee projects as stable with some weaknesses, particularly in the financial sector. MIGA notes that most of the weakly-performing financial sector projects were in the Europe and Central Asia region and were supported in the wake of the global financial crisis, as MIGA's response to the crisis, in the broader context of the international financial institutions' initiatives. The magnitude and duration of the financial crisis have proved to be greater than expected and have been the main reason for the weak performance of financial sector projects. Many of the MIGA financial sector guarantee projects supported in the ECA Region were also supported by other international financial institutions (IFC, the European Bank for Reconstruction and Development, European Investment Bank), which seems to suggest that macro rather than micro factors were the key drivers of performance.

1. Gender Integration in World Bank Group Operations and Country Strategies

Highlights

- Strong corporate commitments were translated into guidelines and practices that were mostly process-oriented
- The quality of gender integration in projects and country strategies—currently not measured in the World Bank Group monitoring system—can be improved
- Projects and especially country strategies do not clearly identify gender relevance or articulate a results chain
- Integrating gender as a cross-cutting theme in country strategies dilutes its focus
- Weaknesses in monitoring and evaluation frameworks prevent meaningful tracking and assessment of projects' and country strategies' gender results. If the indicators are poor, results are not meaningful even if reported.

Introduction

The World Bank Group considerably advanced its gender agenda over the past 15 years. The first gender strategy (introduced in 2001 and supported by Bank policy OP/BP 4.20) recognized the importance of addressing gender to reduce poverty, and mandated that gender be mainstreamed in all country strategies and throughout the World Bank lending portfolio. At first, the consideration of gender issues was primarily limited to the human development field (education and health in particular). The Gender Action Plan (World Bank 2006) later expanded the focus to traditionally neglected sectors, such as infrastructure, agriculture, private sector development, and labor markets. The *World Development Report 2012: Gender Equality and Development* added further impetus to working toward gender equality. Finally, the World Bank Group restructuring in 2014 effectively made gender a top institutional priority by creating the Gender Cross-Cutting Solution Area.

Progress in mainstreaming gender within the institution has not been linear. The 2010 IEG gender evaluation (IEG 2010a) found that progress was stronger immediately after introduction of the gender strategy in 2001, but then weakened during 2005–2008. The evaluation also identified some gaps in the implementation of OP/BP 4.20 (Box 1.1). Some of these gaps were addressed, as documented in the Management Action Record (MAR), by institutionalizing reporting mechanisms, intensifying efforts to produce sex-disaggregated data and impact evaluation evidence, and further strengthening results and accountability mechanisms. Corporate commitments on gender were agreed to and reflected in the results frameworks of International Development Association (IDA) Replenishments IDA16 and IDA17, and in the Corporate Scorecard. The Bank committed to disaggregating project beneficiaries by gender and instituted a gender flag at the project design stage in FY13.

Box 1.1. The 2010 IEG Gender Evaluation

IEG evaluated the effectiveness of the Bank's gender mainstreaming approach between FY02–08 and concluded that the Bank made progress in gender integration, but implementation of the Bank's gender policy weakened in the latter half of the evaluation period. IEG also found that two gaps in the Bank's gender policy diminished the policy's relevance: the lack of a results framework in the 2001 Gender Strategy (World Bank 2002), and the replacement of a more generalized mainstreaming approach with a selective country-level approach. IEG made three recommendations:

- Foster greater clarity and better implementation of the Bank's gender policy by establishing a results framework and a plan for country-level diagnostics, among other things
- Establish clear management accountability for development and implementation of a monitoring system
- Strengthen the incentives for effective gender-related actions in country clients.

Management agreed with the recommendations and subsequently reported on actions taken to strengthen gender integration in World Bank work. Some of the activities reported in the Management Action Record (MAR) were the 2011 introduction of gender indicators in the Corporate Scorecard; institutionalization of reporting mechanisms; more systematic integration of gender in Country Assistance Strategies; and the introduction of Regional Gender Action Plans. At the country level, management identified lack of gender-relevant data as a key constraint, and reported on efforts to improve local statistical capacity through the Gender Equality Data and Statistics Working Group and the World Bank's Umbrella Facility for Gender Equality. Management also reported on its commitment to support gender through IDA and defined specific goals and actions.

IEG rated the recommendations "substantial" for implementation in 2014, the last year of follow-up in the MAR, while noting areas that need more attention, such as further strengthening the results framework and not limiting outcome indicators to female beneficiaries.

Source: IEG 2010a; MAR of gender equality evaluation.

The gender mainstreaming strategy was undoubtedly successful in increasing the gender uptake (the number and percentage of operations and country strategies that addressed gender issues at entry). This uptake is more notable in recent years. The annual reports (issued by the former Poverty Reduction and Economic Management Gender unit) entitled *Update on the Implementation of the Gender Equality Agenda at the*

World Bank Group (2012, 2013, 2014) documented a sharp increase in the share of World Bank Group lending operations that were gender informed in recent years—up to 95 percent of all approved lending operations in 2014.[1] Similarly, updates on the Corporate Scorecards reported that the institution's attention to gender resulted in 100 percent gender informed country strategies.[2]

The 2001 World Bank gender strategy does not govern the International Finance Corporation (IFC), yet IFC promoted initiatives in recent years to integrate gender into its portfolio, such as the Gender Entrepreneurship Markets program, Banking on Women, the Women in Business Program, WINVest, and SheWorks. IFC is also one of the largest global investors in the microfinance sector, which disproportionately provides financial services to women. In 2008 IFC included sex-disaggregated indicators in its Development Outcome Tracking System (DOTS) and, more recently, adopted a gender flag for Advisory and Investment Services.[3] In 2015 IFC proposed including a gender indicator in the IFC scorecard for FY16.

The analysis presented in this chapter shows that progress on gender integration at entry was not matched by similar attention to quality and depth, both in solidity of the approach and measurement of results. The emphasis on expanding gender integration at entry generated mixed results—attention to gender expanded, but the effort often became a mechanical approach (a box-ticking exercise) instead of meaningful and substantial integration. Current guidelines refer to integrating gender when relevant, but do not define "relevant," resulting in variable practice. Poor measurement persists because the gender flag guidelines are largely process-oriented and do not address more substantive issues, such as results measurement. Projects and country strategies do not sufficiently consider factors that are crucial for achieving impact, focusing attention mostly on elements considered important for integration at entry (which may not be as important for generating results).

Some of the same drawbacks identified above were noted by Bank Group staff interviewed for the analysis to prepare the MAR 2013 update on implementation of the recommendations of the 2010 gender evaluation. Among challenges interviewees cited were:[4] a perception that gender work is not very relevant and adds little value; data gaps and poor linkages between analytical and operational needs and data requirements; an excessively process-oriented approach that often translates into lip-service and a bean-counting rather than substantial integration; lack of resources, including skills related to injecting gender knowledge into projects, programs, and strategies; low demand by client countries; and the risk that gender may be a "passing phase" in the institution.

The analysis in this RAP could not rely on a corporate definition of success beyond the quantitative indicators that are part of the Corporate Scorecards. Therefore, it focuses on dimensions of gender integration that can help define a qualitative benchmark:

- The definition of when (and why) addressing gender issues in projects and country strategies is relevant (with implications for coverage and targets for scaling up)
- Articulation of a result chain for gender, which demands achieving a coherent framework flowing from background analysis, to actions and components, to indicators and results (in country strategies this includes clarification of the value added of gender integration beyond purely mirroring gender integration in the country projects portfolio)
- Selection of appropriate indicators to measure results, and ensuring results are accurately reported.

The analysis addresses two questions: What is the current approach adopted by the World Bank Group to integrate gender in operations and country strategies? To what extent do monitoring and evaluation (M&E) systems measure and report on gender results in operations and country strategies? The analysis is based on the following:

- A sample of 231 investment lending operations that closed in FY12 and FY14 (selected because they were previously screened by the IEG Gender Evaluation 2010)
- 190 IFC Advisory Services evaluated by IFC in FY12–FY14[5]
- 226 IFC investment operations self-evaluated by IFC and validated by IEG in FY12–FY14
- All 58 country strategies that closed in FY12–14
- Corporate documents
- Findings from recent IEG evaluations.

See appendix C for an explanation of the methodology used.[6]

The analysis does not focus on the actual results achieved or the effectiveness of World Bank Group support in achieving greater gender equality, and it is not an update of IEG's 2010 gender evaluation or a process evaluation. Its focus is on whether or not the system produces information that adequately reflects the quality and depth of gender integration, and whether current practice and the information it produces can effectively document results achieved in addressing gender issues in client countries.

A major goal of the first World Bank Group gender strategy is to focus more strongly on results at both the project and country strategy level.[7] The new strategy, *World Bank Group Gender Strategy (FY16–23): Gender Equality, Poverty Reduction, and Inclusive Growth* (World

Bank 2015d), emphasizes the importance of a country-based approach, and links the gender equality agenda to the World Bank Group's twin goals. This analysis aims to inform all stakeholders, and to assist the World Bank Group and particularly the Gender Cross-Cutting Solution Area in strengthening the approach to documenting, assessing, and evaluating results during rollout of the new strategy.

Are projects and country strategies gender informed?

Integration of gender in projects (whether gender issues were considered and addressed) has been traditionally tracked along three dimensions: in the underlying analysis, in the actions proposed, or in M&E arrangements. A gender flag for systematically tracking integration at entry formalized this approach in FY13.[8] At the time, a project qualified as gender informed if just one dimension was present; since FY15, all three dimensions must be present to qualify. Gender integration in country strategies is not flagged, but is tracked using essentially the same approach. The flag is mandatory for IBRD and IDA projects, but only at entry (the appraisal stage); the task team leader self-assigns the flag, and there is no requirement for the three dimensions to connect to one another or to the operation's development objectives.

The approach to define and track gender informed projects provides a relatively static and disconnected picture of gender integration that does not allow for thorough assessment of quality or intent, and does not reveal the expected or actual results (there are no inclusion criteria for the indicators selected). Table 1.1 shows the results of applying the gender informed flag to the sample of IBRD and IDA projects used in this analysis. Half of the projects reviewed addressed gender in at least one of the three dimensions—the smallest set is projects integrating or explicitly planning to integrate gender indicators at the outcome or output level. One-fourth of all projects integrated gender in all three dimensions, though not necessarily linked in a common framework.

Table 1.1. Integration of Gender in IBRD and IDA Projects, FY12–FY14

Projects (n=231)	Percent
Gender in background or analysis	47
Gender actions in actions or components	43
Gender in M&E	29
Gender in at least one dimension	56
Gender in three dimensions: analysis, actions, and M&E	24

Source: IEG calculation based on projects portfolio review.
Note: M&E = monitoring and evaluation.

Fifty of the 58 country strategies analyzed for this report (all those that closed during FY12–14, 35 of which were joint World Bank–IFC strategies) touched on gender issues in diagnostics, actions, or pillars (Table 1.2).[9] Twenty-one percent of country strategies analyzed had gender present in all three dimensions as currently required (analysis, content, and results framework). This is lower than the rate reported in official documents. According to the Corporate Scorecard, in FY15 all country strategies integrated gender (meeting the target of 100 percent satisfactory attention to gender two years before the FY17 deadline).[10] The "Update on the Implementation of the Gender Equality Agenda at the World Bank Group" (World Bank 2012), reported that 57 percent of IDA country strategies integrated gender in three dimensions in FY11 and 86 percent did so in FY12 (p. 24, table 1). (Figures were not reported for non-IDA country strategies, which normally integrate gender at lower rates.)

Undoubtedly a strong effort was made between FY11 and FY13 to ensure that country strategies integrated gender (especially in IDA countries due to IDA commitments). This is reflected in a dramatic increase in gender integration from the previous period (when the country strategies in the sample were approved, around FY08–FY09). At the same time, there have never been specific requirements regarding the quality of this integration, for example the dimensions of gender integration being coherently linked to one another and to the rest of the strategy. Of the 58 country strategies examined, 23 country strategies included gender in their objectives and pillars: 5 addressed gender in a pillar and 18 addressed it in a cross-cutting way.

Table 1.2. Integration of Gender in Country Strategies, FY12–14

Country strategies (n=58)	Percent
Gender in background or analysis	48
Gender actions in objectives or pillars	40
Gender in M&E	50
Gender in at least one dimension	86
Gender in three dimensions: analysis, pillars, and M&E	21
Gender included in a cross-cutting way	31

Source: IEG calculation based on country strategy portfolio review.
Note: M&E = monitoring and evaluation.

IFC's approach, unlike the Bank's, is highly selective and defined around specific gender private sector dimensions. IFC's priorities for gender integration center on fostering women's roles in five areas corresponding to a limited portion of the IFC portfolio: entrepreneurship, employment, corporate leadership, customers, and consumers. Gender is virtually absent from business lines or sectors that were not priorities for gender. In 2015 IFC selected agriculture, extractives, and finance as sectors of specific gender focus and set targets for gender results in these sectors in the IFC scorecard. Table 1.3 shows that the share of Advisory Services projects with gender objectives is small and in some cases nonexistent. Investment Services does not have clear-cut objectives. Both Advisory and Investment Services, however, can address gender issues through project activities (the last section and the table 1.6 show Advisory Services activities). A few Access to Finance projects specifically target women borrowers and are required to collect sex-disaggregated indicators of outreach. Similarly to what happens for the Bank, though, gender is more frequently addressed through project activities rather than in project objectives.

Table 1.3. Integration of Gender in IFC Projects, FY12–14

	Total projects		Projects with gender objectives	
	Number	Percent	Number	Percent
Investment Services	**226**	**100**	**n.a.**	**n.a.**
Manufacturing, agribusiness, and services	82	36	n.a.	n.a.
Infrastructure and natural resources	36	16	n.a.	n.a.
Financial institutions group	70	31	n.a.	n.a.
Telecommunications, media, technology, and venture capital	38	17	n.a.	n.a.
Advisory Services	**190**	**100**	**13**	**12**
Access to finance	63	33	5	8
Investment climate	41	22	2	5
Public-private partnership	24	13	0	0
Sustainable business advisory	62	33	6	10

Source: IEG calculation based on IFC portfolio review.
Note: n.a. = not applicable.

Rationale and relevance for gender integration needs to be more explicitly stated

Just because projects or country strategies integrate gender at entry, per World Bank Group policies, does not mean they clearly articulate a rationale for addressing gender issues. Commonly, projects and country strategies that discuss gender issues or even identify gender indicators do not clearly define the goal of gender integration. Although policy does not require defining the goal, the lack of an explicit rationale for gender integration often results in ambiguities in the proposed approach, and in a poorly developed or missing result chain that defines how gender results would be achieved. Should reducing specific gender inequalities be the rationale, or should gender issues be analyzed and addressed whenever they represent key constraints or bottlenecks in achieving project or country strategy goals? Should there be a distinct objective aiming to address specific gender issues or should gender be integrated across several objectives as a cross-cutting, contributory element—or both? Furthermore, should *all* projects and country strategies integrate gender?

The expectation in the Corporate Scorecard's targets is that all country strategies should include gender. The country-driven approach to gender justifies this target; the approach requires that objectives be set at the country level and respond to the local context. According to World Bank operational policy, country strategies should draw on and discuss the findings of a gender diagnostic. Systematic Country Diagnostics are required to incorporate gender in their analytical frameworks starting in FY16. As for projects, the target set for FY17 is for 66 percent of projects to integrate gender in three dimensions—this target is based on a realistic assessment given the current baseline as opposed to expressing an ideal goal of what the profile of World Bank Group lending should generate.[11] Regardless of whether universal coverage should or should not be the aim, only an explicit discussion of why addressing gender issues is relevant in the context of that country strategy (or project) can allow robust articulation of a result chain, prioritization of actions, identification of expected results and corresponding indicators to measure them, and definition of the relevant portfolio (which may be less than 100 percent of the Bank's projects).

Although quantitative targets for country strategies and IBRD and IDA projects are highly ambitious, no specific standards are defined regarding quality aspects—the why (relevance) and the how (approach, design, result chain) of gender integration. Most country strategies and World Bank projects refer to or discuss gender-related issues, but most do not present a logical chain that links background analysis, actions, pillars or components, and indicators. Hence, complying with corporate requirements does not guarantee substantial integration. It is possible for a project document or country strategy to include all three dimensions required by the flag, but the dimensions may be unrelated to each other, to the main objectives of the project or strategy, or both. Coherence, or lack of it, is not captured by the gender flag.

IEG's analysis shows that the rationale for including at least some discussion of gender-related issues in project documents is usually unclear. Project documents often broadly refer to one or more priority gender issues at the country level, but tend not to provide detail on the implications of project activities for males and females. Since advancing gender equality is almost never the central goal of Bank projects, it is reasonable to expect some discussion in project documentation of how the project will integrate gender aspects—for example, a discussion of transmission channels, different behavioral responses expected, potential trade-offs and expected or unexpected impacts, or desired results. Such detail is rare. Instead of helping project teams develop a clear rationale for addressing gender issues in a project, the gender flag system fosters the urgency to comply by supporting the implicit notion that gender should be relevant by default.

Most operations may have a differential impact on men and women, and boys and girls, but some may not. Therefore, more guidance is needed on how to identify projects that should be considered relevant for, or more conducive to, gender integration. To help better understand and explain practice, IEG analyzed relevance by grouping Bank projects into five categories:[12]

1. Projects that actively **aim to address gender inequalities and biases** as their main goal (for example, supporting female entrepreneurship, expanding publicly funded care, interventions introducing protective legislation to address gender-based violence, and so on)
2. Projects that may have the **potential to positively impact gender inequalities and biases** and could introduce or modify activities to affect that change (for example, community-driven development projects promoting female participation and empowerment)
3. Projects that may have the **potential to damage gender relationships or worsen biases** and could introduce mitigation measures to avoid it (for example, projects identifying the risk of triggering domestic violence)
4. Projects that may take advantage of **behavioral differences** to amplify their impact (for example, conditional cash transfer projects targeting women as recipients of the benefit), which may reduce or amplify gaps
5. Projects that do **not immediately and directly impact gender inequalities** (for example, introduction of computers in ministries, privatization of financial institutions, and so on).

Based on this classification,[13] 173 projects were relevant for gender inclusion (categories 1 to 4), or 75 percent of the total sample of 231 investment lending projects reviewed. Two percent of projects—mostly health projects with the goal of reducing maternal mortality—directly aimed to address gender inequalities (category 1). Category 2 accounted for the largest proportion of projects overall (66 percent). Category 3 accounted for 6 percent of projects—mostly infrastructure projects involving resettlements. Only one project was in category 4, which may be partly explained by the low number of social protection projects in the sample (including conditional cash transfer). Projects not relevant for gender (category 5) were 25 percent of the sample. Even though gender was remotely relevant in this last group, project documentation commonly includes some discussion on gender, especially at closing.

When reexamining gender integration using the five proposed categories, not all projects that could include a gender dimension actually did (Table 1.4). Of the 173 projects relevant from a gender integration perspective, 100 integrated gender in actions or components.[14] Thirty-two percent included gender in all three dimensions, and 74 percent addressed it in at least one dimension. Only 10 projects (6 percent of all gender-relevant ones) explicitly included gender in the project development objective (PDO).

Table 1.4. Integration of Gender in IBRD and IDA Gender-Relevant Projects, FY12–FY14

Projects (n=173)	Percent
Gender in background or analysis	62
Gender actions in actions or components	58
Gender in M&E	39
Gender in at least one dimension	74
Gender in three dimensions: analysis, actions, and M&E	32

Source: IEG calculation based on projects portfolio review.
Note: M&E = monitoring and evaluation.

A modest 62 percent of gender-relevant projects included some discussion of gender issues in the Project Appraisal Document or referred to relevant analytical work on gender. Projects do not take the best advantage of consultations during project preparation, and consultations seldom contribute to defining the gender relevance of interventions. About 50 percent of the Project Appraisal Documents reviewed indicated that gender consultations occurred, but only half of those discussed the implications of the consultations for project design. Without an explicit discussion of the relevance of gender to the project's main objectives, important dimensions may be overlooked, as is clearly illustrated by the findings of recent IEG thematic evaluations (Box 1.2).[15]

Box 1.2. Findings from Recently Completed IEG Thematic Evaluations

The lack of an explicit discussion of gender relevance often results in poor integration of gender in areas where integration is expected, as illustrated in recent IEG thematic evaluations.

The early childhood development evaluation (IEG 2015j) found that the Bank's work on gender and early childhood development did not establish synergies between them. Bank-supported early childhood development interventions do not seem to recognize the crucial role these interventions have in relieving constraints to the labor market participation of parents and especially women. Furthermore, Bank-supported early childhood development interventions do not address parents' vital role in stimulating children's development, and the importance of providing parent support programs.

The investment climate evaluation (IEG 2015d) found that explicitly targeting women entrepreneurs as a category deserving specific attention is uncommon, even in projects that more directly impact small entrepreneurs and act on constraints more likely to impact women (for example, reforms dealing with registering property, land administration, permits, tax regulations, agriculture, licensing, access to land, and property rights). A close analysis of projects that target women entrepreneurs revealed that many projects are small and focused mostly on capacity-building activities, or on filling an information gap related to gender-based barriers in the business-enabling environment. Most of those projects target women as participants in training or consultative working groups instead of entrepreneurs (or potential entrepreneurs) who are supposed to benefit directly from investment climate reforms.

The evaluation of World Bank Group support to low-income fragile and conflict states (IEG 2013g) found that the Bank paid insufficient attention to conflict-related violence against women and economic empowerment of women in low-income fragile and conflict-affected states. Measures to address the effects of conflict-related violence against women or to promote women's economic empowerment during reconstruction were almost absent in World Bank Group projects and country strategies in these states. The evaluation pointed to the lack of gender-sensitive actions in state building and in most of the demobilization, disarmament, and reintegration programs in fragile and conflict states.

Projects rarely defined relevance of gender integration (the why), and even more rarely discussed the gender results chain (the how) to develop and motivate their gender-specific design features. To be internally coherent, the gender results chain must be grounded in the core results chain of the project and establish the relationship between gender aspects and project activities. That is why defining relevance is an important prelude to defining the results chain.[16] However, project documentation rarely discussed gender relevance. Only 11 projects clearly defined and explained why addressing gender issues was important for achieving project objectives. There were no discussions of why gender was not relevant, or why the team decided not to integrate gender in the project design. The IEG social safety nets and gender report (IEG 2014e) found that programs are sometimes ambiguous in the type of gender elements they include and why they include them—they rarely analyze the motivations, underlying results chain, and crucial contextual elements. Specifically, it is rare to find an explicit discussion of the assumptions about gender roles and responsibilities in the household and the community.

The three dimensions defined by the flag (diagnostic, actions, and indicators) are not always aligned in projects that include all three of them. The reason is that many projects at the Project Appraisal Document stage generically define activities, or include specific activities but no corresponding indicators. IEG's analysis found that only half of the projects that had diagnostic, actions, and indicators achieved substantive coherence—actions and activities clearly motivated by pertinent diagnostic work and measured using appropriate indicators.

Findings of the recent IEG financial inclusion evaluation (IEG 2015b) illustrate the importance of broadly articulating a results chain for gender. The evaluation found that gender was included when relevant—that is, gender was generally an important dimension in financial inclusion projects in countries with low inclusion rates for women (the focus on gender aligned with the needs). However, less than 3 percent of projects provided detailed information about targeted women, despite explicit reference to women as beneficiaries in about one-third of World Bank Group–supported financial inclusion projects. Furthermore, the evaluation found that financial inclusion projects frequently fail to address constraints specific to women beneficiaries.

IFC's approach to gender integration is more focused, but has lower coverage

For three of the five private sector dimensions it identified as priorities—entrepreneurship, employment, and corporate leadership—IFC outlined the rationale for focusing on women and gender issues and articulated a gender results chain (a business case for investing in women) through developing specific initiatives. For example, since 2007 IFC supported the Global Banking Alliance for Women, a program launched in 2000 that aims to promote women's entrepreneurship through building the capacity of financial institutions to serve women customers. IFC launched SheWorks in 2014, a private sector partnership to improve employment opportunities for women. In the same year, the Goldman Sachs Foundation 10,000 Women initiative and IFC launched the Women Entrepreneurs Opportunity Facility that is dedicated exclusively to financing women-owned small and medium businesses (SMEs) in developing countries. Each initiative focused on a concrete approach to address specific barriers for women, such as legal and financial barriers impeding women-owned enterprises from developing into larger-scale, job-generating firms, or barriers in the labor market that tend to keep women in the informal economy instead of salaried work. IFC strategy involved clients in the piloting phase or through partnerships (such as 10,000 Women)[17] to ensure buy-in and the adoption of best practices.

The IFC approach to integrating gender involves defining relevance and a results chain at the level of the program rather than the level of the operation. Therefore, it is a more standardized approach relying on implementation teams to tailor it to local needs and individual project contexts.

The approach to gender integration differs between Advisory Services and Investment Services. Among Investment Services, Banking on Women projects (providing women-owned businesses with access to finance) are virtually the only ones with a gender objective (Table 1.3), although other projects may include gender activities. The percentage of Advisory Services projects that gave high attention to gender, based on the IFC gender flag, did not change much between FY08 and FY14 (about 5 percent of the portfolio). However, the percentage of projects reporting some attention to gender (including through project activities), even if small (less than 25 percent of total expenses) has more than doubled between FY12 and FY14, reaching 25 percent of the Advisory Services portfolio. The IFC Road Maps FY14–16 (IFC 2013) and FY15–17 (IFC 2014) state that Advisory Services will contribute to all IFC priorities with emphasis on gender, among others.

Since gender-focused banking initiatives were introduced in the financial sector in 2007, IFC has deployed packages of Investment and Advisory Services to financial institutions aiming to develop and grow banking products for women entrepreneurs.[18] IEG validated several such projects as part of the Global Entrepreneurship Markets initiative and found that these early pilots, implemented in Africa, introduced new products and resulted in sustained lending to women entrepreneurs by client financial institutions even after the IFC project closed. They also had demonstration effects on financial institutions launching new lending products to women in local markets. Attempting to build on this success, efforts to mainstream gender into African programs for micro, small, and medium enterprise programs struggled to adapt to local client needs and market realities. Of seven Advisory Services projects closed in FY14, six dropped gender components and one project failed. A major lesson of the approach is that programs need to be tailored to the needs and capacity of local subsidiaries and to local market conditions.[19]

Evaluated advisory projects with gender-relevant information are mostly concentrated in IFC's Access to Finance and Sustainable Business Advisory business lines (Table 1.3). A small number of these projects are exclusively gender-focused, but more often gender is one objective of many. The most common gender references found in Advisory Services projects related to supporting women entrepreneurs and female-owned SMEs, creating jobs for women, expanding access to finance, and opening more opportunities for women to serve on company boards—all of which are in line with IFC's women-focused programs. Of 190 Advisory Services projects analyzed, 13 (7 percent) had gender objectives, and 33 (17 percent) had gender-relevant activities. Training was the activity most frequently delivered by projects.

Most microfinance initiatives were joint efforts between Investment and Advisory Services. Some had gender objectives, but most aimed to provide incentives to microfinance institution clients to meet gender targets in their lending instead of implementing concrete gender-relevant activities (such as developing new products for women entrepreneurs or capacity-building activities). Two of 41 Investment Climate projects had gender objectives; one was a Special Economic Zone initiative aimed to promote policies benefitting women zone workers, the other was an Alternative Dispute Mechanism project supporting the inclusion of women in mediation, with targets for training delivery to women and cases solved through mediation. Finally, 6 of 62 former Sustainable Business Advisory projects had gender objectives, of which three were SME-farmer linkage projects with IFC investment clients (focused on including women in training only), and one was a corporate governance project targeting women-owned firms and increasing the number of women on corporate boards. No public-private partnership projects had gender objectives, even though one project flagged women as major beneficiaries; however, that project did not try to track women beneficiaries in its indicators.

Unlike the Bank, which has no gender safeguard or performance standard related to gender, IFC has gender-related requirements in its Sustainability Framework[20] and Performance Standards (IFC 2012c). IFC's clients are required to comply with applicable requirements of the Performance Standards, while in advisory activities IFC provides advice consistent with the Performance Standards. The update to the IFC Sustainability Framework, effective January 1, 2012 (IFC 2012b), strengthened IFC's commitment to gender and stated, "IFC believes that women have a crucial role to play in achieving sound economic growth and poverty reduction. They are essential part of private sector development. IFC expects its clients to minimize gender related risks from business activities and unintended gender differentiated impacts. Recognizing that women are often prevented from realizing their economic potential because of gender inequity, IFC is committed to creating opportunities for women through its investment and advisory activities." (IFC 2012b, p. 5.)

IFC addresses gender in multiple Performance Standards. Performance Standard 1, Assessment and Management of Environmental and Social Risks and Impacts, requires the client to identify individuals and groups that may be affected by the project because of their vulnerable status and, if so, adopt differentiated measures to mitigate those adverse impacts.[21] Performance Standard 2, Labor and Working Conditions, requires the client to promote fair treatment of workers and non-discrimination and equal opportunity in the workplace. In particular, the client needs to prevent and address harassment, intimidation, and exploitation especially of women. Performance Standard 5, Land Acquisition and Involuntary Resettlement, requires the client to ensure that women's circumstances are not worsened by the project in relation to the pre-project situation and to raise the profile of gender-related matters in discussions with government agencies and other relevant groups during resettlement planning, in order to encourage more equitable treatment of affected women. Performance Standard 7, Indigenous People, requires that the client assess and document potential impacts on indigenous people. Specifically, the assessment of land and natural resource use should be gender-inclusive and consider women's roles in the management and use of these resources.

At present, IFC does not systematically collect data on gender or monitor IFC commitments or the client's commitments on gender aspects of projects or programs.

Selecting gender as a cross-cutting theme dilutes the focus in country strategies

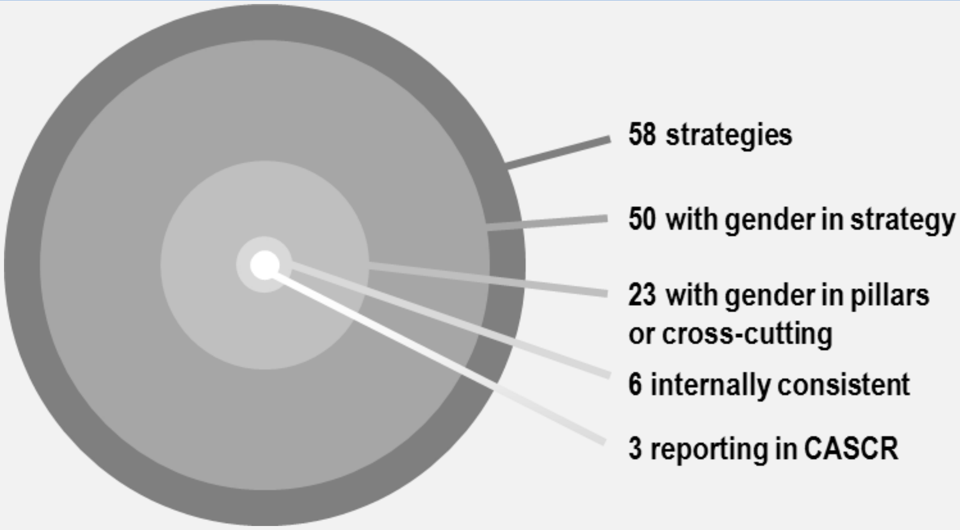
Gender is integrated in country strategies more frequently as a cross-cutting theme than as a stand-alone pillar or component. This occurs for a number of reasons. Country strategies are required to be selective, realistic, and strategic in their definition of objectives and have to balance the country's development challenges and goals with the World Bank Group's goals and comparative advantage. The number of pillars is limited to three or four per strategy, and the pillars tend to be broadly defined (for example, social inclusion, growth). Hence, it would be unrealistic to expect a pillar solely devoted to gender. Furthermore, gender is inherently cross-cutting and relevant for many sectors and themes.

Fifty of the 58 country strategies that closed between FY12 and FY14 (86 percent) incorporated gender in at least some dimension. However, the percentage drops substantially when applying the stricter requirement of providing a logical chain, or alignment, among diagnostics, actions, and M&E. Only 55 percent of country strategy documents that identified or diagnosed gender issues addressed gender in objectives, pillars, or actions.

The integration of gender as a cross-cutting issue or as part of a pillar does not necessarily result in gender issues being addressed through present or planned operations, and it does not result in the inclusion of appropriate indicators to monitor results. Six country strategies (10 percent) clearly identified or programmed a gender-relevant lending operation (one country strategy also referred to accompanying analytical work) and set up corresponding indicators—that is, they were internally consistent (Figure 1.1). Twelve other country strategies referred to planned or in-progress analytical work on gender. Only one country strategy (Pakistan) referred to technical assistance work on gender.[22]

None of the 18 country strategies that defined gender as a cross-cutting issue explained what that designation meant operationally. Country strategies that opted for gender as a cross-cutting issue effectively avoided any discussion of the rationale for gender integration in specific pillars or strategic objectives. Instead, the discussion of rationale was handed over to the current and future portfolios, without elaborating on how the strategy itself added value in moving the gender agenda forward. As reported by poverty assessment leads and country economists interviewed for the evaluation of poverty in country programs (IEG 2015g), issues such as gender and shared prosperity are included in country strategies because they may be current trends in the Bank and are merely used to tick a box.

Figure 1.1. Gender Integration in Country Strategies (FY12–14) and Internal Consistency



Source: IEG calculation based on a review of the country strategy portfolio.
Note: CASCR = Country Assistance Strategy Completion Report.

In three of the five strategies that identified gender as an objective within a specific pillar, the objective was to improve access to health and education services for women or girls (Nicaragua, Niger, and Senegal). In Timor-Leste, the objective was to improve the capacity to monitor results in the field, with particular attention to women and youth under a governance pillar (but no specific corresponding action). The Ethiopia country strategy contained a cross-cutting objective, though it was embedded in an individual pillar (mainstreaming gender considerations in all lending PDOs).

Even when country strategies had a gender-specific objective, they did not necessarily discuss how achieving that particular objective would contribute to achieving the overall goals of the country strategy. Twenty-three of the country strategies reviewed (40 percent) specified at least one gender issue among the country development priorities; however, none of the 159 pillars in the country strategies reviewed addressed gender issues. Only 5 of the 559 associated strategic objectives reviewed focused on gender. None of these cases discussed how the gender objectives were selected based on the diagnostic work or consultations, how they related to the other objectives of the country strategy, and how achievement was going to be assessed beyond the actual delivery of the referenced economic and sector work or operation.

IDA country strategies had a higher level of gender integration than those of non-IDA countries. All five of the country strategy documents that included an explicit gender pillar were IDA countries, as were 90 percent of the country strategies where gender was explicitly integrated in a cross-cutting manner (IDA countries represented 65 percent of the country strategies reviewed). Joint World Bank–IFC strategies did not show a higher level of gender integration.

The overall majority of gender-related actions outlined in country strategies were women-specific. Jamaica is the only exception among 58 country strategies reviewed. That strategy had a special focus on boys in education, school-to-work transition, and skills development projects or technical assistance.

Details of consultations that can help identify where gender is a priority were scarce or absent in country strategy documents. In the few cases where there was information (38 percent of the country strategies reviewed provided some information on gender consultations), consultations tended to be with civil society organizations (including women's groups), but rarely involved the private sector or government. Gender consultations were more often reported in IDA countries, but interestingly, country strategies with gender in pillars were not more likely to include details on gender consultations than those integrating gender as a cross-cutting theme.

Consultations did not necessarily influence the country strategy. Women's empowerment issues (political participation, participation in labor markets, and access to finance) were recurring topics during consultations conducted in preparation for country strategies, yet these topics were rarely selected as gender priorities in country strategies. Only four country strategies (Ethiopia, Jordan, Nicaragua, and Tunisia) outlined a plan to respond to the issues raised during the consultations.

Indicators used to track gender results are generally inadequate

Indicators used in country strategies and projects were generally inadequate to capture gender results. When present, indicators were narrow in scope and tended to measure outputs instead of outcomes. Often they were not well defined and were insufficient to establish attribution.[23] IEG's analysis shows that few of the PDO indicators captured gender gaps and their evolution, gender inequality measures, or gender biases. Most indicators used were core sector indicators. Projects increasingly report on female beneficiaries, but this indicator is not always helpful, especially when it refers to project recipients or residents of the project area. Even when technically feasible, strategies and projects often did not sex-disaggregate person-level project indicators. Box 1.3 reports several examples of output indicators used in place of outcome indicators, as well as of poorly defined, unmeasurable indicators. Reporting on the indicators was typically sound when indicators were integrated at an early stage and were grounded in concrete actions and components. Selecting indicators when designing the project (which requires the early definition of a results chain for gender) may be crucial to ensuring that results are better captured.

Box 1.3. Indicators in Projects and Country Strategies

Indicators used in country strategies and projects were generally inadequate to capture gender results for two main reasons. First, output indicators were often used to measure development outcomes in projects and country strategies. Some examples:

- Percentage of pregnant women receiving a prophylactic treatment during the pregnancy
- Percentage of pregnant women receiving (or reporting consumption of) iron and folate
- Number of women applicants using land deeds to obtain access to credit
- Increase in female farmers registered in farmer-based organizations
- Number of female beneficiaries of public works programs supported under the project
- Share of rural producers who are women receiving technical assistance to increase land productivity
- Increase in the share of schools equipped with sanitation facilities
- HIV testing and access to mother-to-child-transmission (MTCT) prevention programs
- Number of proposals submitted by women and number funded
- Percentage of women participating in the program
- Share of trained teachers
- Number of pregnant women living with HIV who received anti-retroviral therapy to reduce the risk of MTCT
- Number of sub-projects of which women are the main beneficiaries
- Presence of women in village committees
- Number of girls and other disadvantaged children covered by incentives schemes
- Number of male and female condoms distributed
- Number of beneficiary households, disaggregated by gender, income level, and ethnic minority
- Number of pregnant/lactating women, adolescent girls and/or children under age five reached by basic nutrition services.

The second reason why indicators were inadequate was because they were poorly defined, that is, they were not expressed as measurable indicators. Some examples:

- Increased voice of the poor and women within communities result in better targeting local investments
- Education and skills development aligned with knowledge economy an employment needs; Improving the quality of education and training for both women and men
- Options for safety nets are examined and acted on to support disabled and elderly people, pregnant women and new mothers, street and working children, and others who are vulnerable
- Increased right awareness among women and disseminate knowledge on social protection
- Increased awareness of girls' education through training provided to school management committees
- Increased number of entrepreneurial jobs, especially for women and youth
- Enhanced cognitive, emotional, language, social, and physical development of boys and girls completing kindergarten
- Improved learning outcomes in rural and ethnic minority areas.

Source: IEG analysis of project documents and country strategies.

Reporting of gender results was generally poor, especially in country strategies. This is partially explained by unclear requirements regarding reporting of gender results when gender is integrated in country strategies as a cross-cutting theme. IEG's analysis also found that when specific gender objectives were not part of a pillar, reporting (when it happened) tended to focus on the activities that occurred during the strategy period, using output indicators.

Gender indicators in country strategies focus on outputs

Gender indicators used in country strategies are typically intermediate in nature, output level, and based on project-level indicators. Some country strategies even include input indicators in their results framework (such as the number of condoms distributed, or the outreach of the program). Output indicators—and input indicators even less so—are not sufficient to document gender results, particularly since the objectives outlined in country strategies are typically expressed as development outcomes.

This finding is consistent with the more general finding highlighted in IEG evaluations: that results frameworks in country strategies mostly focus on outputs instead of outcomes; weak links exist between designed interventions and outcomes; and monitoring indicators to track outcomes are often missing.[24] A problem that is not unique to gender but affects gender in particular is that pillars and objectives outlined in country strategies tend to be broad, while indicators are much more specific since they are often selected from the project results framework. Since gender is never a pillar of the strategy, it is represented, at most, by one or two indicators that are insufficient to capture the more general objectives mentioned in the strategy.

Regarding the selection of gender indicators, there is also a clear preference for human development indicators in projects and country strategies. Almost half of the gender indicators in the 58 country strategies reviewed were either education or reproductive and maternal health indicators. Similarly, most projects with gender indicators were in education and health; the indicators often measured access or coverage, and quality more rarely. Few indicators measured gender dimensions of employment and entrepreneurship, or of agricultural and rural development. Essentially absent were indicators of voice and agency.[25]

Reporting on the indicators was typically sound in the few cases in which gender actions were identified and were supported by a relevant background diagnostic, and indicators were integrated into CAS programs. This is the case in four of five country strategies that included gender at the pillar level, and in 13 out of 18 where gender was integrated in a cross-cutting way (for at least one indicator reported). Similarly, projects generally reported on PDO-level gender indicators when they were included in projects. The Implementation Completion Report (ICR) generally tracked and reported on the majority of PDO-level gender indicators included in relevant Project Appraisal Documents (69 percent). Interestingly, some projects not considered to be gender-relevant (at least at entry) reported some results on gender.

Unlike projects, completion reports for country strategies do not have a section dedicated to gender results to facilitate more systematic reporting. Reporting tends to focus on the activities that occurred during the strategy period without linking the activities with the overall CAS outcomes (including the gender aspects of those outcomes) to which they are supposedly contributing. Country strategies tend to list individual interventions or pieces of analytical work that have some gender element (typically related to women's issues), but there is no effort to connect the individual pieces to the strategic objectives. The focus tends to be on the project instead of the strategic-level impact. Indonesia is a good example. Despite reporting on a number of women-focused activities as part of the financing and analytic and policy advice work in labor markets, the strategy failed to articulate a common goal encompassing the collective learning and to provide evidence of the strategy's value added. This is a common deficit in the analytical work. Several strategies discussed gender in planned analytical work, but the reporting is limited to the accountability part (whether a study was or was not conducted), with no discussion of the application or impacts of that work.

Even when gender is an objective of a pillar, reporting of gender results may not occur. The Timor-Leste country strategy included gender in its governance pillar, and as a cross-cutting theme. However, reporting on the results achieved was so scattered that IEG noted in its CAS Completion Report Review: "Mainstreaming an issue (for example, youth, gender, and governance) is increasingly used in CAS design to highlight its importance. In reality, however, this often results in diluted attention, weak support, and no accountability for achieving results. It is thus critically important to devote at least as much attention to building a strong results chain for the cross-cutting themes as to any other pillars, and include them in the results framework for proper tracking of progress."

Lessons learned from country strategies rarely capture gender results. Only five country strategy documents (9 percent) explicitly refer to gender in the lessons derived from previous CAS Completion Reports.

IDA and IBRD projects do not identify gender relevance or articulate a results chain

Project results frameworks seldom include gender indicators to measure gender results. Twenty-nine percent of projects for which gender was a relevant dimension had PDO-level gender indicators;[26] one-third were added during implementation. Outcome indicators were scarce, but the two most common were maternal mortality ratio and HIV/AIDS prevalence (disaggregated by sex). Sixteen gender-relevant projects with no gender indicators stated the intention to track some gender dimension in their M&E (only two effectively did based on information reported when the project was completed). Another 50 projects refer to expected gender impacts in the Project Appraisal Document (mainly women's participation or access to services), but fail to include an indicator to track progress. Indicators may be added during implementation, though, since restructuring is an opportunity to strengthen attention to gender in a given project. A rural transport project in Vietnam is a good example. Through a dedicated gender fund the project added actions to the design to facilitate women's involvement and measure the impact on social and economic empowerment.[27] Twenty-eight percent of restructured projects in IEG's analysis added gender actions, indicators, or both.

Few PDO indicators captured gender inequality measures (except for gender parity in education, a core sector indicator), gender biases, or gender gaps and their evolution. Projects more often tracked sex-disaggregated outputs or outcomes (education enrollment or completion, learning outcomes, immunization rates, training received, and so on) or female-specific indicators, such as access to prenatal care or maternal mortality.

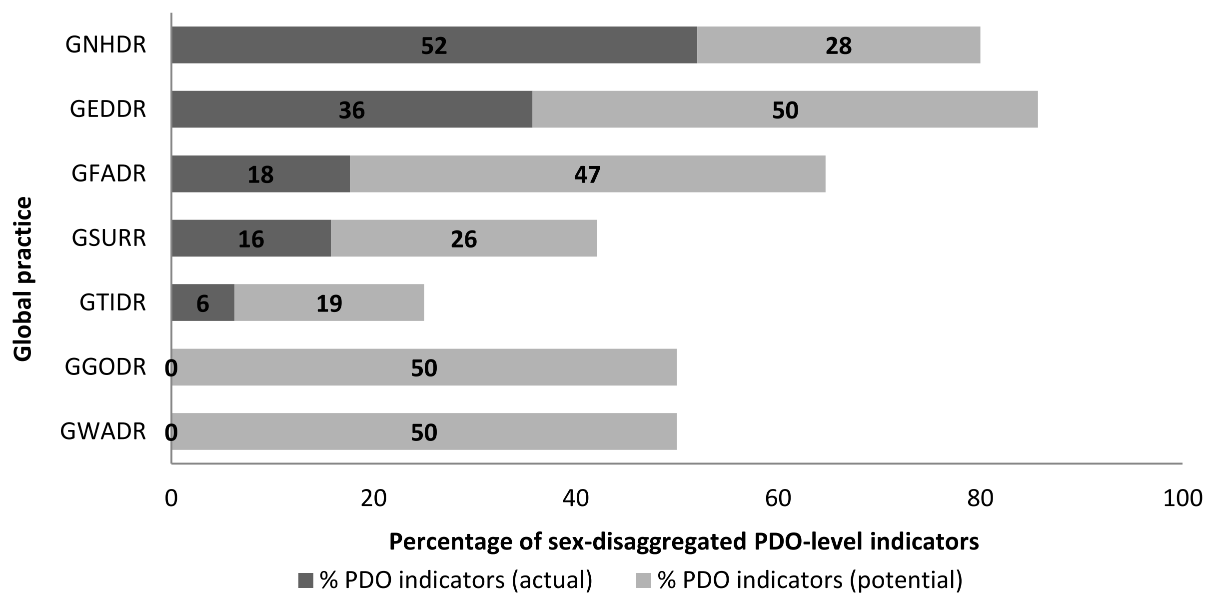
The female beneficiaries indicator was common, especially in recent projects reviewed for this report—21 projects either reported absolute levels or discussed the number of female beneficiaries reached by projects. Project documents are required to report the number or percentage of female beneficiaries since June 2009, and since FY14, the Corporate Scorecards track this indicator disaggregated by sex. Consequently, there was an increase in reporting this indicator for new projects, and a number of projects added the indicator at restructuring (as highlighted by IEG 2015i).[28] Number or percentage of female beneficiaries was the only gender indicator in 15 projects. Reporting for this indicator was sometimes not meaningful, for example, when female beneficiaries were 50 percent of all beneficiaries based on the composition of the total population in the project area. These findings resonate with those presented in IEG 2014e, which highlighted the challenges of measuring gender impacts in a meaningful way. Defining and counting female beneficiaries requires going beyond the mere concepts of recipients or project area residents and measuring both the direct and broader distributional impacts. The requirement of reporting on sex-disaggregated beneficiaries, however, may increase teams and country clients awareness of the importance to track project results in a sex-disaggregated way. An agriculture project in Mauritania, did not originally include any gender indicators, despite having specific actions aimed at supporting women's cooperatives. When collecting information on female beneficiaries became mandatory, at restructuring the project team collected and reported some sex-disaggregated results despite severe limitations on data availability. The ICR notes: "the gender reporting required by the Bank forced executing agencies to start distinguishing in their reporting between female and male farmers. This is a distinction which is uncommon in Mauritania and without prodding by the project would not have happened. Over time, insistence on gender reporting by the Bank and other donors can be expected to lead to a better understanding of this issue and of more targeted interventions in favor of women farmers in the future."

Several IEG evaluations and learning products highlighted the drawbacks in projects' M&E frameworks, especially regarding gender indicators. The evaluation of electricity access (IEG 2015i), for instance, stressed the need for improvement in key performance indicators for gender, calling for a clear definition of beneficiaries versus users (since they may be different groups), tracking outputs and outcomes (not just headcount figures), and identifying measures of outcomes beyond access. Most projects limited themselves to tracking the number of female beneficiaries.

Most gender indicators were core sector indicators, such as primary completion rate, gender parity index, and number of pregnant women receiving antenatal care.[29] Although core sector indicators allow for tracking results in a more homogeneous way across the institution, they do not, by definition, capture the more nuanced and granular results of an intervention. In that regard, relying only on core sector indicators may have the effect of limiting the ability to document impacts.

Even when technically feasible, projects infrequently sex-disaggregate person-level indicators, sometimes even when disaggregation is the more obvious and easy way to track results for males and females and document the impact of the project on gender equality.[30] Forty percent of the 173 projects relevant for gender integration would have benefitted from additional PDO gender indicators (that is, meaningful disaggregation of person-level indicators was possible, but not done). Sectors with the largest percentage of projects presenting sex-disaggregated indicators (human development, mainly education and health, as shown in Figure 1.2) also had the largest percentage of missed opportunities—person-level indicators that could have been disaggregated by sex, but were not. The youth employment evaluation (IEG 2013i) noted that the Bank's lending and nonlending portfolios targeted young women and men equally, but little is known about how young women or men benefitted from this support. Furthermore, the evaluation stressed that the monitoring framework in the 90 projects it reviewed was weak in identifying benefits by gender and other distributional impacts. Only three projects had a gender emphasis in the objective, and of those, only one had followed through by targeting interventions to young women and collecting relevant indicators.

Figure 1.2. Sex-Disaggregated PDO-Level Indicators, Actual and Potential



Source: IEG calculations based on projects portfolio review.
Note: "Actual" are PDO-level indicators that are currently sex-disaggregated. "Potential" are PDO-level indicators that could have been sex-disaggregated but were not (missed opportunity). GFADR= World Bank Agriculture Global Practice; GGODR = World Bank Governance Global Practice; GHNDR = World Bank Health, Nutrition, and Population Global Practice; GEDDR = World Bank Education Global Practice; GSURR= World Bank Social, Urban, Rural, and Resilience Global Practice; GTIDR = World Bank Transport and Information and Communication Technologies Global Practice; GWADR = World Bank Water Global Practice; PDO = project development objective.

The ICR section titled *Poverty Impacts, Gender Aspects, and Social Development* is not systematically used (as required) to report results on gender, unless the project includes a gender indicator. Only half of the 50 projects with an expected gender result identified at entry (but no corresponding gender indicator) discussed achievements in this section. A rural community development project in Mali is a good example of a project that despite its lack of attention to gender at entry provided good reporting on sex-disaggregated impacts at completion.[31] IEG also found reporting for 34 projects with no explicit gender results expected at entry. In most cases, results discussed in this section referred to the project's success in reaching women or girls. Generic statements were often included with regard to women empowerment. The quality of the evidence reported is difficult to judge since the majority of project documents do not report sources to back up their statements. Some projects that did not refer to expected gender impacts at entry discuss positive impacts in this section that are plausible even if not supported by specific indicators (such as water projects that assumed women benefitted because of water connection).

Overall, qualitative reporting (for example, reporting of patterns observed or anecdotal evidence) is much more frequent than quantitative reporting (through quantitative indicators). This is consistent with the poor integration of gender indicators in M&E

frameworks. Both qualitative and quantitative reporting have serious limitations, such as poorly reported indicators, vague qualitative statements, incoherent reporting, and not reporting indicators at all. The lessons learned rarely discuss results or lack of results regarding gender. This finding echoes one of the main messages highlighted by a recent report produced by the Agriculture Global Practice (Mollard and others 2015) as reported in Box 1.4.

Box 1.4. Lessons from Tracking Results during Implementation in Agriculture

A recent report conducted by the World Bank Agriculture Global Practice is consistent with the findings presented in this chapter on the need to shift attention from gender integration at entry to how to track gender results during implementation and completion. The report reviewed 55 selected agriculture projects approved during FY08–13, and assessed whether they included concrete gender actions during project implementation and documented the impacts of those actions at closing. Key findings of the report are:

- Quality and extent of reporting on gender results varies considerably across projects
- Inconsistencies and weaknesses exist in the quality and quantity of indicators to track gender results
- Projects do not effectively use the Implementation Completion Report's dedicated section for reporting on gender results
- Agriculture operations underreport gender results, with subsequent loss of relevant lessons.

Source: Mollard and others 2015.

IFC projects have standard gender indicators, though the expected impact is unclear

IFC gender indicators are highly standardized and have been in the DOTS monitoring system since 2008. For Investment Services projects, four indicators are collected in a sex-disaggregated way: client's employment, students reached, women in corporate boards, and women in senior management positions.[32] The employment indicator is collected for most clients except financial institutions—Table 1.5 shows that 145 firms report direct sex-disaggregated employment data out of 156 that are required to report it). Even when these indicators are regularly collected (as it is the case for the female employment indicator),[33] they do not capture the projects' expected development impacts. These DOTS indicators provide a profile of IFC clients but do not track results for end beneficiaries of IFC's projects, a general limitation and not related only to gender. Forty-two percent of staff surveyed for IEG's Biennial Report on Operations Evaluation (IEG 2013a) reported that there were many instances where the DOTS mandatory indicators were not sufficient to adequately reflect PDOs, which was also a challenge for assessing attributable results achievement.

Table 1.5. Gender Indicators in DOTS for Investment Services, Frequency of Reporting by Business Line (Number of Projects and Firms Reporting)

	Access to finance for women					Women in boards	Women in top mgmt	Female employment			No gender indicators	Number of firms and projects
	Microf. loans	Microf. portfolio	SME portfolio	SME loans	Women reached			Total, direct	Direct contractors	Total, indirect		
Manufacturing, Agribusiness, and Services	-	-	-	-	-	**2**	**-**	**78**	**3**	**6**	**4**	**82**
Actual	-	-	-	-	-	2	-	68	3	6	4	-
Baseline only	-	-	-	-	-	-	-	10	-	-	-	-
Infrastructure and Natural Resources	**-**	-	-	-	-	**6**	**7**	**31**		**1**	**5**	**36**
Actual	-	-	-	-	-	4	5	27	-	1	5	-
Baseline only	-	-	-	-	-	2	2	4	-	-	-	-
Financial Institutions Group	**6**	**8**	**5**	**2**	**1**	**11**		**1**			**48**	**70**
Actual	6	8	4	1	1	9	-	1	-	-	48	-
Baseline only	-	-	1	1	-	2	-	-	-	-	-	-
Telecommunications, Media, Technology, and Venture Capital	**-**	-	-	-	-	-	**3**	**35**	**-**	-	**2**	**38**
Actual	-	-	-	-	-	-	2	30	-	-	2	-
Baseline only	-	-	-	-	-	-	1	5	-	-	-	-
Total	**6**	**8**	**5**	**2**	**1**	**19**	**10**	**145**	**3**	**7**	**59**	**226**

Source: IEG calculations based on DOTS data.
Note: DOTS = Development Outcome Tracking System; mgmt. = management; microf = microfinance; SME = small and medium enterprises.

By contrast, financial institutions are required to provide the number of customers (entrepreneurs) that held outstanding loans, and this indicator needs to be disaggregated by sex of the owner for Banking on Women and Blended Finance Program Clients (IFC established a methodology to define the sex of the owner or manager in SMEs). Although attribution is still difficult, the indicator "share of female entrepreneurs receiving loans from financial institutions" relates directly to the activities funded by the project. This indicator was collected by a few financial institutions as part of the expected results related to IFC's Development Goals (for both Investment Services and Advisory Services)—for example, Table 1.5 shows that five firms sex-disaggregated their portfolio of SMEs reached, and eight firms sex-disaggregated their microfinance portfolio. In some cases, the team did not originally plan to collect the access to finance indicator in a sex-disaggregated way, but did it at project completion.

For Advisory Services, each business line develops a logical results chain, including output, outcome, and impact indicators. Gender indicators are most often found in Financial Institutions Group and former Sustainable Business Advisory business lines (Table 1.6). Gender indicators mostly measure outputs instead of outcomes, and frequently track the number of women trained, or those participating in seminars, conferences, and specific initiatives. The relatively high number of projects with gender indicators partly reflects a percentage of projects with gender activities larger than those with gender objectives, as shown in Table 1.6.

Table 1.6. Gender Objectives and Activities in Project Completion Reports, FY12–14

	PCRs		PCRs with gender objectives		PCRs with gender activities		PCRs with M&E indicators (outcome or output level)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Access to finance	63	33	5	8	12	19	32	51
Investment climate	41	22	2	5	7	17	20	49
Public-private partnership	24	13	0	0	0	0	0	0
Sustainable business advisory	62	33	6	10	14	23	39	63
Total	190	100	13	12	33	17	91	48

Source: IEG calculation based on Advisory Services portfolio review.
Note: M&E = monitoring and evaluation; PCR = project completion report.

Conclusion

The introduction of the gender strategy in 2001 signaled policy intent that has since resulted in wide-ranging efforts to integrate gender into World Bank Group practice, including, for example: requirements to integrate gender in country and project-level documentation, Bank staff and team leaders training, gender flags for World Bank and IFC, and inclusion of gender indicators in IFC's DOTS. All of this effort and intent was to ensure meaningful engagement with gender issues and meaningful reporting on gender integration; however, based on an analysis of projects and country strategies that recently closed, the findings documented in this chapter show that the result achieved so far is not convincing.

The analysis undertaken identifies three key areas that have not yet been recognized and addressed. First, there is currently no guidance to define when gender issues are relevant for projects to address and how to establish a categorization of projects based on relevance for gender integration. Prioritization may be required to achieve more meaningful gender integration. Second, little attention is devoted to develop and discuss a complete and coherent results chain linking diagnostics of gender issues to actions and activities to indicators measuring the impact of those actions on gender inequalities and biases. This problem is especially visible in country strategies that integrate gender as a cross-cutting theme. Third, the indicators used in both projects and country strategy are often insufficient in capturing impacts on gender gaps, either because they are measuring outputs rather than outcomes, or are not sex-disaggregated, or are not formulated as well-defined and measurable indicators. Moreover, they are not always measured and reported.

It is important to recognize that many challenges the World Bank Group faces in integrating gender in its work are similar to and affected by broader systemic challenges frequently highlighted by IEG, such as deficits in articulating results chains and in M&E at both country and project levels. These general weaknesses contribute to many of the findings discussed in this chapter, and they need to be considered to fully appreciate the challenges in improving the approach to gender integration in the World Bank Group. It also needs to be acknowledged that projects documents and country strategies an which the current analysis is based may neglect to report results that are actually achieved on the ground. So, one implication of the current analysis is that, for learning to occur on how to close gender gaps, the documentation of results in formal World Bank Group reporting documents has to improve.

The introduction of the first World Bank Group (joint IBRD–IFC) gender strategy in FY16 offers an opportunity to ensure that the mechanisms established to support gender integration in country strategies and projects are adjusted to generate and produce meaningful information and reporting. IEG's analysis shows this will not be achieved if the translation from policy to practice is marked by disconnected steps and requirements. Experience shows that meaningful engagement in gender integration is not simply a function of mechanical observance, but requires a multistep approach involving clear definition of the relevance of gender integration in the project or country strategy, discussion of the transmission channels generating impacts, identification of appropriate indicators to measure those impacts, and tracking, reporting, and evaluating results.

NOTES

[1] Update on the Implementation of the Gender Equality Agenda at the World Bank Group, October 2014. Projects with gender in at least one dimension are 95 percent; in two dimensions 82 percent; and in three dimensions 55 percent. The Gender Unit in the Poverty Reduction and Economic Management network led the World Bank gender strategy until the 2014 restructuring, when the Gender Cross-Cutting Solution Area replaced it.

[2] "World Bank Group Corporate Scorecards" (September 24, 2015, presentation).

[3] IFC introduced the IFC gender flag in 2009/2010 for Advisory Services. This flag was revised in 2013 to match the World Bank approach; it was developed to capture multiple dimensions rather than a yes/no binary variable. In May 2015 the gender flag was introduced for Investments Services.

[4] Twenty-three in-depth interviews with select Bank staff (representing different Regions and sectors, and mostly knowledgeable of the Bank strategy on gender) were conducted and formed the basis of a background paper to the MAR 2013.

[5] 184 of the 190 self-evaluated Advisory Services projects had been validated by IEG as of September 30, 2015.

[6] IEG reviewed all IFC projects that were self-evaluated by September 30, 2015, for the gender analysis

[7] The Committee on Development Effectiveness discussed the concept note for the forthcoming gender strategy on April 8, 2015. A draft of the strategy was reviewed at vice-presidential level on September 28, 2015. The World Bank Group Board discussed the strategy document in December 2015.

[8] See http://siteresources.worldbank.org/INTGENDER/Resources/GenderFlag-GuidanceNote.pdf

[9] This excludes from the 50 country strategies a few that only superficially mention gender (for example, country strategies that only include a few words, such as "the strategy will pay attention to gender issues").

[10] According to the indicator's definition in the Gender Scorecard, gender-integrated country strategies are those that integrate gender into: (a) analysis and/or consultation on gender-related issues; (b) specific actions to address the distinct needs of women and girls, or men and boys, and/or positive impacts on gender gaps; *and* (c) mechanisms to monitor gender impact, as explained at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/10/09/000456286_20141009104938/Rendered/PDF/913110WP0World00Box385295B00PUBLIC0.pdf, page 24.

[11] In reporting that 95–97 percent of all projects were gender informed (based on the previous, looser criteria of gender being integrated in at least one dimension), the past gender updates of the gender

mainstreaming strategy implicitly suggested that gender integration was expected of virtually all projects.

[12] IEG assessed relevance based on the project development objective (PDO) and the social impacts stated in the Project Appraisal Document, regardless of whether the project did or did not integrate any gender elements. The assessment also analyzed project components when needed. Considerable care was taken to define relevance (each project was reviewed and discussed by four team members), but important information on the context, the state of the policy dialogue, and other crucial elements are not fully reflected in project documents.

[13] Some categories are not mutually exclusive since boundaries are sometimes blurred (a project that misses the opportunity to address gaps may inadvertently amplify them).

[14] The analysis counted only projects with concrete gender actions.

[15] IEG recently adopted a strategic plan to improve the integration of gender in its evaluation work. The main objective of this plan is to identify viable approaches to systematically integrating gender in evaluation of strategies and operations so that gender-relevant results can be assessed and documented.

[16] The twin goals of the World Bank Group—reducing poverty and boosting shared prosperity—offer a good entry point for the integration of cross-cutting and overarching themes, including attention to gender.

[17] http://www.goldmansachs.com/citizenship/10000women/news-and-events/10000women-ifc.html

[18] Seventy-seven (41 percent) of the 190 Advisory Services projects analyzed were joint Advisory Services-Investment Services projects.

[19] It may also be that embedding gender into a more broad and ambitious micro, small, and medium enterprise banking project was perceived as too much for financial institution client subsidiaries to take on all at once.

[20] The Sustainability Framework consists of the Policy on Environmental and Social Sustainability, which defines IFC's commitments to environmental and social sustainability; the Performance Standards, which define clients' responsibilities for managing their environmental and social risks; the Access to Information Policy, which articulates IFC's commitment to transparency; and Environmental and Social Categorization.
http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_site/Sustainability+and+Disclosure/Environmental-Social-Governance/Sustainability+Framework

[21] Performance Standard 1 applies to all projects that trigger preparation of Stakeholder Engagement Plans (SEPs) as they have environmental and social risks and impacts, and are thus required to prepare an Environmental and Social Impact Assessment (ESIA). The Performance Standards guidance note indicates that "gender-differentiated impacts should be assessed and the risks and impacts identification process should propose measures designed to ensure that one gender is not disadvantaged relative to the other in the context of the project. This may include providing opportunities to enhance full participation and influence in decision-making through separate mechanisms for consultation and grievances, and developing measures that allow both women and men equal access to benefits (such as land titles, compensation, and employment)." (IFC 2012c, p. 17.)

[22] In the Pakistan country strategy, the Bank proposed technical assistance for the development of long-term exit and graduation-from-poverty strategies through targeted skills training and employment opportunities, especially for young people and women.

[23] IEG evaluations identified these weaknesses in the indicators used as part of monitoring and evaluation frameworks for World Bank Group projects and country strategies more generally, but that does not lessen the importance of developing appropriate indicators to meaningfully capture gender results.

[24] Results Frameworks in Country Strategies—Lessons from Evaluations (p.1) https://openknowledge.worldbank.org/handle/10986/21778

[25] As with gender relevance, there are no guidelines defining a gender indicator. Although person-level indicators disaggregated by sex allow an easy comparison of outcomes for males and females, women-specific indicators are more problematic, and for some it may be questioned whether they are "gender indicators" at all—that is, presumably, useful in monitoring gender equality and biases. For example, provision of prenatal care, antiretroviral treatment for pregnant patients, or skilled birth attendance may be considered health indicators rather than gender indicators because they do not measure whether these activities were performed in a gender-sensitive way.

[26] PDO-level gender indicators means that were reported at *sex-disaggregated level* or were *male-* or *female-specific*.

[27] The ICR reporting on the gender impacts of the project discussed the benefits of increased poor women's participation in rural road maintenance and its impact on women's economic empowerment. The project M&E was able to capture gender disaggregated impacts of involving women in routine rural roads maintenance, despite the absence of indicators at design stage. The ICR did a good job showcasing these results. The ICR Review highlights a lesson specific to the results on gender: "Gender based community driven small scale road maintenance can be an effective way to tackle local road maintenance issues. The Women's Union supported under the project to manage the routine communal road maintenance proved to be cost effective. Contractors were not interested in small contracts for the type of routine work that the Women's Union was carrying out on communal roads. The ICR p.24 finds that the gender based community driven small scale road maintenance also raised awareness, built a sense of local ownership, fostered local stewardship of local roads, and changed behavior to protect rather than damage roads."

[28] The female beneficiaries indicator was added in half of the instances where PDO gender indicators were added during implementation.

[29] Core sector indicators are indicators (outcome and output) measured and monitored at the project level that can be aggregated across projects and countries for corporate reporting. Corporate indicators are available for 26 sectors and themes across the World Bank and their use is mandatory for IBRD and IDA operations. http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/0,,menuPK:6250526~contentMDK:22226896~menuPK:6250526~pagePK:51455324~piPK:3763353~theSitePK:380832,00.html.

[30] This analysis could not determine if producing sex-disaggregated indicators was possible in practice and if there were cost implications. IEG could not find an example of project documents that justified the absence of sex-disaggregated indicators.

[31] The ICR had done a good job reporting on sex-disaggregated results and also discussing qualitatively the project's impacts on women's economic and social empowerment. The ICR notes: "According to the beneficiary survey conducted, beneficiaries of project activities perceived significant changes in gender-related issues. The situation of women has considerably improved due to water and health infrastructures built, as well as associated sensitization programs in hygiene and family planning. In addition, the support for revenue generating activities have given women beneficiaries more opportunities to some financial autonomy. At the same time, the implementation of the program has opened the way for women to integrate village associations as equal partners like men and so to share the decision-making process at the community level. Project activities have also had positive effects on inter-communities and intergenerational relationships. These consist of peaceful conflict management between social groups with different interests and the promotion of youth involvement in decision making process, both contributing to more social equity and inclusion. The project has contributed significantly to the empowerment of women by (i) reducing the burden of chores with access to facilities, equipment, food processing in particular, and (ii) significantly increasing their employment, income and thus their

participation in family expenses. In fact, a large proportion of productive projects funded under PACR (about 40%) benefited to women whose OSP constituted the vast majority (over 80%) of those who have succeeded in some areas. Finally, through PACR, women did benefit of better access to health related services through health centers. PACR interventions have introduced significant changes for the major players in grassroots development through improving:...(ii) income levels of rural producers and especially women producers who became more independent; and assisted deliveries (around 97.5% of women gave birth at centers supported by PACR and the remaining 2.5% gave birth with the assistance of an health agent;.... Moreover, these organizations have created more than 77,000 jobs, including 38,400 jobs for women."

[32] Not all indicators are collected for all clients. For example, the employment indicator is not collected for financial institutions.

[33] In 2014 almost 100 percent of IFC's active clients reported information on female employment. Although the data cannot be used to attribute jobs to IFC projects, it may provide signaling, which could allow IFC to focus its work, strategy, and incentives on those areas with the most potential or promise. For example, data show that Manufacturing, Agribusiness, and Services clients have the most employees, of which 35 percent are female. IFC does not require financial markets clients to report employment data because of the difficulty in collecting this information from sub-borrowers.

2. Recent Results and Performance of World Bank Group Operations

Highlights

- ❖ The performance of World Bank projects completed during FY12–14, measured by commitment, already exceeded FY17 corporate targets; measured by number, overall project performance holds steady, but below the FY17 corporate target
- ❖ International Finance Corporation (IFC) Advisory Services and Multilateral Investment Guarantee (MIGA) guarantee projects continue to perform in line with previous years, but the downward trend for IFC investment projects, reported since 2013, continues
- ❖ Initial commitment size is not a key element of success for World Bank projects, but the change in commitments during a project (such as cancellation or additional financing) significantly correlated with project outcome rating
- ❖ Quality at entry and supervision continue to be the key factors explaining project outcomes
- ❖ Size matters for IFC real sector projects, but not to the same extent as other risk factors (for example, management quality, market conditions, investment climate, and work quality).

World Bank Group commitments rise after the post–financial crisis decline

World Bank Group commitments rose for two consecutive years and reached $60 billion in FY15 (Figure 2.1).[1]

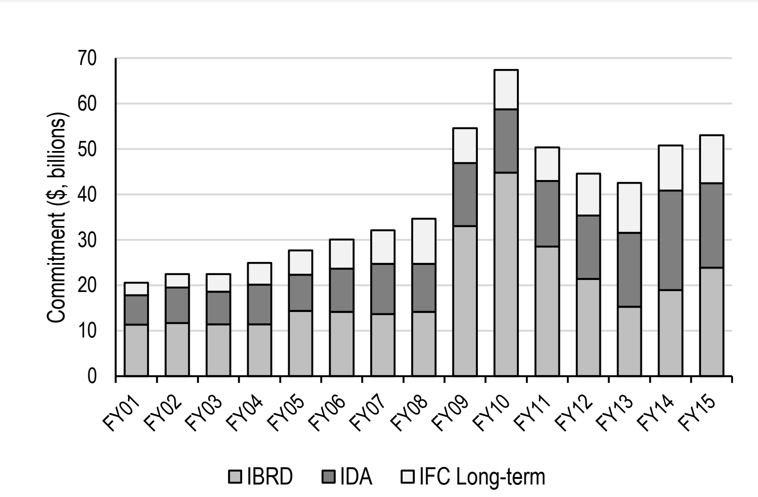
International Bank for Reconstruction and Development (IBRD) lending increased from $19 billion in FY14 to $24 billion in FY15, while International Development Association (IDA) commitments fell from an all-time high of $22 billion in FY14 to $19 billion in FY15. Investment project financing (IPF) increased from $28.6 billion in FY14 to $30.5 billion in FY15. During the same period, commitments for development policy financing (DPF) declined from $10.5 billion to $9.2 billion, and commitments for the relatively new Program for Results instrument introduced in FY12 continued a steady increase from $1.7 billion in FY14 and to $2.2 billion in FY15.[2]

In FY15 the World Bank Group organized its Global Practices (GPs) into three clusters. Commitments were greatest for the Sustainable Development cluster at $22 billion (52 percent of total commitments), followed by the Economic Growth, Finance, and Institutions cluster at $11 billion, and the Human Development cluster at $9.3 billion.

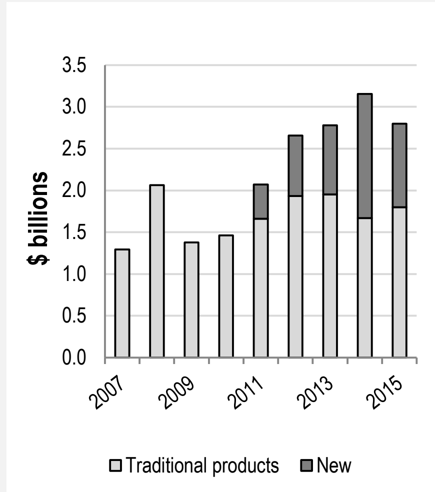
The Bank provides advisory services and analytics support to clients as freestanding services or as a complement to lending programs. In FY14 the Bank delivered 981 advisory services and analytics products amounting to $248 million.

Figure 2.1. Overall World Bank Group Commitments Continue to Increase

A. BANK AND IFC COMMITMENTS ($, BILLION)



B. MIGA GUARANTEES ($,BILLION)



Source: World Bank Business Intelligence; IFC and MIGA databases.
Note: Commitments for IFC exclude mobilization. In FY15 IFC began reporting average outstanding short-term commitments (not total commitments) and no longer aggregates short-term commitments with long-term commitments.

IFC long-term commitments ($10.5 billion) were up about 6 percent over the previous year. The largest increase was in the Financial Institutions Group (about 45 percent of total commitments), which increased most in the East Asia and Pacific Region, where IFC supported a large Indonesian Bank to help it better serve microenterprises. Commitments fell sharply in the Europe and Central Asia Region, where ongoing regional tensions and economic contraction affected business volumes. IFC long-term commitments and net income fell sharply in FY16 first-quarter commitments compared with the same quarter in FY15.[3] IFC's report attributes changes in net income and portfolio performance partly to "a number of factors," including volatile equity markets, currency depreciation, lower commodity prices, and some adverse project-specific developments. This report highlights other factors that affected performance, including a continued downward trend in IFC work quality.

IFC, in addition to commitments for its own account, mobilizes funds from other institutions. IFC's core mobilization increased in FY15 by about $2 billion to $7.1 billion, driven mostly by syndicated loans. Asset Management Company (IFC's fund management business) share of core mobilization remained modest at 11 percent. IEG has not independently evaluated Asset Management Company's operations; IFC's average outstanding balance of short-term finance declined over the same period.[4] IFC restructured its Advisory Services operations in FY14. IFC expenditure on advisory work in FY15 decreased 15 percent (to $202 million) compared with a year earlier, and the number of active advisory projects fell from 719 to 600. The proportion of all IFC advisory work undertaken in IDA and fragile or conflict-affected states (65 percent) remained unchanged.

MIGA issued 40 guarantees for $2.8 billion in FY15 compared with 24 guarantees for $3.2 billion in FY14, when MIGA supported two large guarantees of $500 million and more. Guarantees in FY15 included six for non-honoring of financial obligations[5] that, in addition to financial sector projects, supported transportation projects, which helped MIGA diversify its business that was dominated by banking and financial services projects before FY10.

World Bank project performance stabilizes

After a declining trend, the overall performance of World Bank projects with project outcomes rated as moderately satisfactory and above (MS+) stabilized at 70 percent, but was below the corporate target of 75 percent by FY17 (based on 93 percent of IEG's FY14 validation).[6] However, when weighting the percentage of MS+ projects by net commitment,[7] Bank projects' performance exceeded the FY17 corporate target of 80 percent, with a success rate of 81 percent for the period FY12–14.[8]

Performance of IPF projects—the largest instrument type in number and commitment—mirrored overall World Bank performance during FY12–14 at 69 percent. About 78 percent of DPF projects had MS+ outcome ratings (Figure 2.2). It is notable that policy-based loans are inherently different from investment lending projects,[9] and comparing the two is not necessarily meaningful. Furthermore, it is inappropriate to compare rating achievements across instruments because of differences in assessment methodologies.[10] DPF performance, measured by the percentage of projects rated MS+, improved during FY09–15 (Box 2.1);[11] however, when weighted by net commitment, there is a slight decline caused by some large operations rated moderately unsatisfactory or below (MS–).

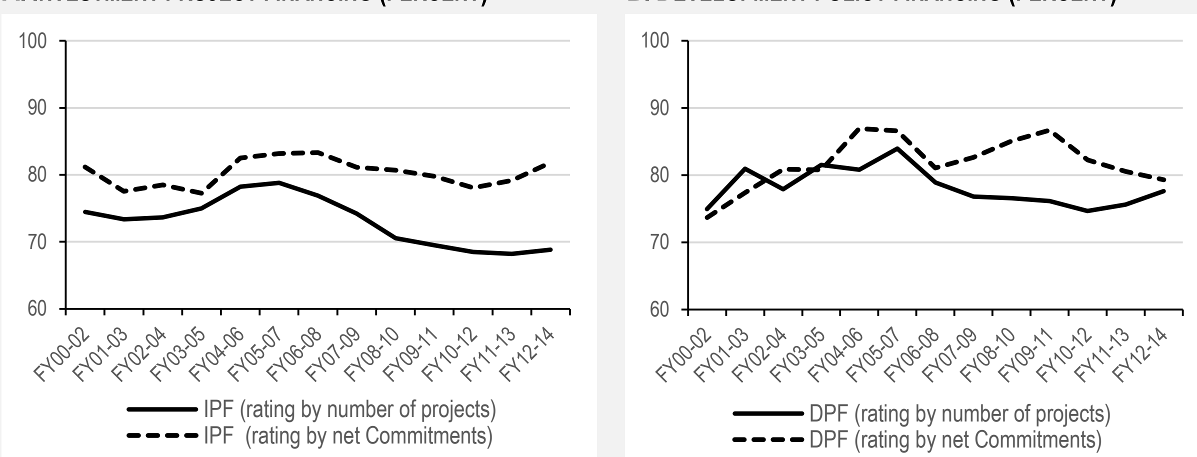
Box 2.1. Recent Performance Trends of Development Policy Financing Projects

According to IEG's review, within the group of MS+ projects, there has been a shift toward the "moderate" side of satisfactory—that is, the proportion of operations with moderately satisfactory outcome rating has increased, the proportion of satisfactory projects has decreased. The growing share of moderately satisfactory projects in DPFs is driven by an increase in the share of DPFs with weak design (rated "modest" or below). While the proportion of operations with weak design was 33 percent in 2009–11, in 2012–14 it was 44 percent. But this increase is not necessarily an indication of weakening quality—other factors, such as streamlining of self-evaluation, validation, and evaluation standards might have also contributed to the trend.

Evaluative evidence from IEG's project-level validation and evaluation suggests that several key factors affect design quality in DPFs. These include weaknesses in the results chain underpinning the programs (due to poor links between policy actions and expected outcomes), weak relevance of policy actions supported by DPFs to the stated objectives, and mismatch between choice of the instrument and the reforms' ambitions (mostly in cases of stand-alone operations with a short time horizon).

Figure 2.2. Percentage of Projects Rated Moderately Satisfactory or Above by IEG

A. INVESTMENT PROJECT FINANCING (PERCENT) B. DEVELOPMENT POLICY FINANCING (PERCENT)

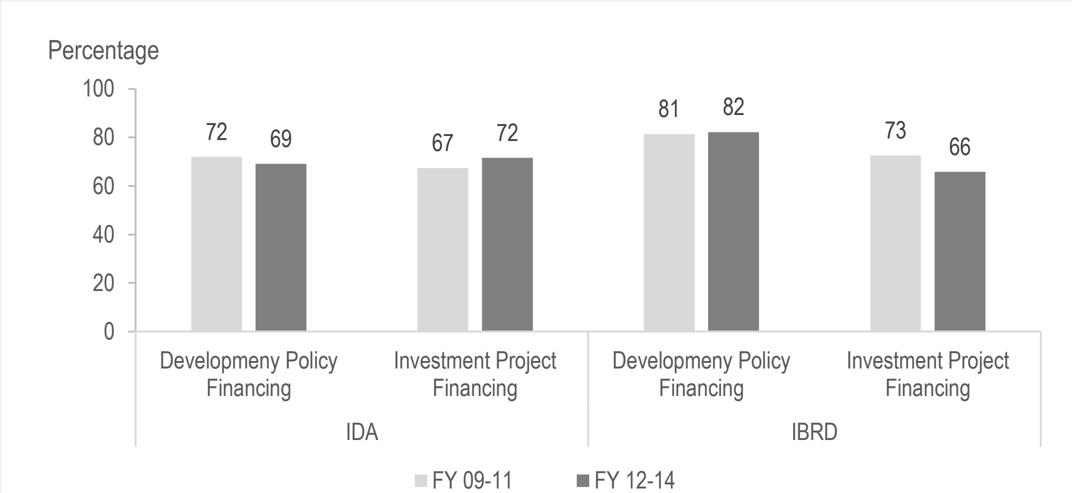


Source: World Bank Business Intelligence.
Notes: IEG rated 769 IPF projects and 116 DPF projects in FY12–14. DPF = development policy financing; IPF = investment project financing.

PERFORMANCE OF BANK PROJECTS WAS STRONGEST IN THE SOUTH ASIA REGION, DECLINED IN EAST ASIA AND PACIFIC REGION, AND WAS LOWEST IN THE MIDDLE EAST AND NORTH AFRICA REGION

World Bank project performance in IDA countries improved from 68 percent in FY09–11 to 73 percent FY12–14,[12] but performance in fragile and conflict-affected states remained unchanged at about 68 percent. MS+ ratings for projects in IBRD countries declined from 73 to 66 percent in the same period, which is statistically significant (Figure 2.3). (Unless otherwise noted, statistical significance of comparisons in this chapter is at the 10 percent level.)

Figure 2.3. Percentage of Projects Rated Moderately Satisfactory or Above, by IBRD and IDA and by Lending Instrument

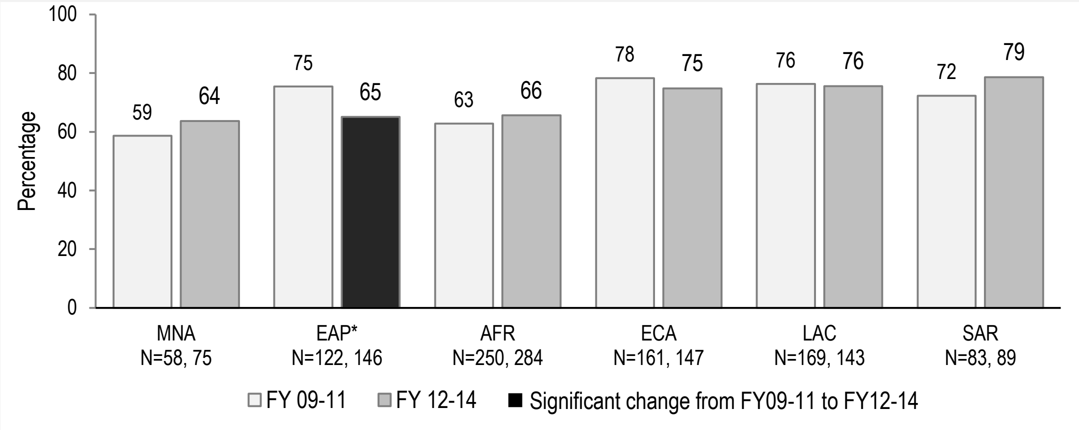


Source: IEG data.
Note: IDA = International Development Association; IBRD = International Bank for Reconstruction and Development.

At the regional level, the World Bank performance was strongest in the South Asia Region (79 percent MS+). East Asia and Pacific Region showed the sharpest decline, from 75 to 65 percent MS+ between FY09–11 and FY12–14 (statistically significant at the 10 percent level). Although slightly improved from FY09–11, performance in the Middle East and North Africa Region (64 percent MS+) is the lowest among all Regions (Figure 2.4). IEG's Region Updates provide more information based on Project Performance Assessment Reports (see attachment).

The performance decline in East Asia and Pacific Region was partly due to a drop in well-performing projects in IBRD countries (67 percent of evaluated projects) and blend countries (18 percent of evaluated projects) from 72 percent to 58 percent and 86 percent to 68 percent, respectively. Project performance in three countries—accounting for 50 percent of evaluated projects—drove this decline. The project performance rate declined from 91 percent to 73 percent in China and from 86 percent to 77 percent in Vietnam. The already low performance of projects in the Philippines further deteriorated from 38 percent to 23 percent, and Indonesia's low performance remained at 58 percent and 59 percent.

Figure 2.4. Outcome Rating Moderately Satisfactory and Above by Region



Source: IEG data.
Note: AFR = Africa Region; EAP = East Asia and Pacific Region; ECA = Europe and Central Asia Region; LAC = Latin America and the Caribbean Region; MNA = Middle East and North Africa Region; SAR = South Asia Region.
*Difference is statistically significant at 10 percent.

PERFORMANCE WAS PARTICULARLY STRONG IN THE SOCIAL PROTECTION AND LABOR, AND AGRICULTURE GLOBAL PRACTICES

Performance by Global Practices has been assessed based on the mapping of the projects which was conducted bank-wide in 2014 when the Global Practices were instituted. The Social Protection and Labor GP performed the best out of the 14 GPs, with 91 percent of 32 projects rated MS+ during FY12–14 compared with 74 percent of 38 projects rated MS+ during FY09–11 (which is statistically significant at the 10 percent level). Portfolio reviews and interviews with sector specialists indicate that four factors help explain this strong performance. First, many Social Protection and Labor GP projects are strongly evidence-based and have relatively high ratings for quality at entry (76 percent of projects rated MS+), which is a key correlate for positive project outcome. Second, supervision quality is also highly rated, with 89 percent of projects rated MS+. Third, evaluation is often built into project design, which led to steady improvement in the monitoring and evaluation (M&E) frameworks for relevant projects (59 percent are rated substantial or better on M&E in FY12–14 compared with 41 percent between FY09–11 and with an overall Bank average of 30 percent). Fourth, IEG found that among GPs, Social Protection and Labor produced the third largest share (7 percent) of impact evaluations (according to an IEG follow-up analysis on its 2012 evaluation of the relevance of World Bank Group impact evaluations). IEG found the Social Protection and Labor GP effectively implemented recommendations from IEG's evaluation of social safety nets (IEG 2011c), including increasing support to strengthen institutional capacity.

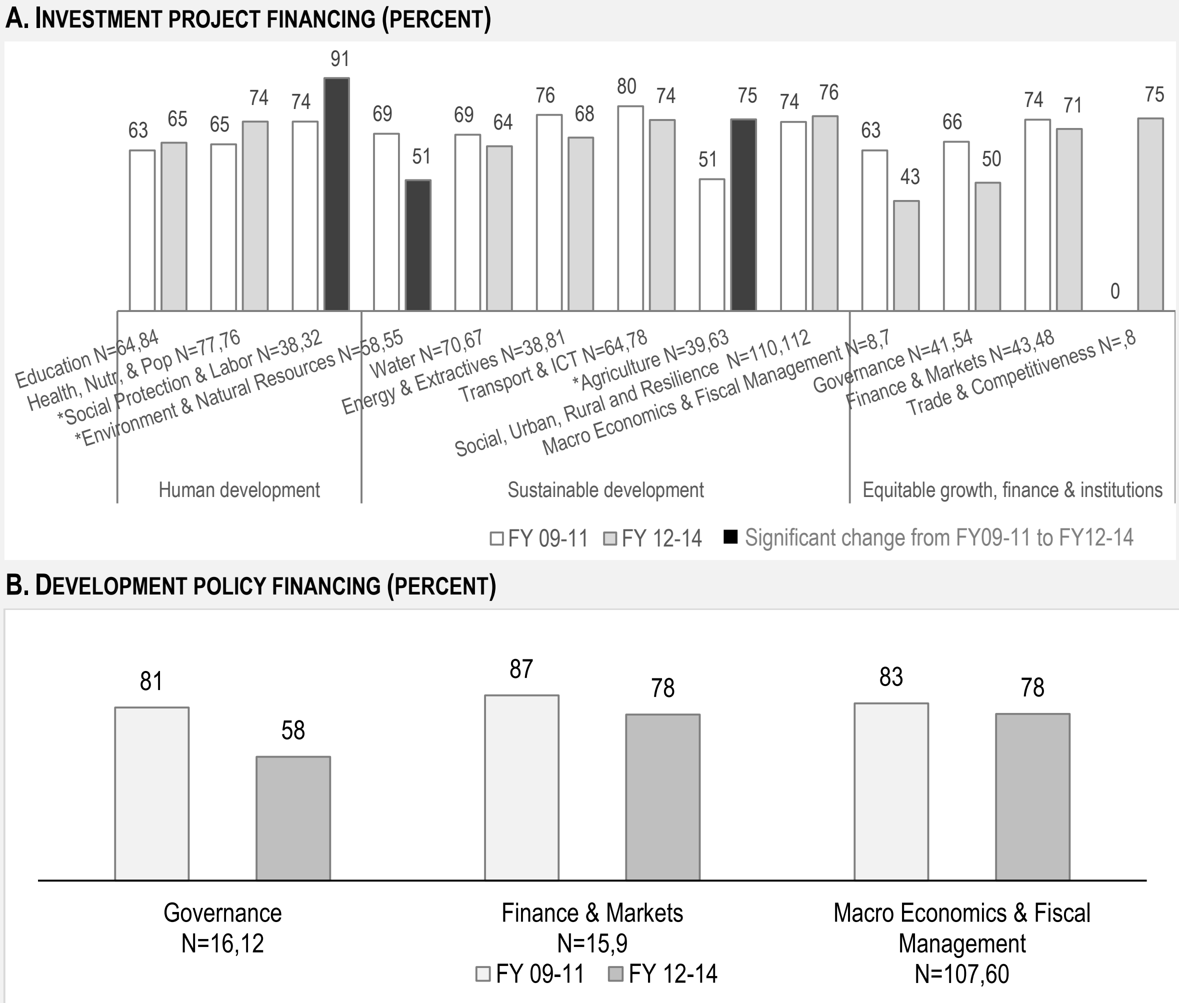
Project performance in the Agriculture GP also improved significantly during the two periods, from 51 percent to 74 percent (statistically significant at the 5 percent level). The mix or typology of projects did not change noticeably during this period. A document review assessed whether project development objectives (PDOs) fell into one of two categories: clear-cut and straightforward, or multi-faceted and long-duration,[13] and found an increase in the share of clear-cut and straightforward PDOs in FY12–14 (44 to 61 percent). Challenging land and forestry reform projects, as well as environment-focused projects in watershed and sustainable land management, performed at similarly poor levels during both periods, though community-driven development projects and those responding to the global food crisis performed exceptionally well during both periods.

DECLINE IN PERFORMANCE WAS OBSERVED FOR THE ENVIRONMENT AND NATURAL RESOURCES GP

Among the 14 GPs, the Environment and Natural Resources GP showed the only statistically significant decline in performance between FY09–11 and FY12–14—performance fell from 69 percent to 51 percent MS+ for 58 projects evaluated in FY09–11 and 55 in FY12–14. Within this portfolio, IDA projects rated MS+ dropped by 35 percent, Global Environment Facility (GEF) projects dropped by 21 percent, and IBRD projects by 10 percent.[14] GEF projects seemed to be the largest contributor to the poor performance because of their large number, which is about four to six times the number of IBRD and IDA projects. By Region, Sub-Saharan Africa was the worst performer in the Environment and Natural Resources GP, where no GEF projects were rated MS+ during FY12–14 compared with 60 percent during FY09–11 (Figure 2.5). IEG reviewed the Implementation Completion and Results Reviews (ICRRs) for GEF projects rated moderately unsatisfactory or below and found three key reasons for low ratings: (a) negligible or modest achievements of outputs and outcomes; (b) little or no evidence to support claimed results, usually accompanied by poor M&E; and (c) negligible or modest efficiency due to serious administrative inefficiencies and long delays, low rates of return, or wrong calculation methodology for economic rate of return.

Development policy financing is concentrated in three GPs: Governance, Macroeconomics and Fiscal Management, and Finance and Markets. DPF showed no significant change in performance over time.[15] However, at 58 percent MS+, the Governance GP—for which 12 projects were rated during FY12–14—was the lowest performer.

Figure 2.5. Outcome Rating Moderately Satisfactory and Above by Global Practice

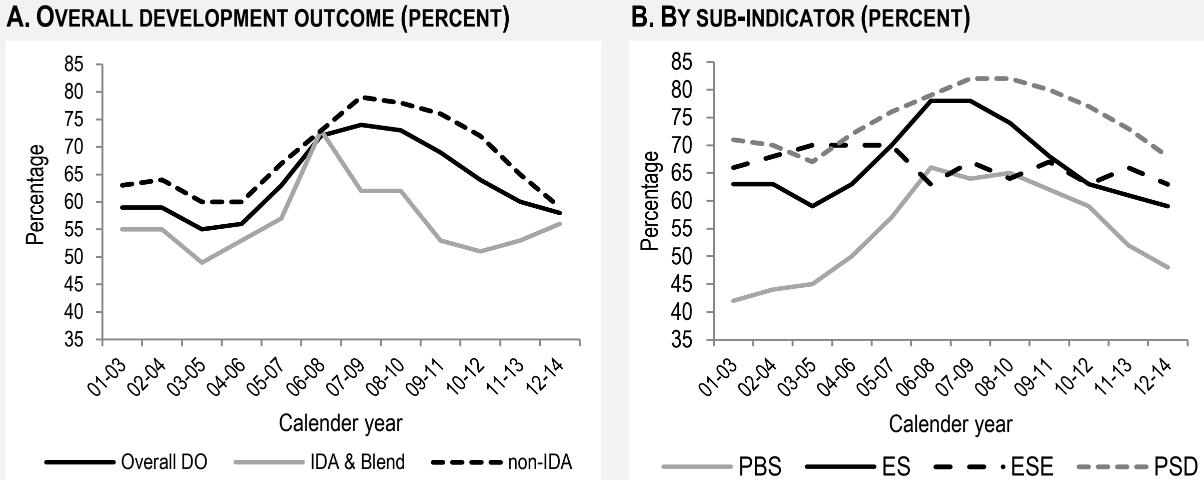


Source: IEG Data.
Note: *Statistically significant at 10 percent.

Development outcomes for IFC investment projects continue to decline

The downward trend reported by IEG in development outcome ratings for IFC-supported investment projects since 2013 continues. Fifty-eight percent of the 225 mature investment operations evaluated in 2012–14[16] had development outcome ratings of mostly successful or higher compared with 62 percent of projects evaluated 2009–11 (Figure 2.6).[17] Projects that fail to achieve a mostly successful rating tend to fall short of IFC's established financial, economic, environmental, and social performance benchmarks, and do not contribute more broadly to private sector development in the local economies in which they operate (Box 2.2).[18]

Figure 2.6. IFC Development Success Rate for Investment Projects, CY01–14



Source: IEG data.
Notes: DO = development objective; ES = economic sustainability; ESE = environmental and social effects; IDA = International Development Association; PBS = project business success; PSD = private sector development. IFC development outcome is a synthesis rating of project business success, economic sustainability, environmental and social effects, and private sector development success ratings.

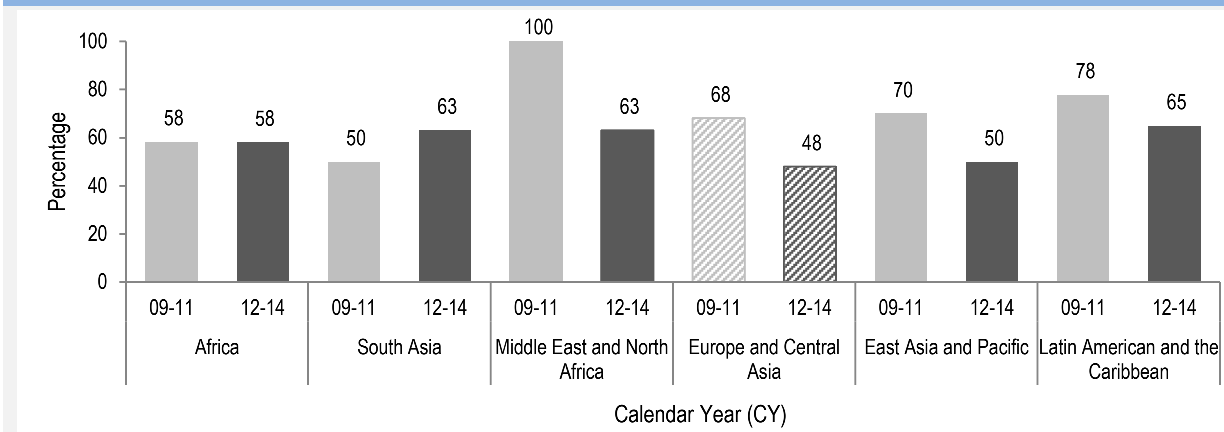
Box 2.2. Evaluation of Investment Projects at IFC

IFC evaluates projects based on three dimensions and nine indicators that together address a project's contribution to IFC's purpose and mission, the impact of the investment on IFC's financial sustainability, and IFC's work quality. Evaluations measure development outcome across four indicators: project business success, economic sustainability, environmental and social effects, and private sector development success ratings (Figure 2.6). IFC's investment outcome assesses the extent to which IFC is likely to realize the loan or equity returns expected at approval. Work quality addresses IFC's screening, appraisal, and structuring; supervision and administration; and role and contribution. A stratified random sample of IFC projects that have reached early operating maturity are evaluated.

Falling equity success rates moved investment success rates lower, continuing a trend that began in 2009–11. Equity investments are inherently riskier than loans, and IFC should expect lower equity success rates, but higher overall equity returns to compensate for the added risk. Recent equity success rates of 23 percent are lower than the historical rate of 35 percent. The current low success level is partly due to negative effects from the global financial crisis that variously affected projects: currency devaluations reduced equity values in dollar terms; funds were slower to invest; manufacturers saw product demand fall; and weakened management and sponsors found it difficult to cope. Puts or convertible equity was in many cases insufficient to remedy low equity valuations. In 2015 IFC's net income suffered from relatively low realized equity returns.

IFC operations in non-IDA countries saw a significant, steep decline in performance since CY07–09, while operations in IDA and blend countries improved during the last two reporting periods. Statistically significant declines in investment outcomes and work quality were also observed in non-IDA countries. All development sub-indicators except for environmental and social effects and project supervision were also down significantly. In IDA and blend countries, IEG observed improving private sector development ratings and role and contribution. A closer look at the portfolio shows that recently evaluated projects in manufacturing and services performed poorly, as did projects in the Europe and Central Asia and East Asia and Pacific Regions (Figure 2.7).

Figure 2.7. IFC Development Performance by Region (percent)

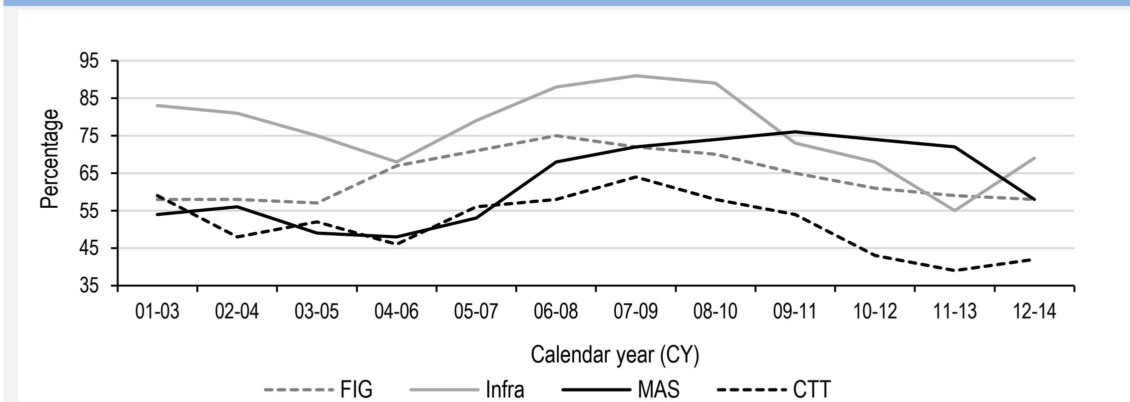


Source: IEG data.

Performance dropped significantly in the Europe and Central Asia and East Asia and Pacific Regions. The performance decline in Europe and Central Asia was partly associated with low ratings for evaluated projects in Ukraine. In East Asia and Pacific, most of the projects evaluated in China during the CY12–14 period (manufacturing and technology sector projects most severely affected by the downturn) were rated low. IFC also supported seven regional projects—five in Europe and Central Asia and two in East Asia and Pacific. Five of the seven projects invested in funds, none of which were rated successful or better for development. All rated low for work quality, and only one project provided IFC with a return commensurate with risk. Overall, funds performed worse than the portfolio of evaluated projects. Reasons for the decline include misaligned incentives, difficulties in exiting funds during tough economic times, standardized approaches across Regions to assess and structure IFC investments in funds, and mismatched expertise in IFC industry team–originated funds (versus IFC funds teams).

Project performance in IFC industry group was relatively stable except in the manufacturing, agribusiness and services, where a significant decline was recorded. A review of relevant projects shows that the global financial crisis affected some projects, making it more difficult to secure funding or attract customers (tourism projects, for example). IFC project evaluations also noted other problems that affected recent services projects, including a lack of commitment, expertise, or implementation discipline among sponsors, and poor IFC work quality. A number of innovative or greenfield projects also failed (Figure 2.8).

Figure 2.8. Development Success Rates by Industry Group (percent)



Source: IFC data.
Notes: FIG = Financial Institutions Group; Infra = Infrastructure and Natural Resources; MAS = Manufacturing, Agribusiness, and Services; CTT = Telecom, Media, Technology, and Venture Capital. IFC added CTT as an industry group this fiscal year. Current projects were remapped.

IFC work quality continues to need attention, while it showed some minor but statistically insignificant improvement in year-on-year results (comparing CY13 with CY14), overall work quality ratings continued their decline to 67 percent. *Results and Performance of the World Bank Group 2014* (IEG 2014d) analyzed work quality components such as risk identification and mitigation as strong contributors to screening, appraisal, and structuring (up-front work quality) ratings—a strong driver of project success. A decline in the quality of Expanded Project Supervision Reports (XPSRs), or self-evaluation documents, were consistent with the decline in work quality. Measured as a proportion of all XPSRs, more than 40 percent were considered good practice between 2001–2007 compared with fewer than 25 percent in recent years. The quality of lessons written in XPSRs varied.[19]

IFC additionality (IFC's benefit or value addition that a client would not otherwise receive) is the main justification for IFC involvement in a project. Through its additionality IFC can strengthen a project by, for instance, mitigating risks or improving a client's capacity, and ultimately improving a project's chances to succeed and enhance its development impact. IEG found better development results when additionality was present, and that there was no clear trade-off between additionality and IFC's profitability.

IFC achieved higher development impact when it delivered combinations of funding and knowledge-based additionality together, particularly to high-risk projects (for example, in IDA countries and for high-risk sponsors). However, delivering such combinations of funding and knowledge-based additionality is more challenging compared to funding or knowledge-based additionality alone. This is due mainly to the difficulty of delivering knowledge-based additionality, which depends heavily on IFC's ability to deploy support to the client or project over the length of the entire project life cycle. IEG has also found that there is scope to enhance the use of additionality to position IFC strategically in different country and client contexts.

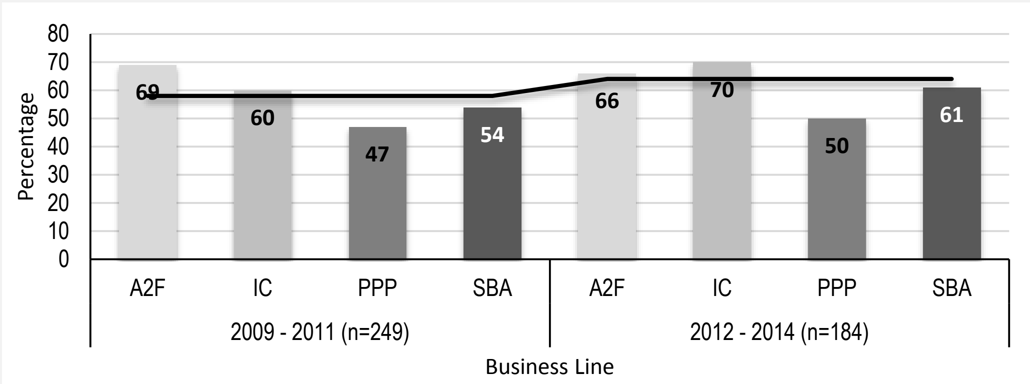
IFC's additionality is an integral part of IFC's overall role and contribution, which is assessed under the work quality dimension.

There has been a decline in IFC's role and contribution success rates since 2008. A qualitative review of the evaluated portfolio suggests that role and contribution fares better when IFC sets realistic expectations at approval by focusing on the additionalities it can best deliver; gathers resources needed to realize such additionalities; and ensures that client understanding, readiness, and commitment are present. Overall, IEG found that role and contribution ranked second to front-end work quality in contributing to development outcome.

IFC integrated client-facing Advisory and Investment Services after reorganizing in 2014, with the goal of sharpening additionality and enhancing overall development impact. Almost all of the CY12–14 Access to Finance private sector projects to build client capacity had links to IFC financial clients in some form, and half of all Sustainable Business Advisory projects had links to IFC investments.

IFC's Advisory Services' performance was steady. IEG found that IFC's Advisory Services performed well, with overall development effectiveness reaching 63 percent for FY12–14 compared with 58 percent for CY09–11 (Figure 2.9). IEG also found that Advisory Services benefitted IFC's financial sector clients. They enhanced development results by engaging with IFC investment clients in the financial sector, achieving a 70 percent development success rate. Government-facing engagements achieved success rates comparable to those of private client-facing projects (65 and 64 percent, respectively). Public-private partnership success rates were in line with the previous period, reflecting the high-risk nature of the business.

Figure 2.9. IFC Advisory Services' Development Effectiveness Success by Business Line (Percent)



Source: IFC data.
Note: A2F = Access to Finance; IC = Investment Climate; PPP = Public-Private Partnerships; SBA = Sustainable Business Advisory.

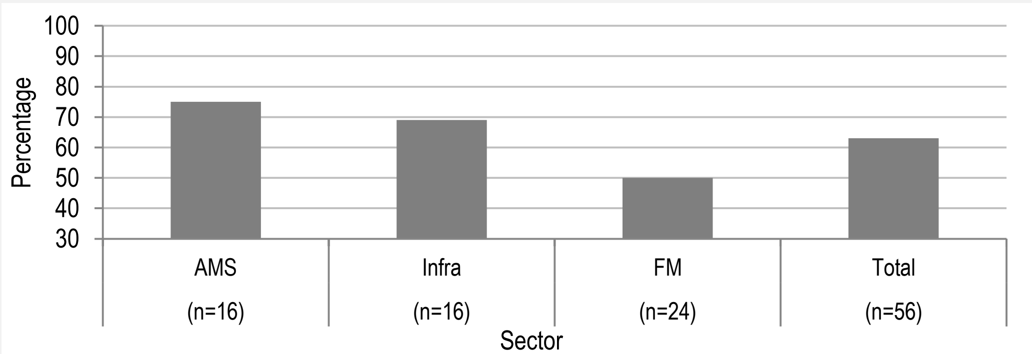
IFC's work quality on Advisory Services projects was a crucial driver of success, with project preparation and customization to client and local conditions key. Rolling out standard products and customizing them during project inception was often unsuccessful, especially in higher risk projects. However, tailoring the project design using deep knowledge of the client and the local market improved the chances for success. Project scope was another factor that influenced project success. Advisory projects that were well and narrowly defined produced better results than wide-ranging projects. A measured, phased approach, coupled with a focus on priority areas, activities sequenced with client and market needs, and delivering advice to a single client, were often contributors to project success. Assessing client capacity early in the project was also important to achieving success, as was investment in building client capacity to address weaknesses.

Performance of MIGA guarantees stable with some weaknesses

IEG rated 63 percent of the 56 MIGA guarantee projects evaluated in FY09–14 satisfactory or above for development outcome (Figure 2.10). Projects in the agribusiness, manufacturing, and services sectors had the highest success rate (75 percent), although the small number of evaluated agribusiness projects within this group performed poorly. The poor performance (50 percent) for financial markets projects (most of which are in the Europe and Central Asia Region), including generally low environmental and social effects ratings,[20] is a reversal of recently reported results. Projects were unsuccessful because of:

- Poor financial performance due to increased macroeconomic instability caused by the financial crisis and specific characteristics of the financial institutions
- Loan portfolio contraction in some institutions instead of an expected expansion
- High leverage in some projects.

Figure 2.10. MIGA Development Success Rate by Sector, FY09–14 (Percent)



Source: IEG data.
Notes: AMS = agribusiness, manufacturing and services; Infra =infrastructure; FM = financial markets. n= number of evaluated projects.

IEG conducted the first evaluation of an active non-honoring of financial obligations (NHFO) guarantee in FY15 and found that MIGA's NHFO products can play a valuable counter-cyclical role in helping fundamentally sound projects access financial markets during times of crisis. The evaluation also suggests that MIGA strengthen its monitoring systems for NHFO guarantees since these products directly take the credit risk of the sovereign, sub-sovereign, or state-owned enterprise (depending on the NHFO guarantee) and carry a higher risk level compared with traditional political risk insurance coverage.

For World Bank projects, some country and project factors matter more than initial size

This report intends to provide insight on recent World Bank results and performance. Questions of interest include how effective the projects were in delivering development results, key factors associated with performance, and lessons learned for incorporating into the design and implementation of future projects. Considering the Board discussions on the findings of RAP 2014 (IEG 2014d), this analysis looks at possible differences in performance of World Bank investment lending projects based on project size of the project and other factors related to project and country context.[21]

In this report, as in previous years, the main measure of World Bank project results is the IEG-validated outcome rating from ICRRs, consisting of relevance, efficacy, and efficiency. IEG also validates other ratings in ICRs such as Bank performance (quality at entry and supervision) and borrower performance (government and implementing agencies), and rates the quality of the project's M&E.[22] The structure of this reporting and rating system enables logically sound comparison across projects. However, projects also have complexities that might not fit easily into the current reporting structures, including important contextual factors such as a country's economic situation, institutional capacity, and political economy considerations, among others. Indicators such as the World Governance Indicators, the Gender Inequality Index, and Country Policy and Institutional Assessment (CPIA), which is a measure of institutional capacity in the country, can shed some light on country context. Project performance also varies on factors internal to an operation, such as performance of the task team leader and team, or time and resources devoted to problem solving. This analysis does not explain success in projects, but rather looks at what can be learned from data such as the number of task team leaders assigned to a project and the project supervision cost.

Analysis of data on IPF projects[23] closed in FY09–FY14 finds that project performance is highly correlated with quality at entry, quality of supervision, M&E quality, and, to a much lesser extent, project size (see appendix B for correlations).[24] The discussion of project size arises in part from attention to the World Bank's Corporate Scorecard, which shows higher performance of larger projects because it reports on performance in two ways: a simple percentage of projects rated MS+, and a volume-weighted percentage.[25] Investigation beyond the Corporate Scorecard, however, shows that project size also correlates with a number of other factors. Project size positively correlates with ICRR ratings for quality at entry, quality of supervision, and quality of M&E; project restructuring; population of the country; CPIA; public opinion about effectiveness of the Bank's work in the country; government effectiveness; and rule of law ratings (from the World Governance Indicators). Project size negatively correlates with the country's fragile and conflict status, and gender equality as measured by the Gender Inequality Index (selected for use because of the theme of this report). Project size and project outcome ratings also vary across Regions and GPs.

IEG developed a regression model to look further into project size, and to understand the many other factors that also correlate with outcomes.[26] Two important elements—quality at entry and quality at supervision—were not included in the model because these ratings are assigned at the same time and by the same evaluator as the outcome rating (in the ICRR, after the project is completed). If quality at entry was systematically rated at appraisal or at the first Implementation Status and Results (ISR) report, the rating would likely be extremely useful for predicting project performance. However, there is no systematic practice of assessing quality at entry early in Bank projects, and therefore there are no data.

The model explained about 28 percent of the variation in outcome, and project size explained half of that (14 percent). There are two implications: first, that the additional variables explained about as much variation in outcome as did project size; second, that the current data do *not* explain more than two-thirds of the variation in outcome. A systematic measure of ex-ante quality at entry would likely help explain the missing two-thirds of the variation.

Within the 14 percent of variation explained by factors other than size in the current model, however, two factors related to country and project context merit discussing.

COUNTRY CAPACITY MATTERS

Country populations and CPIA ratings were significant among the country factors that helped explain performance, likely because large projects tend to have higher public sector management and institutional capacity, better social inclusion, and equity. Related analysis suggests that projects in countries with greater gender equality, more effective government functions, or more stable rule of law are also associated with higher outcome ratings.[27]

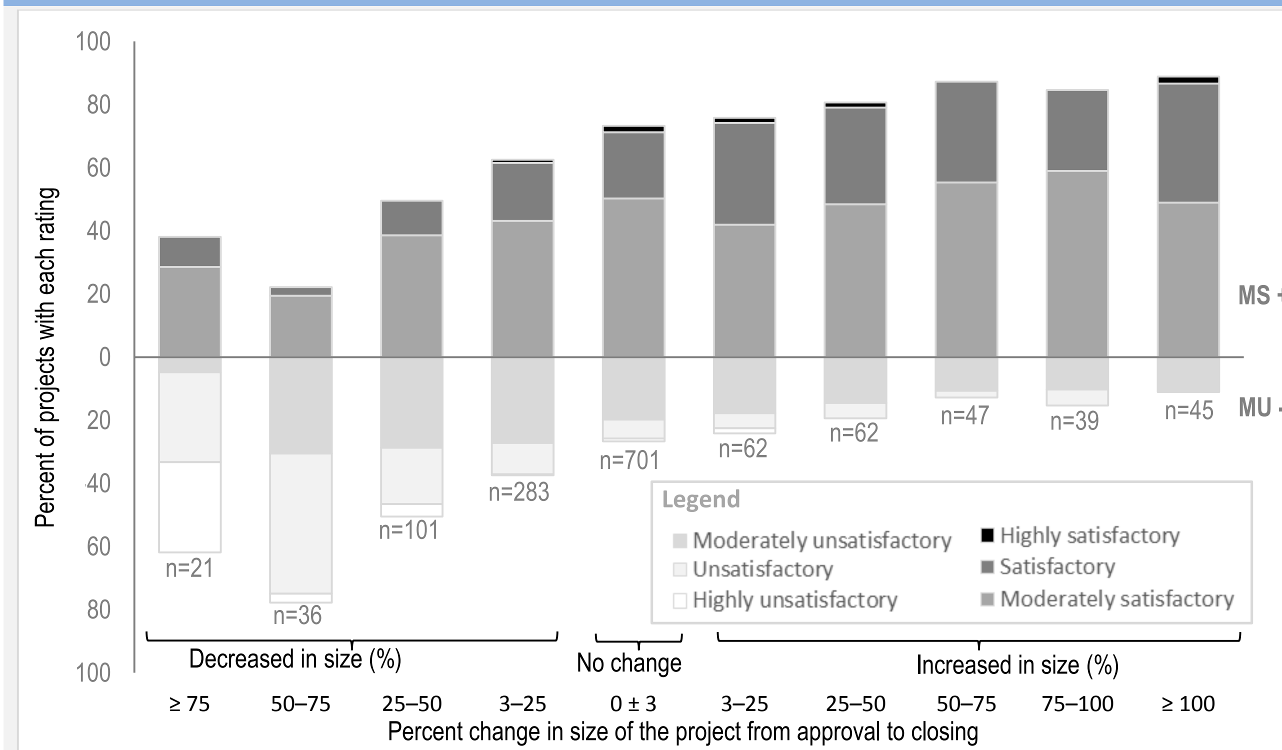
Larger country population was also associated with higher outcome ratings. However, outcome ratings for projects in India and China drove this association; population sizes in these countries make them outliers. When projects in India and China are excluded from the regression analysis using the same model, the coefficient is no longer significant. Without India and China, 89 percent of the World Bank IPF portfolio (by lending volume) was rated moderately satisfactory or above. Outcome ratings for projects in India and China are not statistically different from each other—by volume, the percent of projects rated moderately satisfactory or above was 84 percent for India and 85 percent for China. The coefficients for other country factors used as control variables (gross domestic product per capita, fragile and conflict status) were not significant.

MID-COURSE CORRECTIONS CAN ENHANCE OUTCOMES OF WORLD BANK PROJECTS

Among the project factors that helped explain outcomes, change in commitment was significant and positively correlated with outcome, while initial commitment was less significant. This comparison suggests that project performance relates more to what happens during project implementation—such as cancelling funds for projects that are not working or additional financing for successful projects—than to the initial commitment size of the project.

Although size and ratings correlate, improved performance associated with the difference in commitment amount at appraisal and at project closure may be due to the practice of directing more resources to projects that are performing well during implementation and discontinuing those that are not.[28] Further analysis suggests that the correlation between cancellation of funds and low outcome ratings is stronger than the correlation between additional financing and high outcome ratings. Figure 2.11 plots the pattern in outcome ratings by the percentage increase (or decrease) in size during the life of the project. It illustrates that projects that shrank by 50 percent or more had lower outcome ratings than projects that completed at the planned size; projects that grew by 50 percent or more did about as well as projects with no change in size.[29]

Figure 2.11. Lower Outcome Ratings in IPF Projects that Decreased in Size Due to Cancellation of Funds



Source: World Bank Business Intelligence
Note: IPF = investment project financing: MS+= moderately satisfactory or above; MU– = moderately unsatisfactory or below.

IEG's recent report on additional financing in transport projects (IEG 2015f) found that projects with additional financing had relatively better overall outcome ratings compared with the rest of the portfolio. The analysis also found that providing more resources is no guarantee of success—13 percent of projects receiving additional resources were rated moderately unsatisfactory or below for overall outcomes at project closure. The report, however, notes that a large number of projects received additional financing to cover cost overruns. Therefore, it is highly important to ensure good quality at entry by focusing on preparing realistic engineering designs to avoid substantial cost overruns in the first place. It may be worth noting that additional financing allows Bank project teams to refine the project results framework.

Two other project factors correlated negatively with outcome: the number of task team leaders during the life of the project, and whether the project was ever labeled as problem project.

Projects in the analysis group averaged 2.8 team leaders across the life of the project. Projects did not differ discernibly across Regions, but the seven projects in the Trade and Competitiveness GP averaged 4.86 team leaders, while the Social Protection GP averaged 2.47 team leaders per project. Overall, more than half of projects in the analysis were labeled as problem projects at some point. There was so much variation within GPs that comparison of the different GPs is not informative, but some difference was discernible across Regions. The percentage of projects that at some point were labeled as problem projects was 67 percent in the Middle East and North Africa Region on the high end and 45 percent in East Asia and Pacific Region on the low end (see appendix C for more details on Regions and GPs).

The strong correlation between high team leader turnover and low project outcome is better understood when considering a review of highly satisfactory and unsatisfactory projects conducted for IEG's evaluation of learning and results in World Bank operations (IEG 2015e). The review found that because so much operational and technical knowledge is in the minds of practitioners and is not documented, the gaps in handover between project team leaders is an important source of learning discontinuity. Several team leaders interviewed for the study said there is little overlap of leaders at the time of handover. Handover missions are not conducted systematically, and it is left to team leaders to make time to find staff who worked earlier on in the operation.

In the regression, supervision cost negatively correlated with project outcome ratings, which may indicate that projects experiencing implementation challenges receive greater supervision attention. Supervision costs tended to be higher in the South Asia Region (averaging $910,000) and Africa Region (averaging $867,000), and lower in East Asia and Pacific (averaging $608,000). Preparation cost was not significant for the regression, but East Asia and Pacific had a relatively high average preparation cost ($434,000 per project), while Latin America and the Caribbean had the lowest average preparation cost at $282,000 per project. Box 2.3 draws comparisons with the findings of other research, and appendix C gives further details.

The finding that projects that were ever designated a problem project perform worse than those that were never so designated suggests that early and candid assessment of project implementation performance is important. In-depth portfolio analysis also found that projects that were not restructured in a timely manner were rated moderately unsatisfactory or below. IEG's learning evaluation (2015a) found that the information entered into the Bank's ISR is not candid enough, and therefore restructuring does not always take place when it should. This evaluation found no trend to restructure earlier during the project cycle even after introducing the split ratings. In the pre-reform period, the average span between effectiveness and completion was 7.8 years, and the average period between effectiveness and PDO revision was four years. For the post-reform period, the numbers were 7.5 years and 4.4 years, respectively. This suggests that although the split rating rewards early restructuring, introduction of the policy may not have changed the behavior of task team leaders.

To offer a different perspective and an element of triangulation, two analyses of opportunistic data provided examples of project implementation factors associated with outcome ratings. The first analysis (which comes with a caveat because it is based on a particularly small convenience sample of projects) looked at projects reviewed at the Regional Operations Committee or Operations Committee[30] and found higher project ratings for projects that received greater management attention.[31] A second analysis found higher quality at entry in projects that reported baseline data early on.[32]

Box 2.3. Findings from the Regression Are Consistent with Related Working Papers and Literature

Deinzer, Kaufmann, and Kraay (2011) examined country factors and found that Country Policy and Institutional Assessment (CPIA), a measure of a country's strength in in relation to policies and institutional capacity, correlated with outcome. However, within-country variation pointed to the need to focus on project-level factors such as project size, task manager quality, and early warning signs such as whether the project was labeled as a problem project early on. They also found no evidence that disbursement delays correlated with outcomes.

Geli, Kraay, and Nobakht (2014) analyzed a project's outcomes data to identify project characteristics that might be used to predict project outcomes; they found that CPIA and the task team leaders' track record had greater predictive power than Implementation Status and Results Report ratings, and that initial project size did not correlate with outcomes.

RAP 2014 (IEG 2014d) used text analysis of quality at entry and quality of supervision sections of 203 field-based project assessments completed between FY08 and FY13; the analysis found that elements associated with higher outcome ratings were application of past lessons, effective risk mitigation, and well-articulated project objectives and results frameworks. This analysis also highlighted that World Bank team problem-solving abilities, regularity of missions, and attention to corrective actions were frequently mentioned when explaining positive quality of supervision ratings.

Quality at entry and project supervision are key to project outcomes

Building on analysis undertaken in RAP 2014 (IEG 2014d), IEG conducted an in-depth portfolio review to identify key factors associated with project outcomes.[33]

The review found that poor quality at entry was a key factor associated with poor outcomes; however, there were no significant differences between small and large projects. Poor quality at entry was associated with the following weaknesses:

- Overambitious or complex project design in the context of insufficient implementing agency capacity (59 percent)
- Poor M&E and results framework (52 percent)
- Unrealistic cost estimation, lessons not incorporated, inadequate safeguards identification and other design problems (48 percent)
- Inadequate risk identification and mitigation measures (39 percent).

A number of design issues were identified. For example, about 60 percent of projects had inappropriate indicators, 28 percent lacked baseline data or targets, and 32 percent reported institutional capacity insufficient to operationalize the M&E system.

The IEG electricity access evaluation found that the most important factors for implementation delays were borrower institutional capacity and the Bank's quality at entry, followed by the government's commitment to the project, and areas of shared responsibility (mainly procurement matters). Shortcomings in institutional capacity affected low- and medium-access countries more than they affected high- and universal-access countries (42 percent versus 10 percent). Quality at entry contributed more often to implementation delays in low- and medium-access countries than in high- and universal-access countries (35 percent versus 19 percent). By contrast, no significant shortcomings were observed in institutional capacity for projects that closed on time, and the Bank's quality at entry was inadequate in only one of 30 projects (IEG 2015i).

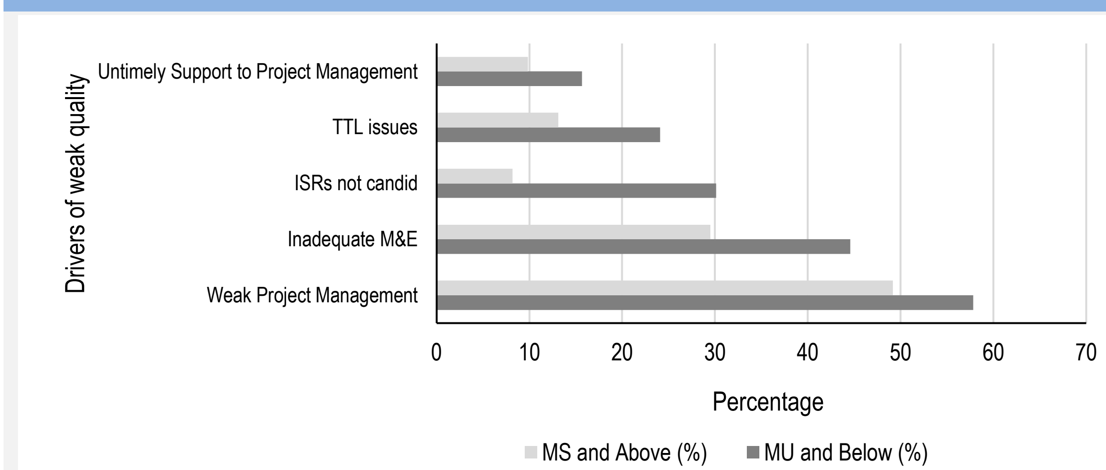
Quality of M&E is also an important finding from the forthcoming IEG report on self-evaluation systems. This analysis finds that M&E has a role beyond "mere measurement of results," since M&E quality is a "strong determinant of satisfactory project ratings." In particular, the analysis found a "rather large and significant effect of quality of monitoring and evaluation on project outcome, accounting for an increase of between 0.13 and 0.40 points in the outcome rating."[34] The study suggests there may be a tipping point—that is, a minimum level of M&E quality needed to make a difference in project ratings since the relationship between M&E quality and project outcomes is not proportional. The findings suggest that improving the quality of M&E in World Bank projects can help the organization achieve targets for project outcome ratings.

Weak project management was a key factor influencing low quality of supervision ratings in the portfolio analysis, including weak fiduciary management, low safeguards compliance, inadequate attention to technical issues and M&E, and so on (Figure 2.12). The analysis found that project teams in these cases were not proactive in revising PDOs or restructuring the project. Untimely support provided by the Bank team to the implementing agency during project implementation relates to weak project management. This can include lack of timely implementation, inadequate and untimely advice to the client, delays in processing documents, and lack of timely follow-up on issues.

The portfolio review also found that ISR ratings were not candid, they were overly optimistic and failed to reflect the severity of the problems and possibly delayed a more proactive response by the Bank. Analysis undertaken for IEG's learning evaluation found the proportion of projects with below-the-line ratings during implementation was lower than the proportion of projects for which objectives were formally revised, suggesting a lack of candor in ISR ratings—the supervision record understates the number of projects in need of fixing (IEG 2015e).

In poorly supervised projects, task team issues such as expertise, frequent changes in team leadership, untimely succession, and coordination issues within the Bank team were raised. This is consistent with Geli, Kray, and Nobakht (2014), who found that the record of the team leader significantly correlated with project outcome.

Figure 2.12. Drivers of Weak Quality-of-Supervision Ratings



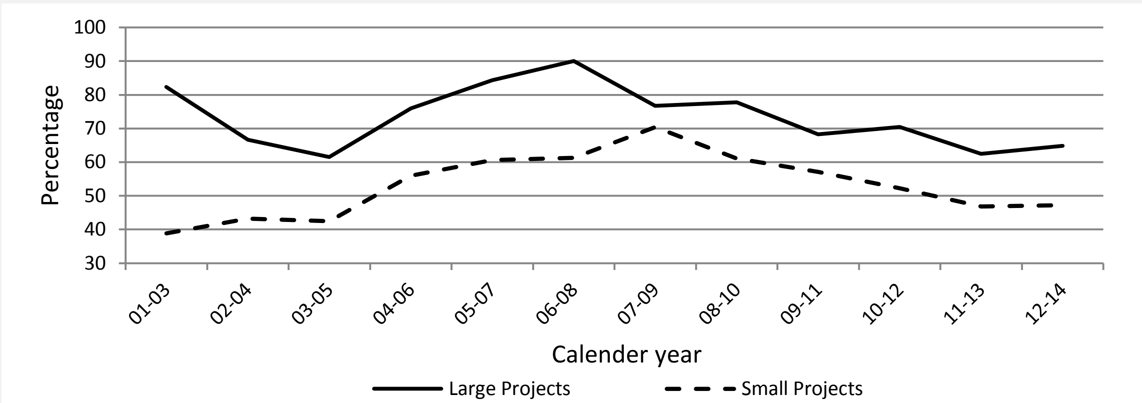
Source: World Bank Business Intelligence.

Note: ISR = Implementation Status and Results Report; M&E = monitoring and evaluation; MS = moderately satisfactory; MU = moderately unsatisfactory; TTL = task team leader.

For IFC projects, size is not the dominant risk factor

Similar to Bank projects, IFC investment project success depends on a mix of project characteristics. Overall, IFC investment project performance is better when measured by commitments instead of number of projects. Large projects perform better than small projects, sometimes much better—Figure 2.13 compares the performance of large and small projects.

Figure 2.13. IFC Performance of Large Versus Small IFC Investment Projects, FY01–14



Source: IFC data.
Note: Projects tagged as large had net commitments above the median in a given fiscal year. Those tagged as small had commitments equal to or lower than the mean.

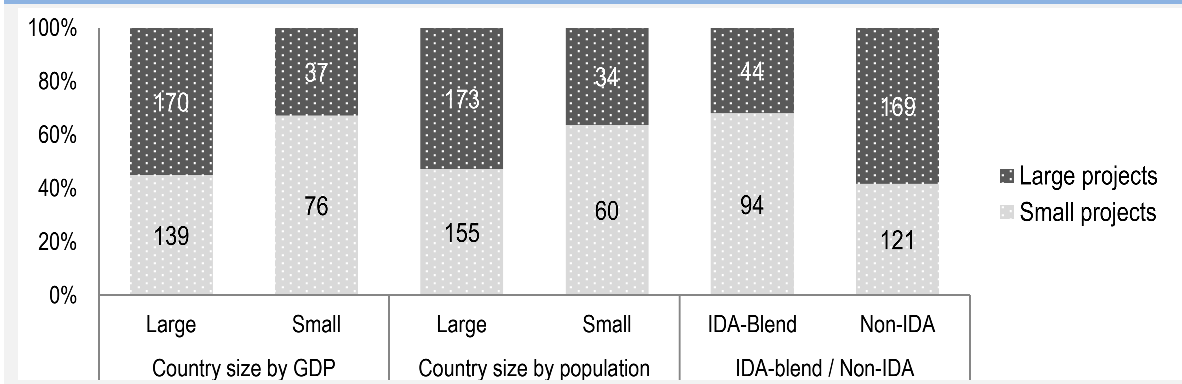
If size was all that mattered, it could make sense for IFC to focus on larger projects. Although many smaller projects are in large countries, a disproportionate share is in IDA and blend countries, and in smaller countries, as measured by gross domestic product and population (Figure 2.14).

IEG built on its FY13 analysis of internal and external risk factors to assess whether IFC's commitment size is a determinant of project development success. Using only IFC commitment size in its regression model (using 2009–14 evaluations), IEG found that size was a significant correlate of development results for real sector projects, but not for banking projects. However, for real sector projects, the association of commitment size with development success lessened when other risk factors were added to the model. For these projects, external project risks (such as management quality, market conditions, investment climate, and internal controllable risk factors) in IFC's work quality were more significantly correlated with development outcomes.

For financial sector projects, commitment size—together with other risk factors—was marginally but positively associated with project performance. A review of evaluation documents for both successful and unsuccessful financial markets projects reveals a number of benefits associated with size, including:

- **Reach:** Larger financial institutions with a larger geographical and client base are better able to pursue business where demand is highest. They may also be better able to target new client types while continuing to survive on their established markets and client bases, building on their name recognition.

Figure 2.14. Location of IFC Investment Projects (Excluding Regional Projects)



Source: World Developmant Indicators (database), World Bank, Washington, DC, http://data.worldbank.org/products/wdi
Notes: Project size is based on the median project size in a given year; small projects are below the median size, and large projects are above the median size. Analysis presented is for projects evaluated in FY09–14 that supported a project in a specific country (regional projects are excluded, for example). Large countries include the largest 40 and 50 countries by gross domestic product and population, respectively. GDP = gross domestic product.

- **Economies of scale:** Incremental cost of operations can be lower for larger institutions. They may also be better positioned to deploy superior technology and recruit experts, such as proven managers, environmental specialists, and credit officers.
- **Financial strength:** Larger financial institutions may have a better chance of surviving short-term shocks that affect their business, and may have lower cost local and international sources of capital.

To summarize, larger IFC commitments to financial sector clients may have some benefits over smaller commitments, but this should not diminish attention to corporate governance, sponsor quality, and IFC work quality which also drive project success. For real sector projects, internal and external risks drive success more than project size.

Recently committed IFC projects are likely to perform worse than recently evaluated projects, despite a great concentration in lower-risk countries. After identifying the factors associated with development outcomes, IEG analysis predicted how recently committed IFC projects are likely to perform compared with the projects that reached operational maturity and had been evaluated by IEG. Box 2.4 summarizes the results.

Box 2.4. Performance of Recently Committed IFC Projects Compared with Recently Evaluated Projects

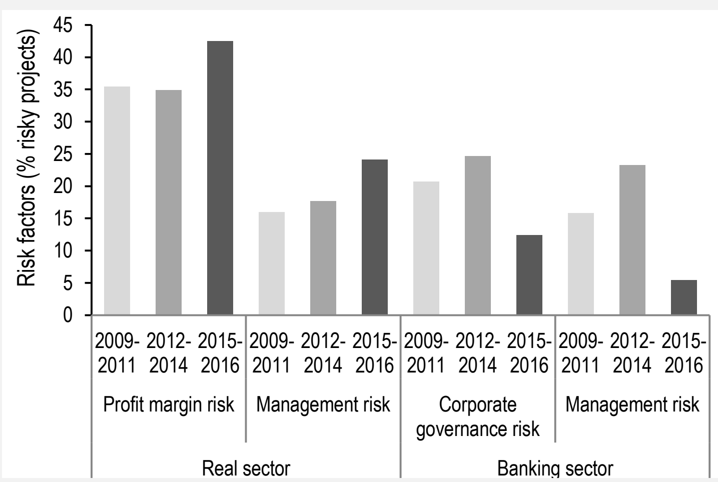
IEG evaluates IFC investment projects at early operating maturity based on their performance to date and projections. Projects that have not reached early operating maturity can be assessed on external risk factors that strongly influence their success, including changes in country risk, management quality, market conditions (real sector projects), corporate governance quality (financial and bank sector projects), and IFC work quality. IEG tested its model with historical data and found it provides a directionally accurate assessment of development outcomes for projects that have not reached early operating maturity.

IEG found that the external risk for younger real sector projects is slightly higher than for mature, evaluated projects, and the overall risks of younger banking projects is slightly lower (Figure 2.15, panel a). Management risk is moving lower for banking projects, but higher for real sector projects. Profit margin risk for real sector projects is higher. Corporate governance risk ratings for banking projects are lower. Country risk, measured by the change in the Institutional Investor Country Credit Risk rating, steadily improved so far. IFC's work quality, a strong mitigant of external risks, steadily declined. IFC's move to lower-risk banking sector projects may downwardly affect its additionality.

IEG's analysis showed that without significant improvements in IFC work quality, development outcomes are likely to decline moderately in 2015 and 2016 (Figure 2.15, panel b). The greatest risks to development outcomes are profit margin risks for real sector projects. IEG also found that high-quality work could mitigate external risks—that is, activities within IFC's control can increase the chances that a project will succeed. The quality of appraisal had the greatest impact.

Figure 2.15. Trends in IFC Development Outcome Performance

a. Risk Factor Trends



Source: IEG data.

b. Portfolio Performance Calculations

Year	Gap between Calculated Success Rates and Actual
2009	0.3%
2010	-2.0%
2011	7.7%
2012	-1.8%
2013	2.7%
2014	1.5%

Success Rates for Projects to be Evaluated in 2015/16 Relative to 2012-14

Year	Real Sector	Banking Sector	Overall
2015	-1.3	-1.2	-1.2
2016	-3.6	0.1	-2.3

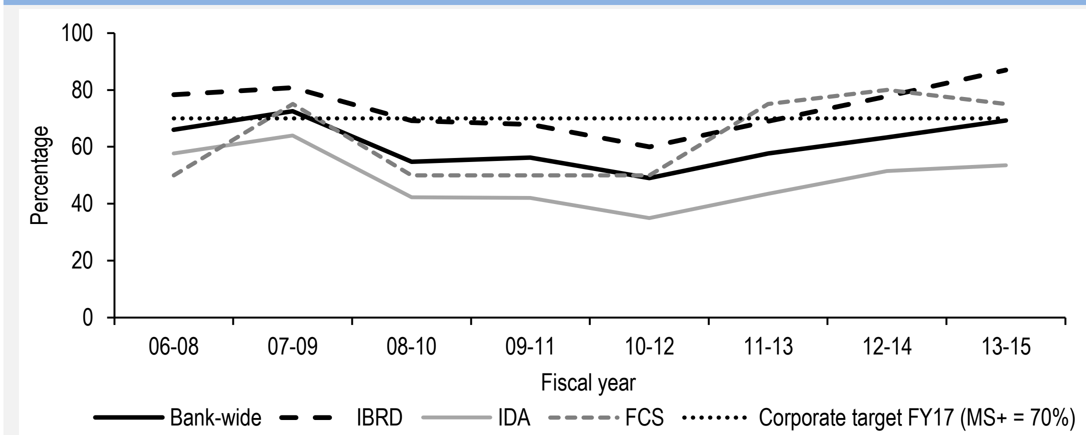
Source: IEG Data

IEG assessed the risk factors associated with non–funds projects in a specific country (not regional projects) approved in FY10–11, which will be sampled for evaluation in FY15 and FY16. Details are in annex D.

Results and Performance of the World Bank Group at Country Level

World Bank Group country program outcomes continue to improve. Figure 2.16 indicates that on a three-year rolling average basis, the success rate, measured as percentage of country program outcomes rated as MS or higher, improved from 63 percent in FY12–14 (n=60) to 69 percent in FY13–15 (n=52). This continues an upward trend, from a low of 49 percent in FY10-12 to near the corporate target of 70 percent. Country program outcomes improved in both IBRD and IDA countries. IBRD country program ratings increased from a 78 percent success rate in FY12–14 (n=26) to an 87 percent success rate in FY13–15 (n=23). Country program outcomes in IDA also improved from a 52 percent success rate in FY12–14 (n=33) to a 54 percent success rate in FY13–15 (n=28). For fragile and conflict- affected situation (FCS) countries, program outcomes deteriorated from 80 percent (n=5) in FY12-14 to 75 percent in FY13-15 (n=4).

Figure 2.16. World Bank Group Country Program Outcome, Moderately Satisfactory or Higher

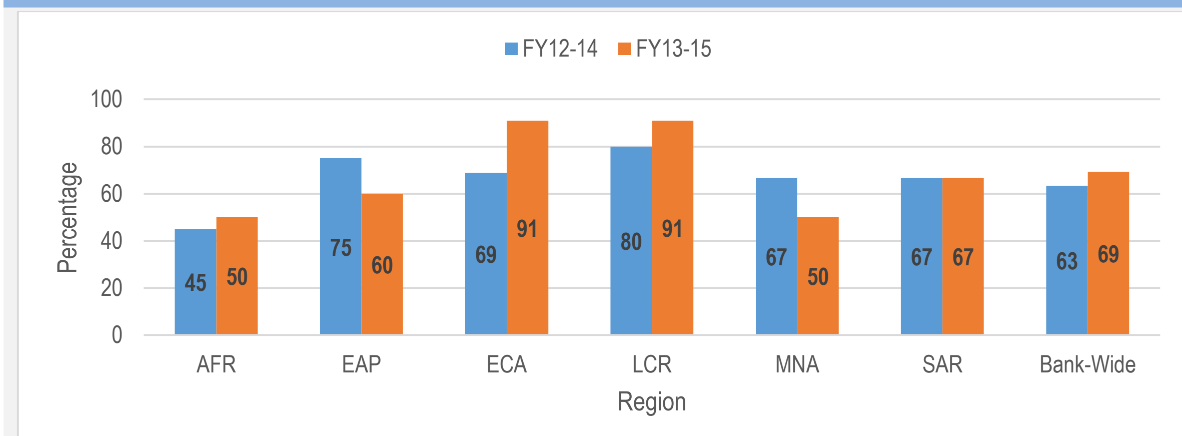


Source: IEG data.
Note: FCS = fragile and conflict state; IDA includes blend countries, all of which received more resources from IDA than from IBRD.

On an individual year basis, the success rate of country program outcomes improved during the last three fiscal years from 53 percent in FY13 (n=19) to 83 percent in FY15 (n=12), surpassing the Corporate Scorecard target of 70 percent. Among institutions, IBRD's success rate improved from 83 percent in FY13 (n=6) to 88 percent in FY15 (n=8). In the same period, IDA improved from 38 percent (n=13) to 67 percent (n=3). The success rate for FCS country programs was 67 percent in FY13 (n=3). None of the Completion and Learning Reviews for FCS countries went to the Board in FY15.

The improved performance of World-Bank country programs in FY13-15 is driven by Europe and Central Asia and Latin America and the Caribbean (figure 2.17). For the period FY13-15, the Bank-wide success rate was 69 percent (n=52) up from 63 percent in the period FY12-14 (n=60).[35] The success rates for country programs in the Europe and Central Asia and Latin America and the Caribbean improved significantly to 91 percent (n=11 respectively).[36] These performances are much above the World Bank Group average and the 70 percent corporate target. The success rates for country programs in the Africa Region improved to 50 percent (n=20) in the period FY13-15 while it deteriorated for country programs in Middle East and North Africa to 50 percent (n=2). The performance of country programs in South Asia remained stable at 67 percent (n=3) or just below the corporate target. Finally, performance of country programs in the East Asia and Pacific Region deteriorated to 60 percent (n=5), below the Bank-wide average and corporate target. It should be noted that even considering a three year average, the numbers of country programs by Region for which a Completion and Learning Review was submitted to the board are small. In addition, in FY15 there was no Completion and Learning Review submitted to the Board by the East Asia and Pacific Region and Middle East and North Africa Region.

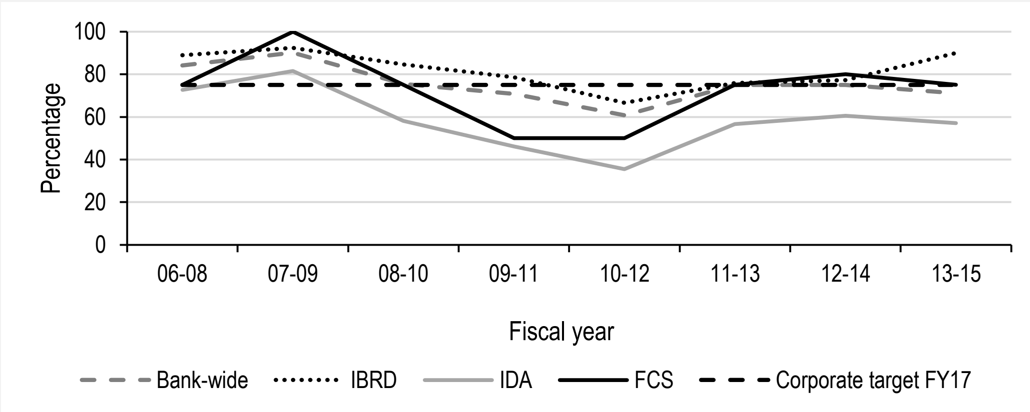
Figure 2.17. Country Program Outcomes, Moderately Satisfactory or Higher by Region, FY13-15.



Source: IEG data.
Note: AFR = Africa Region; EAP = East Asia and Pacific Region; ECA = Europe and Central Asia Region; LAC = Latin America and the Caribbean Region; MNA = Middle East and North Africa Region; SAR = South Asia Region; WBG = World Bank Group.

World Bank Group performance deteriorated slightly (figure 2.18) between FY12–14 (75 percent, n=60) and FY13–FY15 (71 percent, n=52), which is below the corporate target of 75 percent. Performance in IBRD countries improved on a three-year rolling average basis from a 77 percent success rate in FY12–14 (n=26) to a 90 percent success rate in FY13–15 (n=23). Performance in IDA and FCS countries deteriorated from 61 (n=33) and 80 percent (n=5) respectively in FY12-14 to 57 (n=28) and 75 (n=4) percent in FY13-15).

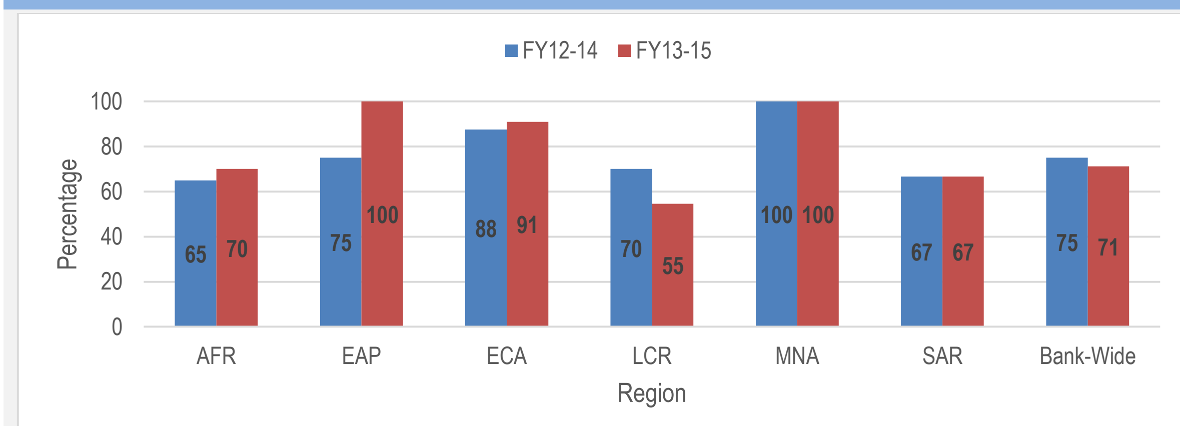
Figure 2.18. World Bank Group Performance Remains Stable



Source: IEG data.
Note: FCS = fragile and conflict state; IDA includes blend countries, all of which received more resources from IDA than from IBRD.

On a regional basis, the overall slight deterioration of World Bank Group performance for country strategies in the period FY13-15 was driven by the stark deterioration in Latin America and Caribbean[37] (figure 2.19). It improved in all other regions including Africa or remained stable. In the same period, World Bank Group performance remained below the 75 percent corporate target for the Africa Region (70 percent, n=20), Latin America and Caribbean (55 percent, n=11) and South Asia (67 percent, n=3).

Figure 2.19. World Bank Performance for country strategies Good or Better by Region, FY13-15



Source: IEG data.
Note: AFR = Africa Region; EAP = East Asia and Pacific Region; ECA = Europe and Central Asia Region; LAC = Latin America and the Caribbean Region; MNA = Middle East and North Africa Region; SAR = South Asia Region; WBG = World Bank Group.

Closer Bank–IFC cooperation has the potential to maximize World Bank Group development impact. The World Bank Group's client needs have been changing. The private sector is increasingly becoming the engine of growth, and government attention is shifting from public sector projects to public policies designed to promote private sector-led growth, including regulations, and establishing partnerships with, and/or transferring certain economic activities. This is happening in the context of a growing gap between decreasing official development assistance and growing development finance needs. Private sector investment in development is most needed. In this new landscape, the best way to maximize the World Bank Group's development impact is to foster full use of its private sector instruments and maximize synergies between the Bank and IFC at the country level.

A recent IEG review, *Past and Future: Bank–IFC Cooperation at the Country Strategy Level*, found that despite some encouraging examples, coordination between the Bank and IFC at the country strategy level has been mixed, and synergies within the World Bank Group do not seem to have been explored systematically (IEG 2014c).[38]

Five key findings emerged from the review:

- Despite the increase in the number of joint Country Assistance Strategies (CASs), the extent of cooperation between the Bank and IFC varied significantly across countries, with the majority of country strategies failing to include specific implementation plans for World Bank Group cooperation. References to cooperation, most often, were perfunctory and absent in related results frameworks. This was identified through Country Assistance Strategy Completion Report Reviews.
- Structural constraints exist for the low levels of cooperation at the country strategy level: Market demand determines IFC's business, which inherently makes planning difficult; conflicts of interest are a concern; IFC's strategist and economist resources are extremely limited; and staff incentives may need tailoring to encourage and support cooperation.
- Selective World Bank–IFC cooperation can potentially improve the effectiveness and efficiency of World Bank Group operations and improve its development impact in client countries. However, lack of cooperation can hinder or reduce potential benefits to clients, lead to duplication of activities, and ultimately raise operating costs.
- Genuinely joint CAS teams led to better coordination and helped clarify the respective roles of the two institutions. Professional relationships between Bank and IFC staff facilitated knowledge exchange and readiness to work together; however, World Bank–IFC cooperation was ad hoc under the CAS framework.
- Cooperation between the Bank and IFC is not always necessary or productive for every sector in a country. World Bank–IFC cooperation should remain an instrument. Elevating Bank–IFC cooperation to a goal in itself may generate

unnecessary processes and inefficiency. The benefits of cooperation depend on the sector and the stage of its development in a country. The cost of cooperation may sometimes outweigh the benefits, warranting careful cost-benefit analysis of Bank–IFC cooperation at the early stage of new World Bank Group country strategy formation.

Through the new Systematic Country Diagnostics and Country Partnership Framework, the Bank and IFC expect to work more closely together, from diagnosis to strategy formulation, solutions design, execution, evaluation, and learning at the country level. Systematic Country Diagnostics offers the potential to build upon the current CAS process by increasing World Bank–IFC dialogue and information sharing at the initial stage of the Country Partnership Framework. It could also pave the way for a more systematic analysis of private sector development issues by joint Bank–IFC teams, which has historically been missing from the majority of CASs. This process may provide a consistent framework to define and enable potential synergies generated by the Bank–IFC cooperation in relevant, selective areas of engagement.

The review (IEG 2014c) identified a number of factors that help drive cooperation between the Bank and IFC, including:

- Good, professional working relationships and knowledge sharing between Bank and IFC staff (in Kenya, Rwanda, and Uganda)
- Strong government leadership or ownership (in China, Egypt, and Russia) for Bank–IFC cooperation
- Senior management commitment to facilitating cooperation and/or well-developed working relationships between senior Bank and IFC managements (in East Asia and Pacific Region)
- Close communication (and co-location, where business conditions permit) between Bank and IFC country offices (in Egypt).[39]

To realize the potential of Bank–IFC cooperation, both the Bank and IFC need to provide explicit incentives. Under the new country engagement model, staff and manager performance reviews may include references to cooperation across World Bank Group institutions. This would provide incentives to the institutions' staff to learn and understand the methods of operation, strengths, and limitations of the other institution, and may eventually lead to effective cooperation. Another option is to encourage staff rotations between the Bank and IFC so that more World Bank Group staff can better understand the Bank or IFC operations.

Along with effective incentives, appropriate resources should be devoted to cooperation. In particular, full participation by IFC in the Country Partnership

Framework process would require a significant increase in the number of IFC regional strategists and economists. Providing incentives to Bank economists to work on private sector issues can partly alleviate the budget implications, and by incorporating IFC sector economists, results measurement specialists, and the Bank's sector specialists with private sector knowledge into the new Country Partnership Framework process.

As planned under the new World Bank Group strategy, much progress has been done in implementing new instruments and mechanisms designed to substantially strengthen intra-agency cooperation both at the design and implementation levels. Guidelines for producing Systematic Country Diagnostics and Country Partnership Frameworks have been issued in CY14 and by end of December 2015, diagnostics and frameworks for 17 countries have been submitted to the Board. In addition, the World Bank Group has set up Joint Implementations Plans and Regional Coordination Mechanism and is expected to increase the number of joint projects.

Through reviews of CLRs, IEG will continue to evaluate the new World Bank Group country engagement model under the Country Partnership Framework to assess whether it is leading to improved cooperation and better development results at the country level. In addition, the ongoing process evaluation of Systematic Country Diagnostics and Country Partnership Frameworks, a real-time evaluation will provide evaluative input into the operationalization and rollout of the World Bank Group's new country engagement approach. Furthermore, IEG will evaluate joint implementation plans while they formally become part of the new Country Partnership Framework process to determine whether these management tools contribute to more effective cooperation at the country level. IEG is preparing a Learning Note on lessons from World Bank Group experience with joint projects to be delivered end FY16.

NOTES

[1] The $60 billion includes IBRD and IDA lending, IFC long-term financing, MIGA guarantees, and Recipient-Executed Trust Funds commitments of $3.9 billion. Reflecting current practice (World Bank Group Annual Report 2015), short-term finance or funds mobilized from other investors are not included in the calculation of overall commitments, as they were in the RAP 2014 (IEG 2014d).

[2] Any effects of the shift from the old sectors to Global Practices on project performance would not be expected to show up until 3 to 7 years in the future, since performance is assessed after projects close. Project completion reports are normally due six months after project closure, and IEG validation occurs only after that. This report covers commitment data through FY15, and performance data on projects closed in FY14 and earlier that have IEG-validated ratings.

[3] IFC 2015.

[4] IFC changed its reporting practices regarding short-term investment amounts beginning in FY15. The change better aligns IFC with the approach used by commercial banks, but it also makes it difficult to

compare IFC's FY15 commitment volume with that of previous years. IFC now reports its average outstanding short-term finance balance instead of total commitments. IEG welcomes the change.

[5] MIGA offers two kinds of guarantees in this category: Non-Honoring of a Sovereign Financial Obligation, and Non-Honoring of Financial Obligation by a State-Owned Enterprise. These guarantees do not require a final arbitral award or court decision as a condition for paying a claim. See http://www.miga.org/investment-guarantees for a description of MIGA's guarantee products.

[6] The cutoff date for the World Bank portfolio performance data used in this report is November 25, 2015.

[7] Net commitment is the final size of the project in US dollars. If some project funds were canceled during implementation, the net commitment is smaller than the initial commitment, which is the size of the project at approval. If funds were added through additional financing, the net commitment is larger than the initial commitment.

[8] In this report, as in its predecessors, success rate is defined as the share of projects whose outcome rating is moderately satisfactory, satisfactory, or highly satisfactory on a six-point scale used by IEG for Implementation Completion Report (ICR) reviews.

[9] As noted in Moll, Geli, and Saavedra (2015), "Policy-based loans are intended to support a set of policy and institutional reforms in a country. They do not directly finance physical infrastructure and are not earmarked as are investment projects. Policy-based loans are shorter in time span and all prior actions/conditions are met before the presentation of the loan to the World Bank Board of Executive Directors."

[10] Project efficiency is not rated for development policy financing projects.

[11] Because IEG has not yet validated any Program for Results projects as of October 2015, this instrument is not included in Figure 2.2.

[12] The IBRD classification for Bank projects is based on the type of agreement when the project is approved.

[13] Examples of clear-cut and straightforward project development objectives (PDOs) included access to services or enhancement of environmental services. Examples of multi-faceted and long-duration PDOs included crop diversification, increased productivity, and associated welfare outcomes.

[14] IEG rated six IBRD, 11 IDA, and 32 Global and Environment Facility projects in FY12–14.

[15] It is important to note significant variation in the number and type of projects in respective practices. The largest number of projects rated for a single Global Practice (GP) during FY12–14 is 53 for the Macroeconomics and Fiscal Management GP, compared with 11 for the Governance GP, and nine for the Finance and Markets GP.

[16] IEG validated 226 IFC investment projects in FY12-FY14. One of these projects could not be rated for development outcome. Accordingly, many of the tables in the document refer to 225 projects.

[17] IFC projects are selected for evaluation based on a stratified, random, statistically representative sample of net approved projects for each calendar year; including closed projects.

[18] See http://ieg.worldbankgroup.org/methodology for more details on IFC's rating methodology.

[19] More information on IFC's self-evaluation systems, including the quality of self-evaluation and lessons, are in IEG's forthcoming evaluation of the World Bank Group's self-evaluation systems.

[20] About 37 percent of the financial markets projects evaluated are rated category C and are expected to have minimal or no adverse environmental or social impacts. Category C projects are not rated for environmental and social effects. Of the projects that were categorized FI (investments that themselves have no adverse social or environmental impacts, but may finance subprojects with potential impacts), 67 percent were rated less than satisfactory for ESH or could not be rated because of insufficient

information, and 20 percent were rated satisfactory or above. IEG did not rate the remaining projects because they had minimal or no adverse impacts.

[21] A separate model for performance of IFC projects exists, developed over several years. Investment success is a key aspect of IFC project performance, and it is not applicable for World Bank projects. This analysis focuses on World Bank investment lending projects.

[22] Previous RAP reports included information on the difference (or "disconnect") between IEG's validation ratings and the self-evaluation ratings in ICRs. In the recent period, the disconnect narrowed for both World Bank and IFC projects, though less so for DPFs. The forthcoming IEG report on self-evaluation systems found that the strong focus on ratings and the disconnect with IEG are a distraction from learning. This report omits the discussion of disconnect to focus on elements that offer more insight and potential for learning.

[23] Consistent with previous RAP reports, this analysis excludes DPFs, which are fewer in number and larger in commitment size than investment project financing (IPF) projects. The method for arriving at outcome ratings also differs. Analysis by OPCS found no significant difference in project size between DPFs and IPFs (Moll, Geli, and Saavedra 2015).

[24] Among the IPF projects closed in FY09–FY14, the correlation coefficients with outcome rating were 0.67 for quality at entry, 0.66 for quality of supervision, and 0.54 for monitoring and evaluation (M&E) quality. In comparison, the correlation coefficients were 0.13 for initial commitment (log), 0.24 for net commitment (log), and 0.37 for the change in size between initial and net commitment (log).

[25] The Corporate Scorecard and other internal documents measure volume, or lending volume, by the size of net commitment (the difference between initial commitment and final project size). In the past decade, the volume-weighted percentage of successful projects was consistently higher than the unweighted percentage of successful projects (Figure 2.2). This observation indicates some relationship between project size and project outcome ratings; however, both project size and project ratings also correlated with other factors related to country context and project implementation.

[26] IEG developed the regression model for IBRD and IDA–funded Investment Financing Projects (IPFs) that closed during FY09–14. The analysis focuses on IPFs only because the evaluation methodology is different for DPFs and IPFs. IEG excluded grants because of inadequate data.

Data used in the ordered logistic regression included project outcome rating, initial commitment amount, and change in commitment amount between approval and closing. Appendix B lists additional variables used to assess their correlations with project outcome ratings.

The regression analysis was conducted with the caveat that the variables available likely do not capture performance during supervision, and especially mid-course correction. IEG relies on ex-post ratings of project quality, and an important limitation is the lack of a systematic assessment of quality at entry at project approval.

[27] The main regression analysis used Country Policy and Institutional Assessment (CPIA) as a measure of country context, but the Gender Inequality Index for the country would have been significant if substituted for CPIA in the model. The same would be true for World Governance Indicators for Government Effectiveness and Rule of Law. However, these indicators are highly correlated with CPIA, so the model used only CPIA. Operational strategies and the developmental mandate of World Bank Group institutions ensures that operations are undertaken in eligible countries based on multiple criteria.

[28] Among the IBRD and IDA funded IPF projects included in the regression analysis, 64 percent had lower net commitment than initial commitment (some funds were canceled or not disbursed). Twelve percent of projects had no cancellations or additions. Twenty-four percent of projects had higher net commitment than initial commitment (they had additional financing).

[29] Larger cancelation was associated with lower performance ratings when the regression model was run with only projects that had cancelations. Running the regression for only projects that had either no change or additional financing, the coefficient for the difference in project size was positive, but no longer significant.

[30] Most projects conduct a formal review of the Project Appraisal Document (PAD) at a meeting chaired by the Country Director. However, certain high-risk projects are discussed at the Regional Operations Committee (chaired by the Regional Vice-President) or at the Operations Committee, in which case the project often receives additional attention during preparation for these meetings. It may also receive additional attention during implementation.

[31] Between FY08 and FY13, the Regional Operations Committee reviewed 163 projects under preparation, and the Operations Committee reviewed 26 projects. (Data were based on an OPCS list of projects reviewed at the Regional Operations Committee or the Operations Committee during FY08–FY13.) Of these 189 projects, 22 closed by FY14 and had Implementation Completion and Results Review (ICRR) ratings. Nineteen of these 22 projects had ICRR ratings for overall project outcome, and 17 of the 19 (89 percent) were rated moderately satisfactory or above. In comparison, among the 664 IBRD and IDA projects closed in FY09–FY14 with ICRR ratings, 70 percent were rated moderately satisfactory or above. This difference was statistically significant at the 90 percent confidence level ($p < 0.1$). The Z score was 1.79. At the more commonly used 95 percent confidence level ($p < 0.05$), this difference was not significant.

[32] This analysis used a convenience sample of data produced by the OPCS review of first Implementation Status and Results (ISRs) for IDA projects, and found that in projects where baseline data were available for PDO indicators at the time of the first ISR, quality at entry ratings were higher than in projects where baseline data were available for only some indicators at the time of the first ISR. For reporting in the Corporate Scorecard, OPCS reviews the first ISRs produced for IDA projects. The review records the number of PDO indicators listed, and whether the ISR reports baseline data for all, some, or none of the indicators. The analysis is used on 346 IDA projects reviewed during FY07–FY14 that closed and had ICRR ratings. Among the projects in which the first ISR contained baseline data for all PDO indicators, 73 percent (155 out of 212) had quality at entry ratings of moderately satisfactory or above in the ICRR compared with 60 percent (49 out of 81) for projects that had baseline data for only some PDO indicators at first ISR. This difference was statistically significant.

[33] This analysis was used on a random sample drawn from investment projects that closed during FY12–14. The sample was at 90 percent confidence level. Moderately unsatisfactory projects were stratified by small and large (83 projects were selected), and 61 moderately satisfactory projects were selected. Small projects were those with net commitment of $25 million or less, and large projects had net commitment of more than $25 million.

[34] This increase is associated with a one-point increase in the M&E quality rating, using two types of project outcome ratings (from self-evaluation and from IEG validation). Note that the M&E quality rating is on a four-point scale, and the project outcome rating is on a six-point scale.

[35] For calculating the country program success rate, IEG considered only Completion and Learning Reviews with a country program rating.

[36] None of these success rates are statically significant at conventional levels.

[37] In FY15, 7 of the 12 Completion and Learning Reviews submitted to the Board were for countries in Latin America and Caribbean region and World Bank Performance was rated fair or below for 5 of those including Argentina, Costa-Rica, Dominican Republic, Panama and Paraguay.

[38] IEG reviewed Country Assistance Strategy Completion Report reviews completed during FY12–14 and other relevant work, including IEG 2010 Evaluation Brief: World Bank Group Cooperation-Evidence and

lessons from IEG valuation, IDA-IFC Secretariat 2009 Models of Joint Strategy Formulation and IEG 2007 IFC Cooperation with the World Bank in the Middle Income Countries, 1996–2006.

[39] The significance of communications between Bank and IFC country offices recently became crucial, since both the Bank and IFC succeeded in decentralizing their operations to regional hubs and countries. Consistent communications between the Bank and IFC, though seemingly elemental, is an important contributor to better understanding and cooperation between the two institutions at the country level.

3. Management Action Record

Highlights

- ❖ The Management Action Record (MAR) process has been successful in creating a formal, transparent, and well-understood structure within the organization for reporting about progress being made to address recommendations in IEG evaluations
- ❖ At the end of four years of review, implementation of the vast majority of recommendations (more than 80 percent) are rated substantial or higher
- ❖ An in-depth review of the six evaluations exiting the MAR this year found that evaluations are most influential when they are timely, strategically relevant, and credible, and include early and frequent stakeholder engagement to create ownership
- ❖ For evaluations that address difficult or cross-cutting issues with unclear ownership, early engagement with the right stakeholder may not be achieved. Such evaluations may nevertheless be among the most influential in the longer run.

Background

IEG evaluations are part of a system aimed at improving the development effectiveness of World Bank Group programs and activities and their responsiveness to member countries' needs and concerns. The Management Action Record (MAR) process aims to create transparency about progress made by World Bank Group management in addressing IEG recommendations, which serve to offer focus on specific issues.

Tracking and rating actions to address recommendations is an annual and publicly monitorable process. IEG and World Bank Group management use the MAR process to track actions taken in line with recommendations made by IEG in sector, thematic, and corporate evaluations. Management reports on progress made each year, and both management and IEG independently assess and rate implementation. IEG discloses these assessments and ratings on the IEG website. Box 3.1 describes the MAR process in more detail.

A study of the influence of IEG evaluations (IEG 2011b) and follow-up interviews carried out in 2015 with six evaluations entering their fourth and last year of MAR follow-up show that the timeliness, quality, and relevance of IEG's evaluations affect their influence. IEG's evaluations are most influential when significant engagement and information sharing occurs between IEG and its World Bank Group counterparts throughout the evaluative process, and not just immediately before disclosure.

Box 3.1. What is the Management Action Record and How is it Used?

The Management Action Record is a process to create structured opportunities for IEG and World Bank Group management to follow up on IEG recommendations and management actions related to IEG's corporate, sector, and thematic evaluations. IEG has tracked management's actions in response to its recommendations since the late 1990s for the World Bank, since 2003 for MIGA, and since 2004 for IFC. Management's responses and self-assessment, and IEG's assessment of these responses have been disclosed since 2010.

IEG and World Bank Group management have adhered to the following process since FY13:

- IEG clarifies the link between the evaluation findings and the recommendations, and discusses the recommendations with management before finalizing them.
- Management prepares a plan with actions and timelines after the Board discusses an evaluation.
- IEG offers a final set of comments on the action plan.
- IEG begins tracking the level of implementation of the recommendations (one fiscal year after the Board discussion) based on indicators and targets in the plan, and tracks recommendations for four years. Management updates IEG on actions taken and rates its implementation progress annually on the following scale: negligible, moderate, substantial, high, and complete. IEG reviews and evaluates each management update and separately rates management's actions on the same scale.

An online system implemented in FY14 streamlines the tracking and updating process and ensures consistency in reporting across the World Bank Group.

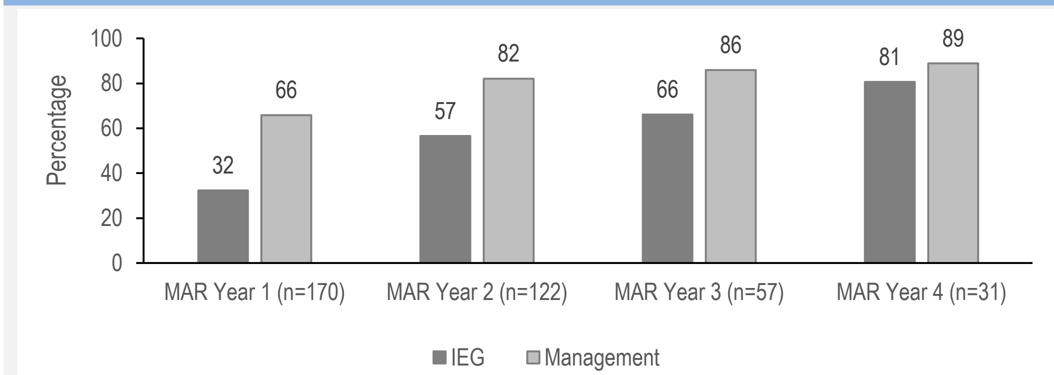
Monitoring the actions associated with IEG recommendations generates knowledge on areas where improvements are made and where they are not. It also serves an accountability function by informing the Board's Committee on Development Effectiveness and the public about management's actions in response to evaluation recommendations. The process does not include specific activities to encourage the use of knowledge accumulated throughout the updates.

How well are recommendations implemented?

An evaluation's overall influence is difficult to measure, since influence may not be recognized or acknowledged, may take time, and may affect ways of thinking instead of directly related actions. However, the MAR ratings indicate how well the World Bank Group has implemented actions that are in line with the recommendations. The implementation experience is diverse. By the end of FY15, IEG and the World Bank Group tracked actions for 170 recommendations across the World Bank, IFC, and MIGA drawn from the 25 evaluations produced between FY11 and FY14. It is difficult to draw major conclusions, given that these 25 evaluations launched within four years, and that the dataset is relatively small and built on a group of highly diverse evaluations. IEG and the Bank tracked only six evaluations for year 1, nine for year 2, four evaluations for year 3, and six evaluations for year 4. The evaluations covered a wide range of topics regarding sectors (agriculture and agribusiness, forestry, transport, health financing, for example), themes (such as harmonization, innovation, public-private partnerships), and policies and procedures (for example, safeguards and procurement). Drawing conclusions on the overall implementation experience is also difficult since only six of the evaluations were in their last year of implementation tracking.

The World Bank Group made progress on its Action Plans, and its and IEG's assessments of progress align with each other over time. Toward the end of the four years that the World Bank Group gives itself to respond to IEG recommendations, both management and IEG rate implementation of the majority (more than 80 percent) of recommendations substantial or higher (Figure 3.1).

Figure 3.1. Implementation of Actions to Address IEG Recommendations



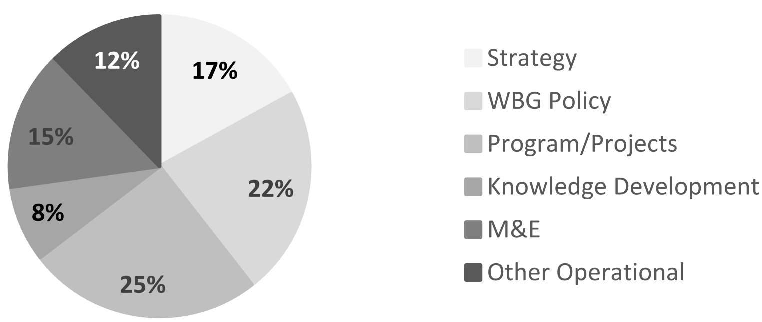
Source: IEG data.
Note: MAR = Management Action Record; n = number of recommendations.

Implementation progress does not vary across the major categories of recommendations except for those related to improving monitoring and evaluation (M&E). IEG recommendations can be categorized as strategy, policy, programs, projects, knowledge development, M&E, or other operational issues. Among the 170 recommendations tracked this year, the largest group (39 percent) covers Strategy and Policy (Figure 3.2). Most of the 25 evaluations analyzed included a recommendation for better M&E deployment, specifically: strengthening results frameworks and indicators to better assess the impact of interventions; working with the client to build capacity to collect data and conduct M&E; or establishing M&E systems for new or cross-cutting areas, such as innovation and entrepreneurship, public-private partnerships, and procurement.

Although management generally agreed with IEG's M&E recommendations, implementation proved difficult. The causes for sluggish implementation most frequently cited were issues with data collection, the methodologies for assessing project impacts and developing outcomes, and the time taken for outcomes to materialize. Management's annual updates acknowledged the difficulties in strengthening M&E; the rating for M&E recommendation implementation was lower than average. In the fourth and last year of follow-up, management rated only two of the four M&E-related recommendations as having substantial or better implementation progress, which is significantly less than the progress ratings for other recommendations.

Implementation progress depends on context. Recent developments within the World Bank Group also affected specific evaluations. For example, the transition to a Global Practice structure in FY15 delayed implementation of actions for the *Improving Institutional Capability and Financial Viability to Sustain Transport* evaluation (IEG 2013d). IEG rated actions for three recommendations from the evaluation of IFC's poverty focus (IEG 2011a) low because changes in IFC's focus weakened the impetus of some of the agreed actions and raised questions on the sustainability of some previous actions.

Figure 3.2. Types of IEG Recommendations



Source: IEG data.
Note: M&E = monitoring and evaluation.

How well does the MAR work?

IEG undertook more detailed analysis of four years of implementation tracking of six evaluations for a better understanding of the progress made in addressing evaluation findings and recommendations, and the broader experiences the MAR process offered to the various parties involved. The methodology adopted for the in-depth review included a desk review of the evaluations and their corresponding MAR updates, and semi-structured interviews with IEG and World Bank Group managers and staff involved with the evaluations and their MAR updates, using a standardized interview template.

IEG found that management was responsive, but the process itself was too mechanical to have truly supported the evaluations' influence. IEG found that junior staff or consultants frequently prepare the annual management updates, which are usually just a desk-based write-up with reviews that rarely include dialogue between management and IEG and across various involved parties in the World Bank Group. Little deep self-reflection happens among the various stakeholders that would have been involved in actual implementation.

The extent to which World Bank Group management agrees to and buys into recommendations affects the level of World Bank Group engagement during the implementation. For example, in response to the evaluation of the Bank's trust fund activities (IEG 2011d), the World Bank introduced the Management Framework for World Bank Partnership Programs and Financial Intermediary Funds, addressing the need to strengthen guidance for accepting and managing financial intermediary funds. After the evaluation of social safety nets (IEG 2011c), the World Bank increased lending for social safety net operations, including increases in low-income countries. The increased funding helped to build systems that enhance the ability of countries to cope with shocks; these significant advancements were achieved by the final year of follow-up on the original recommendations. It is unclear whether the evaluation can take much credit for this development. It could be the recommendations were in line with what the sector would have done anyway, which the evaluation further legitimized. Across the board, though, IEG and World Bank Group managers and staff interviewed found the format of the update process bureaucratic and limiting.

It is important to understand the contribution of the MAR process to an evaluation's influence in the context of the evaluation and its specific influence potential. Many factors affect evaluation influence, and a broad and evolving literature identifies three attributes that characterize influential evaluations: timeliness and strategic relevance, analytical quality and credibility, and depth and frequency of building engagement with and ownership by management. Interviews with selected managers and staff involved with the evaluations confirmed these categories, in line with an earlier review of IEG influence, which concluded that a constructive feedback loop between the IEG evaluation team and management could enhance IEG's contribution to World Bank Group development effectiveness.[1] More specifically, the in-depth review found the following:

- **On timeliness and strategic relevance:** Evaluations that were timely and generated findings and recommendations that aligned with ongoing strategic priorities and operational programs tended to have relatively stronger influence. For example, a review of IFC's Performance Standards was underway when IEG completed the evaluation *Safeguards and Sustainability Policies in a Changing*

World: An Independent Evaluation of World Bank Group Experience (2010b). According to those interviewed, the IEG evaluation informed the IFC review. The managers and staff interviewed noted that IFC's updated Performance Standards (adopted in 2011) are largely consistent with IEG's recommendations. Timing also mattered if a similar or related evaluation was issued shortly before: Interviewees confirmed that they found one of the evaluations studied to be less influential because another evaluation with similar recommendations was released only a few years earlier.

- **On analytical quality and credibility:** Managers and staff interviewed confirmed that the report's analytical quality and the evaluation team's technical credibility strongly influenced how seriously they took the report and its recommendations. It would be difficult to rate analytical quality or credibility across the six evaluations in a meaningful way, given their topical, contextual, and methodological differences, and the fact that the dataset of six evaluations is too small to draw statistically relevant conclusions about the relationship between quality and influence.

- **On ownership:** Evaluations that created early buy-in to findings and recommendations ultimately had strong management ownership, with implications for actions and their implementation. Management interviewed specifically noted that they were informed about issues associated with the topic and key findings early on and could discuss them. When the evaluation report was finalized, management did not have to deal with surprises and could act swiftly on the recommendations. Those interviewed confirmed that such early engagement allowed them to assume accountability for actions easier than when they felt forced to do so when confronted with findings and recommendations at the end. The evaluation of social safety nets (IEG 2011c) is again a good example: The lead evaluator proactively engaged early with the Sector Board at the time, creating ample space for dialogue on emerging issues and insights. Ownership and early engagement are desirable; however, it is important to note that these may not be achieved for evaluations that address difficult issues in the World Bank Group, or cross-cutting issues with unclear ownership. Such evaluations may still be among the most influential in the longer run, but the influence may take more time, and avenues of influence may be required other than what the MAR can offer. A statement in the Independent Panel's report to the Committee on Development Effectiveness (CODE) stressed the importance of IEG's strategic engagement and a close but uncompromised relationship with management and staff.

How can MAR potential be tapped?

The *External Review of the Independent Evaluation of the World Bank Group Report to CODE from the Independent Panel* (IEG 2015a) also suggested the need for stronger initial buy-in on evaluation findings and recommendations. The report stated, "Current weaknesses in the way CODE, IEG, and management interact prevent the World Bank Group from fully benefiting from independent evaluation." Two of the panel's eight recommendations refer to MAR-related processes, and improvements in the MAR process could contribute to addressing several concerns raised by the panel. The panel's statement is notable in this context: "A number of those interviewed stressed that the effectiveness and capacity of an independent evaluation unit to influence and bring about change requires strategic engagement and a close, but uncompromised, relationship with management and staff. IEG's isolation and interpretation of independence has created tense and formalized relationships, too much focus on process, and on overdependence on the quality of human dynamics and interactions."

The shortcomings of the MAR process relate mostly to the lack of dialogue and dynamic engagement. Most managers and staff regarded the MAR follow-up as a static accounting exercise that did not fully consider the dynamic environment within which World Bank Group units operate. They also thought the evaluation and the broader issues and challenges to the World Bank Group it identified were lost because of the limited focus on a set of specific and fixed actions. The move toward actions and timelines further emphasized the mechanical dimension of assessing progress made toward implementation. Consequently, many of those interviewed in both the World Bank Group and IEG perceived the process as having limited value for learning and operational use.

Previous reforms of the MAR process introduced guidelines for writing recommendations, suggested earlier engagement, and stipulated the introduction of Action Plans with indicators and timelines. Having addressed some of the more mechanical aspects of the MAR process, future work will need to focus on ongoing stakeholder and ownership issues.

A new round of improvements to the MAR process should focus on bringing purpose back to the Action Plans and the annual updates, including stocktaking at the final update. A close collaboration among CODE, the Bank, IFC, MIGA, and IEG should design and implement a further round of improvements to the MAR process. Topics to consider are:

- Earlier and more in-depth engagement by the evaluators with management and topical stakeholders

- Expanding the boundaries for updates beyond the specific actions
- Introducing a learning dialogue at the end of the update process.

NOTES

[1] An earlier review of the influence of IEG evaluation on the World Bank Group found that the factors contributing to the increased influence of these evaluations included a sense of shared ownership of the evaluation; credibility of evaluation results; methodological rigor; the quality of recommendations with regard to coherence, clarity, and cost effectiveness; the extent of interaction between evaluators and management; the timeliness of the evaluation; the presence of advocates for reform and adoption of IEG recommendations; and institutional incentives and accountability for adopting recommendations. The review stated that a constructive feedback loop could enhance the effectiveness of the World Bank Group (IEG 2011b).

Appendix A. Methodology for Gender Analysis

Chapter 1 describes IEG's analysis of the approach adopted by World Bank Group projects and country strategies to address gender issues, and the features of its monitoring and evaluation (M&E) frameworks. The analysis used an in-depth review of key operational documents of World Bank Group projects and country strategies that closed in FY12–14.

Criteria for Sample Selection

IEG selected its sample of projects from 843 World Bank investment project financing (IPF) and 191 development policy financing (DPF) operations that closed between FY12 and FY14. For IBRD and IDA, IEG identified a sample of 231 IPF operations based on the following:

- Projects posted an Implementation Completion and Results Report as of July 13, 2015 (the latest date available for inclusion in the analysis)
- Projects closed in either FY12 or FY14
- The 2010 IEG gender evaluation reviewed the projects.[1]

The review did not include DPFs because they were not included in the 2010 IEG gender evaluation. A review of DPFs would have required an ad hoc approach that IEG considered beyond the scope of this analysis.

Since IFC projects were not included in the 2010 gender evaluation, IEG reviewed the 226 Investment Services and 184 Advisory Services projects that were evaluated in FY12–14.[2] The review did not cover MIGA operations; MIGA is working toward strengthening its focus on gender equality, but only recently committed to tracking gender-disaggregated indicators.

The review covered all 58 country strategies that closed during FY12–FY14.

Table A.1. Overall Portfolio Composition

	FY	N
Investment project financing (IBRD and IDA)	12 and 14	231 (sample)
Investment (IFC)	12 to 14	226 (sample)
Advisory (IFC)	12 to 14	190 (sample)
Country strategies	12 to 14	58 (all)

Data Collection for World Bank Group Projects

The 2010 gender evaluation dataset includes a rich set of variables capturing the degree of gender integration for each project at the design stage. IEG collected information on the following:

- Gender analysis as documented in program documents (if it was carried out and how extensive it was)
- Gender-relevant activities (if they were planned, which ones, and so on)
- Indicators aimed to measure gender-relevant results (if they were included in the project M&E, which ones, and so on).

The portfolio review conducted by the 2010 IEG gender evaluation team included data extracted from Project Appraisal Documents, and thus derived from an analysis of the level of gender integration at entry. The RAP team reviewed the 2010 IEG gender evaluation dataset and confirmed or rejected its information for inclusion, to ensure consistency. Using this dataset allowed the analysis to use additional information and minimized any inclusion error that may have occurred in the data collection process. Along with this dataset, IEG individually scrutinized project documents at the design (Project Appraisal Document), completion (Implementation Completion Report), and validation (Implementation Completion Report Reviews) stages to extract information about gender-related consultations, diagnostics, objectives, beneficiaries, actions, and indicators. The goal was to assess how changes during implementation affected the results expected at entry, whether those results were monitored and tracked, and whether the project reported on any additional gender-relevant results.

Although the 231 investment lending projects included in the analysis were not randomly sampled from all those that closed in FY12–FY14, the criteria for sample selection are expected to be uncorrelated with the goal of the exercise and the outcomes of interest. Overall, the selected projects were well distributed across World Bank Regions (table A.2). Furthermore, the distribution across fiscal years (at closing) and overall project rating is similar to the total universe analyzed for the rest of the report (table A.3).

Table A.2. Investment Lending Gender Portfolio, by Region

Region	Frequency	Percent
Sub-Saharan Africa	68	29.4
East Asia and Pacific	40	17.3
Europe and Central Asia	49	21.2
Latin America and the Caribbean	33	14.3
Middle East and North Africa	14	6.1
South Asia	27	11.7
Total	231	100.0

Table A.3. Investment Lending Projects Included in and Excluded from the Gender Analysis, by Closing FY and Overall Rating

	All projects (percent)			Projects rated MS+ (percent)		
Closed FY	Gender portfolio (n=231)	Excluded from gender portfolio (n=203)	Total RAP (n=434)	Gender portfolio	Excluded from gender portfolio	Total RAP
2012	61.9	61.1	61.5	68.0	68.0	68.0
2014	38.1	38.9	38.5	70.0	80.0	75.0
Total	100.0	100.0	100.0	69.0	72.0	71.0

Note: FY = fiscal year; MS+ = moderately satisfactory or better; RAP = *Results and Performance of the World Bank Group*.

IEG analyzed IFC projects using text analytics tools to screen out projects that did not include any reference to gender since these were expected to be the majority. The screening used the following key words: gender, female, male, girl, boy, women, men, and maternal. IEG next analyzed the remaining Advisory Services and Investment Services projects to discern whether a project had a gender objective, gender activities, and whether the indicators planned and collected were gender-relevant.

Data Collection for World Bank Group Country Strategies

IEG reviewed all the reporting documents referring to the 58 country strategies that closed between FY12 and FY14. Table A.4 reports the distribution of country strategies across Regions. IDA country strategies were 65 percent of the country strategies reviewed.

Table A.4. Country Strategies Documents, by Region

Region	Frequency	Percent
Africa	20	34
East Asia and Pacific	8	14
Europe and Central Asia	14	24
Latin America and the Caribbean	9	16
Middle East and North Africa	4	7
South Asia	3	5
Total	58	100

The RAP team scrutinized the individual country strategy documents at the design (Country Assistance Strategies and Country Partnership Strategies), completion (Country Assistance Strategy Completion Reports), and validation (Country Assistance

Strategy Completion Report Reviews) stages to extract information about gender-related consultations, diagnostics, objectives, beneficiaries, actions, and indicators. Five IEG Country Program Evaluations completed during the same period were also included in the review.

Data Analysis

After collecting all the information from individual projects and country strategy documents at the design and completion stage, IEG analyzed the information, searching for the following:

- The explicit rationale for gender-relevant actions and results included in project documents and country strategies
- Discussion of the implicit results chain in all projects and country strategies that included gender-relevant activities or that expected specific gender-relevant results
- Any supportive evidence that projects and country strategies used to report on gender-relevant results.

Without World Bank Group criteria to assess relevance for gender integration for projects, the RAP team developed a specific approach, detailed in chapter 1. The team individually screened the development objectives and social impacts of each IPF, as stated in Project Appraisal Documents, to categorize projects as relevant (or not) for gender integration, and reviewed project components when needed. To reduce errors due to differences in individual judgment, IEG used multiple coders and the information available in the 2010 IEG gender evaluation. Double coding (including reading the project narrative) was used to agree on any discrepancies between the coders' classification and the classification available in the 2010 dataset.

Additional Sources of Information

A review of additional evidence available in corporate documents and recently completed IEG evaluations complemented the exercise. Corporate documents reviewed include, among others, the following:

- *Implications of WDR 2012: Gender Equality and Development for the World Bank Group* and its periodic updates
- IDA16 Progress and Completion Reports
- IDA17 Progress Report
- World Bank Group Corporate Scorecards
- World Bank Core Sector Indicators
- IFC Roadmaps FY13–15, FY14–16, and FY15–17 (IFC 2012a, 2013, 2014)

- 2012 IFC Policy on Environmental and Social Sustainability and its accompanying Guidance Note on Performance Standards on Environmental and Social Sustainability (IFC 2012b)
- The Gender Strategy of the World Bank Group approved in December 2015 (World Bank 2015d).

IEG evaluations and learning products reviewed include the following:

- The gender evaluation (IEG 2010a)
- The Biennial Report on Operations Evaluation (IEG 2013a)
- The investment climate evaluation (IEG 2015d)
- The youth employment evaluation (2013h)
- The low-income, fragility and conflict-affected states evaluation (IEG 2013g)
- The social safety nets and gender (IEG 2014e)
- The poverty evaluation (2015g)
- The early childhood development evaluation (IEG 2015j)
- The electricity evaluation (IEG 2015i)
- The financial inclusion evaluation (IEG 2015b).

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[1] The 2010 gender evaluation database includes 1,183 investment loans in 93 countries approved between FY02 and FY08. To be included in the IEG evaluation, countries needed to have a population of more than 1 million, more than two investment projects and a prepared Country Assistance Strategy (CAS) or equivalent during the evaluation period, and a gross domestic income and human development index. These criteria were adopted to capitalize on the large amount of information collected, coded, and assessed by that evaluation.

[2] IEG reviews only a sample of IFC operations each year.

Appendix B. Correlations and Regression Model of the World Bank Portfolio

Tables B.1–B.3 in this appendix summarize information about investment project financing (IPF) projects closed in FY09–FY14 that have IEG-validated Implementation Completion Report Review project outcome ratings.

Table B.1. Correlation Coefficients

Project-level variables	Correlation with outcome rating
Quality at entry rating	0.6681
Quality of supervision rating	0.6623
M&E quality rating	0.5398
Project was flagged as a problem project at some point during implementation	–0.3894
Change in size: final project size minus initial project size (log)	0.3687
Net commitment: final project size (log)	0.2409
Initial commitment: initial project size (log)	0.1267
TTL turnover (number of TTLs ever assigned to the project)	–0.1065
Preparation time (months from Concept Note to project approval)	–0.0780
Supervision cost (log)	–0.0130
Planned length of the project (months)	–0.0099
Preparation cost (log)	–0.0001
Country-level variables	**Correlation with CPIA**
WGI: Government Effectiveness	0.8543
WGI: Regulatory Quality	0.8533
WGI: Rule of Law	0.7383
WGI: Control of Corruption	0.6636
Fragile and/or conflict status	–0.6302
Gender Inequality Index	–0.6123
Human Development Index	0.6039
GDP per capita (log)	0.5421
WGI: Voice and Accountability	0.5208
WGI: Political Stability and Absence of Violence and/or Terrorism	0.4964

Sources: IEG project ratings; World Bank Business Intelligence system; World Development Indicators; World Governance Indicators.
Notes: CPIA = Country Policy and Institutional Assessment; GDP = gross domestic product; M&E = monitoring and evaluation; TTL = task team leader; WGI = Worldwide Governance Indicators. Log is the natural logarithm.

Table B.2. Regression Model: Ordered Logistic Regression of Project Outcome Ratings

Variable	On project size only	On project size (controlling for context)
Size of project at approval (log)	0.1940113***	0.1243632
Change in project size (log)	1.446497***	1.327597***
Number of TTLs ever assigned to the project		–0.1028056**
Ever listed as a problem project		–1.307991***
Supervision cost (log)		–0.3669428**
Months from Concept Note to project approval		–0.0093623*
Planned length of project (months)		0.0031899
Preparation cost (log)		0.0593482
CPIA		0.3661016*
Country population (log)		0.1025105*
Fragile/conflict-affected country		0.0712424
GDP per capita (log)		–0.1088462
Region, Global Practice, and year of project closing (dummy variables)		
N observations	1078	1078
Pseudo R2	0.0506	0.1190

Sources: IEG project ratings; World Bank CPIA; World Bank Business Intelligence system; World Development Indicators.
Notes: CPIA = Country Policy and Institutional Assessment; GDP = gross domestic product; TTL = task team leader. Log is the natural logarithm.
*p < 0.1 **p < 0.05 ***p < 0.001

Table B.3. Regression Model—Ordinary Least Squares Regression on Project Outcome Ratings

Variable	On project size only	On project size (controlling for context)
Size of project at approval (log)	0.0953525 ***	0.0480451
Change in project size (log)	0.7016208***	0.5954889***
Number of TTLs ever assigned to the project		–0.0414523**
Ever listed as a problem project		–0.5595569***
Supervision cost (log)		–0.1231565*
Months from Concept Note to project approval		–0.0044381*
Planned length of project (months)		0.0008238
Preparation cost (log)		0.0304243
CPIA		0.1623645**
Country population (log)		0.0488696**
GDP per capita (log)		–0.056365
Fragile/conflict-affected country		0.0294075
Region, Global Practice, and year of project closing (dummy variables)		
N observations	1078	1078
R2	0.1420	0.2830

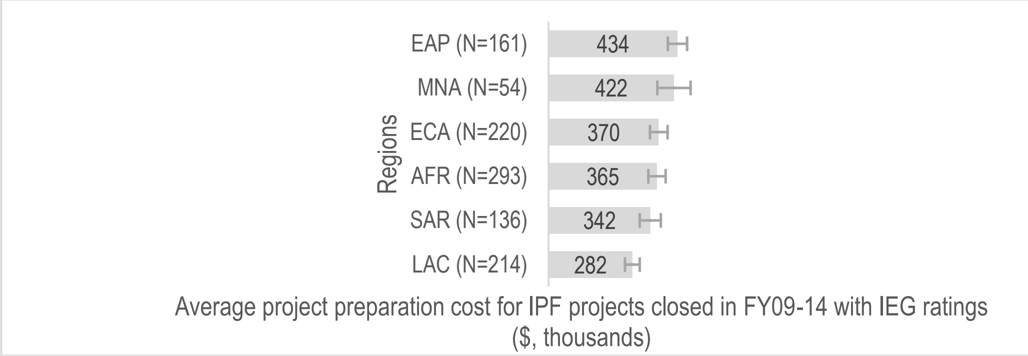
Sources: IEG project ratings; World Bank CPIA; World Bank Business Intelligence system; World Development Indicators.
Note: CPIA = Country Policy and Institutional Assessment; GDP = gross domestic product. Log is the natural logarithm.
*p < 0.1 **p < 0.05 ***p < 0.001

Appendix C. Selected Project-Specific Variables by World Bank Region and Global Practice

Tables and figures in this appendix (starting on the next page) present selected project-specific variables by World Bank Regions and Global Practices (GPs). The analysis used the following project-specific variables: preparation cost, supervision cost, number of task team leaders (TTLs) ever assigned to a project in Bank systems, and whether a project was ever labeled a problem project. This breakdown was done for the same projects used in the regression analysis to explore performance factors of World Bank projects. The projects were all IPFs closed in FY09–FY14 that have IEG-validated Implementation Completion Report Review project outcome ratings.

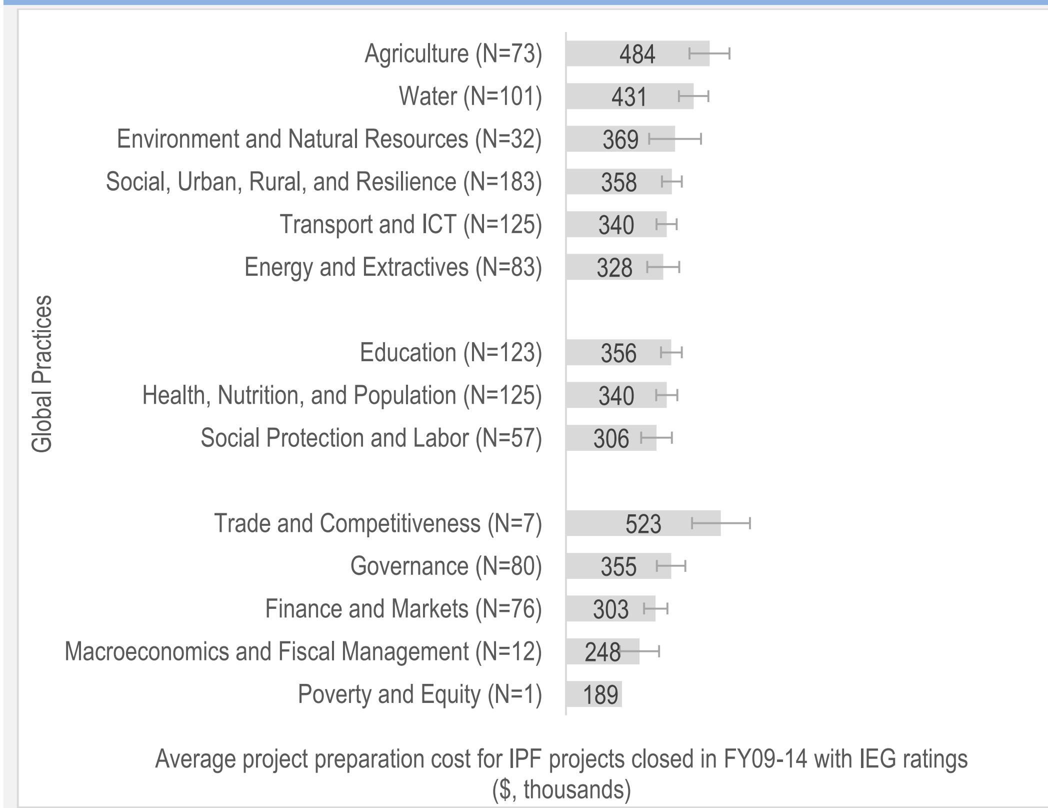
Figure C.1. Project Preparation Cost

Panel a: Project Preparation Cost by Region



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia Region. ⊢⊣ = 95% confidence interval.

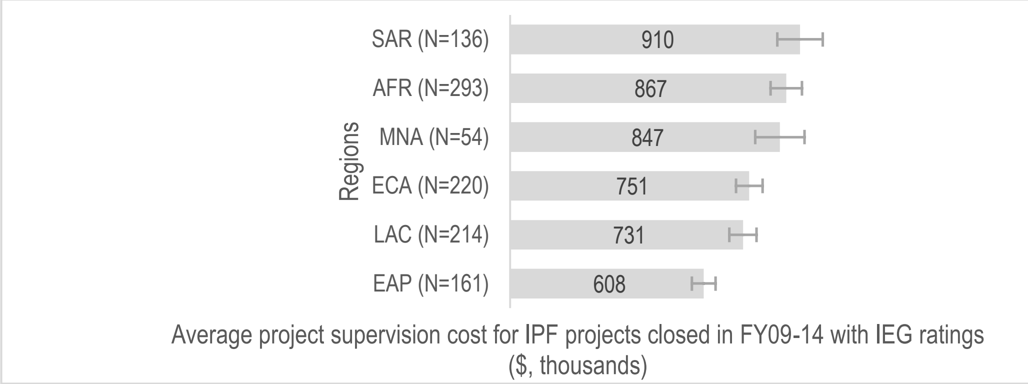
Panel b: Project Preparation Cost by Global Practice



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: ICT = Information and Communications Technology; IPF = investment project financing. ⊢⊣ = 95% confidence interval.

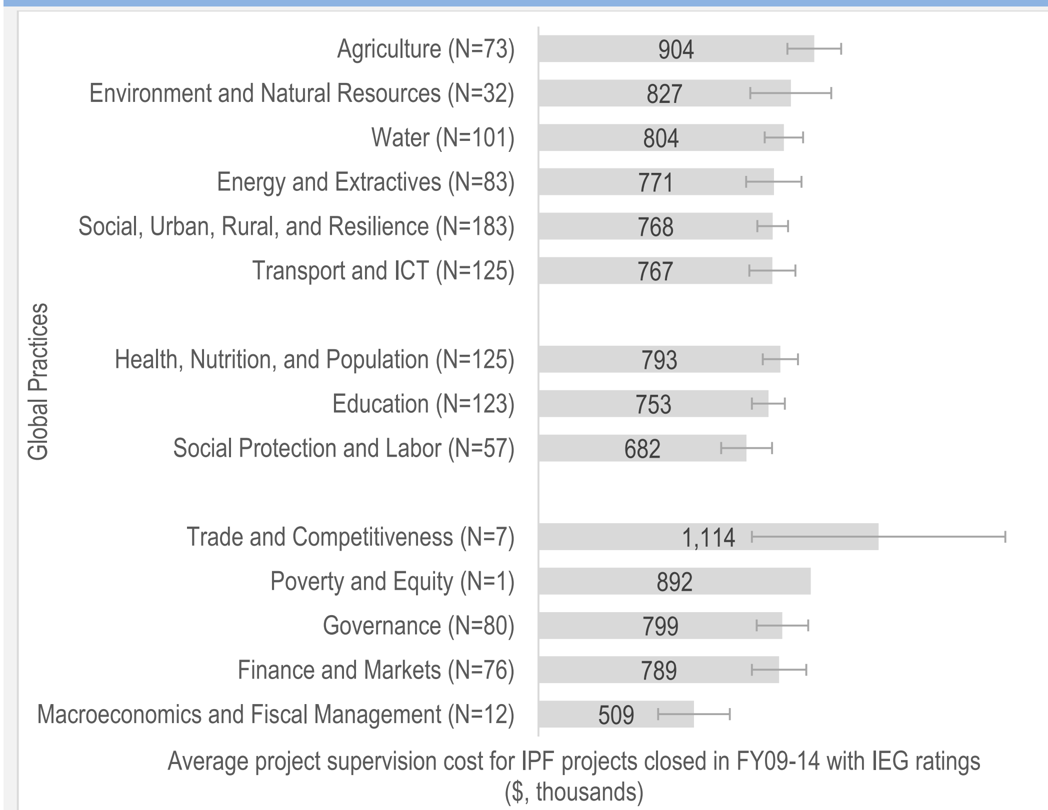
Figure C.2. Project Supervision Cost

Panel a: Project Supervision Cost by Region



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia Region. ⊢⊣ = 95% confidence interval.

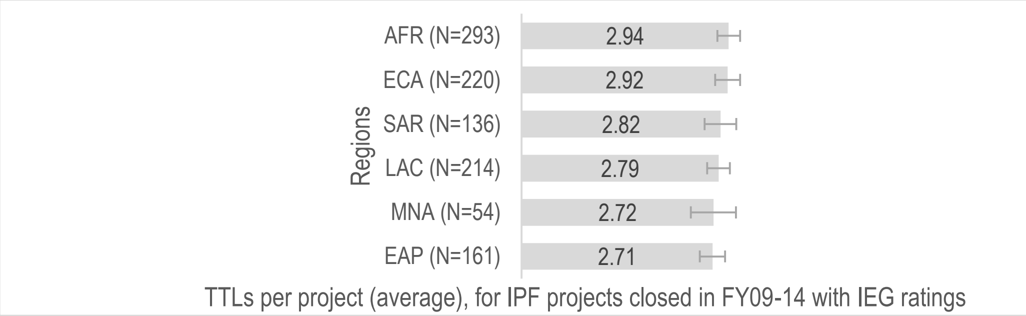
Panel b: Project Supervision Cost by Global Practice



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: ICT = Information and Communications Technology; IPF = investment project financing. ⊢⊣ = 95% confidence interval.

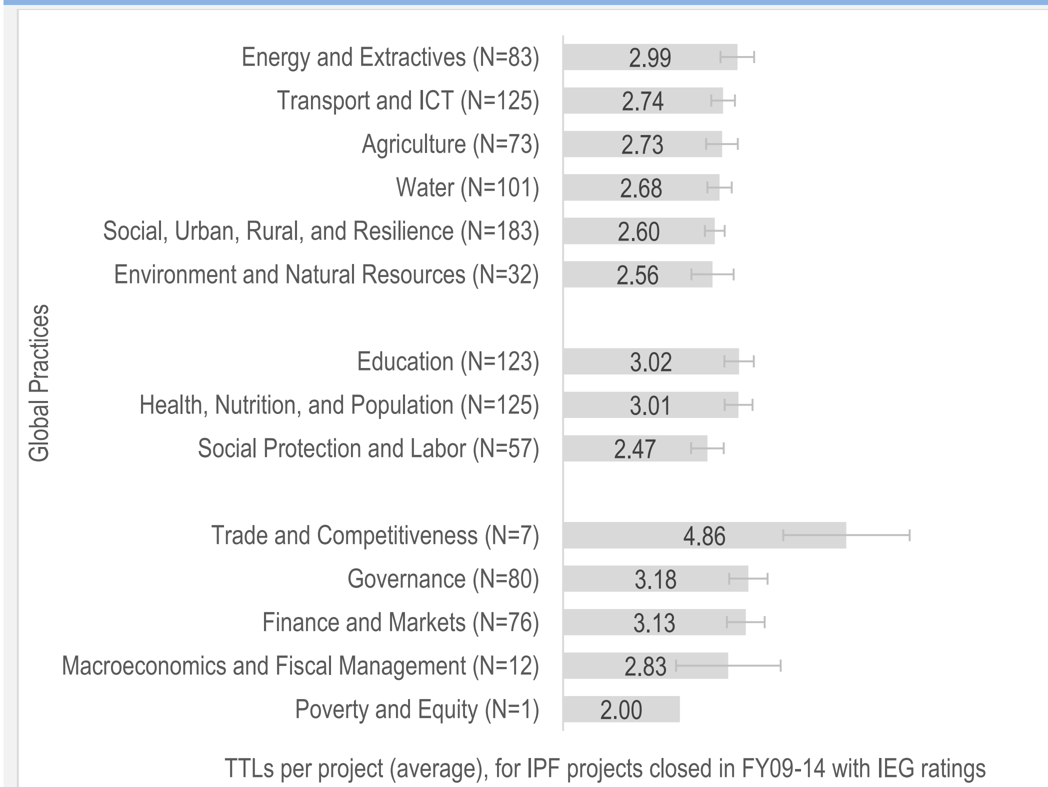
Figure C.3. Task Team Leader Turnover by Region and Global Practice

Panel a. Average number of TTLs ever assigned to the project in Bank system, by Region (TTL turnover)



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; TTL = task team leader; SAR = South Asia Region. ├─┤ = 95% confidence interval.

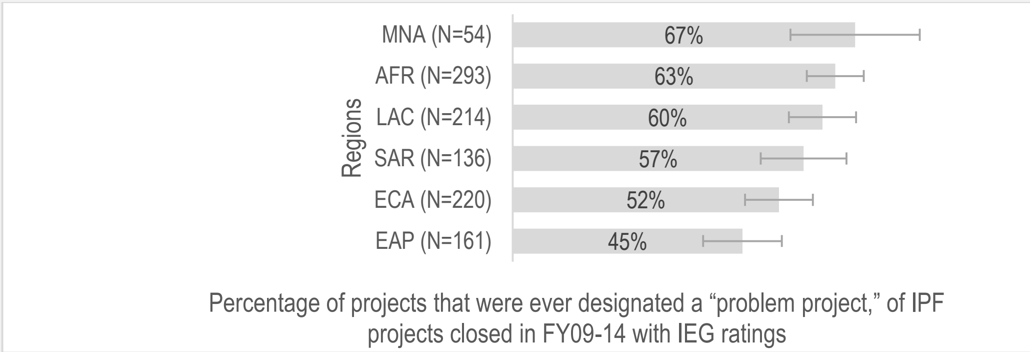
Panel b. Average number of TTLs ever assigned to the project in Bank system, by Global Practice (TTL turnover)



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: ICT = Information and Communications Technology; IPF = investment project financing; TTL = task team leader. ├─┤ = 95% confidence interval.

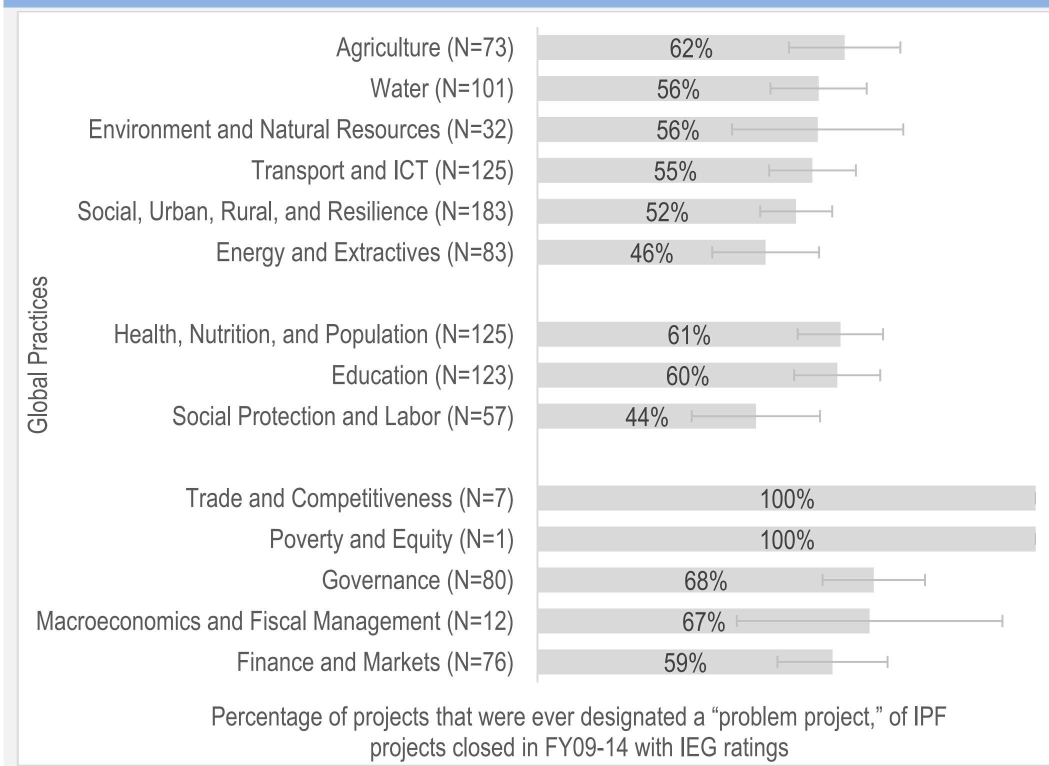
Figure C.4. Projects Labeled as Problem Projects, by Region (Percentage)

Panel a. Percentage of projects that were ever designated a "problem project," by Region



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia Region. ⊢⊣ = 95% confidence interval.

Panel b. Percentage of projects that were ever designated a "problem project," by Global Practice



Sources: IEG project ratings and World Bank Business Intelligence system.
Note: ICT = Information and Communications Technology; IPF = investment project financing. ⊢⊣ = 95% confidence interval.

Table C.1. Preparation Cost, by Region and Global Practice, IPFs Closed FY09–14 with IEG Ratings

	Regions						Global Practice Clusters		
Preparation cost ($, thousands)	**AFR**	**EAP**	**ECA**	**LAC**	**MNA**	**SAR**	**Equitable Growth, Finance, and Institutions**	**Human Development**	**Sustainable Development**
Average	**364.68**	**433.78**	**370.49**	**281.96**	**421.65**	**342.41**	**331.15**	**340.01**	**378.37**
N projects	**293**	**161**	**220**	**214**	**54**	**136**	**176**	**305**	**597**
Standard deviation	254.18	208.93	224.04	184.75	209.22	211.09	196.79	199.81	244.13
Confidence interval (lower)	335.57	401.51	340.88	257.21	365.85	306.93	302.08	317.59	358.79
Confidence interval (upper)	393.78	466.06	400.09	306.72	477.45	377.89	360.23	362.44	397.95
Minimum	0	41.91	2.93	0	28.28	38.20	0	0	2.93
25th percentile	188.40	295.00	201.22	151.64	278.45	182.98	188.61	195.94	209.88
Median	317.95	403.00	348.37	250.30	402.14	311.99	300.78	315.63	330.61
75th percentile	455.42	548.49	474.98	386.08	562.39	443.54	423.03	441.44	498.46
Maximum	1,652.62	1,284.88	1,192.91	1,448.57	1,003.97	1,331.05	1,142.38	1,049.08	1,652.62

	Equitable Growth, Finance, and Institutions					Human Development			Sustainable Development					
Preparation cost ($, thousands)	**Finance and Markets**	**Govern-ance**	**Macroecon-omics and Fiscal Management**	**Poverty and Equity**	**Trade and Competi-tiveness**	**Education**	**Health, Nutrition, and Population**	**Social Protection and Labor**	**Agri-culture**	**Energy and Extrac-tives**	**Environment and Natural Resources**	**Social, Urban, Rural, and Resilience**	**Transport and ICT**	**Water**
Average	**302.99**	**355.32**	**248.30**	**188.82**	**523.05**	**355.73**	**340.19**	**305.72**	**484.45**	**328.39**	**368.55**	**357.82**	**339.71**	**430.96**
N projects	**76**	**80**	**12**	**1**	**7**	**123**	**125**	**57**	**73**	**83**	**32**	**183**	**125**	**101**
Standard deviation	173.38	219.32	117.36	n.a.	131.73	198.55	201.55	197.90	292.62	250.40	252.60	229.44	192.53	254.63
Confidence interval (lower)	264.01	307.26	181.90	n.a.	425.46	320.64	304.86	254.35	417.32	274.52	281.02	324.58	305.96	381.30
Confidence interval (upper)	341.97	403.38	314.70	n.a.	620.64	390.82	375.52	357.10	551.58	382.26	456.07	391.07	373.47	480.62
Minimum	0	0	63.50	188.82	352.89	0	25.35	7.47	13.28	10.07	47.98	11.69	40.75	2.93
25th percentile	185.90	186.30	176.99	188.82	391.72	229.69	209.16	155.12	268.72	164.95	204.33	184.56	223.32	250.51
Median	256.78	322.83	245.60	188.82	562.99	343.83	312.22	279.36	446.60	290.54	328.73	317.54	305.46	421.80
75th percentile	401.46	453.96	324.65	188.82	630.22	466.69	434.75	409.62	628.12	403.89	492.09	485.31	389.23	561.36
Maximum	774.81	1,142.38	429.88	188.82	681.73	1,003.60	993.85	1,049.08	1,297.25	1,652.62	1,192.91	1,448.57	1,018.47	1,331.05

Sources: IEG project ratings data and World Bank Business Intelligence system data.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; ICT = information and communications technology; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia Region.

Table C.2. Supervision Cost, by Region and Global Practice (IPFs Closed FY09–14 with IEG Ratings)

	Regions						Global Practice Clusters		
Supervision cost ($, thousands)	**AFR**	**EAP**	**ECA**	**LAC**	**MNA**	**SAR**	**Equitable Growth, Finance, and Institutions**	**Human Development**	**Sustainable Development**
Average	**866.98**	**607.90**	**751.27**	**731.27**	**847.31**	**910.46**	**788.01**	**756.09**	**793.89**
N projects	**293**	**161**	**220**	**214**	**54**	**136**	**176**	**305**	**597**
Standard Deviation	430.08	241.42	314.58	316.25	289.42	423.38	397.07	320.60	379.96
Confidence interval (lower)	817.73	570.61	709.70	688.90	770.12	839.30	729.34	720.11	763.41
Confidence interval (upper)	916.23	645.20	792.84	773.64	924.51	981.61	846.67	792.07	824.36
Minimum	79.41	56.98	269.45	89.40	111.85	73.93	73.93	89.40	56.98
25th percentile	569.35	429.23	546.67	519.07	624.47	635.27	523.47	542.99	543.23
Median	816.87	596.22	686.06	688.11	815.13	888.44	723.14	711.55	726.41
75th percentile	1,082.20	729.75	894.03	873.72	1,056.60	1,152.75	949.06	938.42	959.52
Maximum	3,600.12	1,584.37	2,609.35	1,881.68	1,834.91	2,868.40	2,234.92	2,082.92	3,600.12

	Equitable Growth, Finance, and Institutions					Human Development			Sustainable Development					
Supervision cost ($, thousands)	**Finance and Markets**	**Govern-ance**	**Macroecon-omics and Fiscal Management**	**Poverty and Equity**	**Trade and Competi-tiveness**	**Education**	**Health, Nutrition, and Population**	**Social Protection and Labor**	**Agri-culture**	**Energy and Extrac-tives**	**Environment and Natural Resources**	**Social, Urban, Rural, and Resilience**	**Transport and ICT**	**Water**
Average	**788.71**	**799.28**	**509.23**	**892.27**	**1,114.48**	**753.36**	**792.64**	**681.83**	**903.56**	**771.20**	**826.91**	**767.58**	**766.50**	**804.34**
N projects	**76**	**80**	**12**	**1**	**7**	**123**	**125**	**57**	**73**	**83**	**32**	**183**	**125**	**101**
Standard deviation	396.40	385.70	207.42	n.a.	559.93	307.10	330.27	319.95	383.27	421.72	383.12	347.49	428.20	323.01
Confidence interval (lower)	699.59	714.76	391.87	n.a.	699.68	699.09	734.74	598.77	815.63	680.48	694.17	717.23	691.43	741.35
Confidence interval (upper)	877.84	883.80	626.59	n.a.	1,529.29	807.63	850.54	764.89	991.48	861.93	959.66	817.93	841.57	867.34
Minimum	172.33	73.93	198.22	892.27	592.64	178.32	89.40	111.85	279.01	56.98	357.57	2,140.58	208.16	269.45
25th percentile	498.70	562.77	378.39	892.27	775.47	553.23	576.47	462.66	634.50	501.30	565.83	518.77	531.94	582.17
Median	723.14	727.67	455.75	892.27	830.28	733.55	734.41	664.22	849.30	682.16	757.82	707.43	687.88	728.69
75th percentile	958.94	967.35	654.68	892.27	1,728.61	943.57	967.90	818.39	1,127.46	936.31	946.15	928.60	863.25	1,011.48
Maximum	2,234.92	2,149.58	869.96	892.27	2,077.95	1,726.76	1,881.68	2,082.92	2,061.82	2,609.35	2,028.50	2,140.58	3,600.12	1,756.85

Sources: IEG project ratings data and World Bank Business Intelligence system data.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; ICT = information and communications technology; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; n.a. = not applicable; SAR = South Asia Region.

Table C.3. Number of TTLs per Project, by Region and Global Practice (IPFs Closed FY09–14 with IEG Ratings)

Number of TTLs per project	Regions						Global Practice Clusters		
	AFR	EAP	ECA	LAC	MNA	SAR	Equitable Growth, Finance, and Institutions	Human Development	Sustainable Development
Average	**2.94**	**2.71**	**2.92**	**2.79**	**2.72**	**2.82**	**3.19**	**2.91**	**2.71**
N projects	**293**	**161**	**220**	**214**	**54**	**136**	**176**	**305**	**597**
Standard deviation	1.41	1.15	1.34	1.19	1.20	1.34	1.50	1.36	1.18
Confidence interval (lower)	2.78	2.53	2.75	2.63	2.40	2.60	2.97	2.76	2.62
Confidence interval (upper)	3.10	2.89	3.10	2.95	3.04	3.05	3.42	3.06	2.81
Minimum	1	1	1	1	1	1	1	1	1
25th percentile	2	2	2	2	2	2	2	2	2
Median	3	3	3	3	3	3	3	3	3
75th percentile	4	3	4	4	3	4	4	4	3
Maximum	8	6	8	8	5	6	8	8	8

Number of TTLs per project	Equitable Growth, Finance, and Institutions					Human Development			Sustainable Development					
	Finance and Markets	Governance	Macroeconomics and Fiscal Management	Poverty and Equity	Trade and Competitiveness	Education	Health, Nutrition, and Population	Social Protection and Labor	Agriculture	Energy and Extractives	Environment and Natural Resources	Social, Urban, Rural, and Resilience	Transport and ICT	Water
Average	3.13	3.18	2.83	2.00	4.86	3.02	3.01	2.47	2.73	2.99	2.56	2.60	2.74	2.68
N projects	76	80	12	1	7	123	125	57	73	83	32	183	125	101
Standard deviation	1.44	1.50	1.59	n.a.	1.46	1.43	1.36	1.07	1.18	1.34	1.05	1.18	1.16	1.08
Confidence interval (lower)	2.81	2.85	1.94	n.a.	3.77	2.76	2.77	2.20	2.45	2.70	2.20	2.43	2.54	2.47
Confidence interval (upper)	3.45	3.50	3.73	n.a.	5.94	3.27	3.25	2.75	3.00	3.28	2.92	2.77	2.95	2.89
Minimum	1	1	1	2	3	1	1	1	1	1	1	1	1	1
25th percentile	2	2	2	2	4	2	2	2	2	2	2	2	2	2
Median	3	3	3	2	4	3	3	2	3	3	2	2	3	3
75th percentile	4	4	4	2	6	4	4	3	4	4	3	3	4	3
Maximum	7	8	6	2	7	8	6	5	5	8	5	8	6	5

Sources: IEG project ratings data and World Bank Business Intelligence system data.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; ICT = information and communications technology; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; n.a. = not applicable; SAR = South Asia Region; TTL = task team leader.

Table C.4. Projects that Were Ever Labeled a "Problem Project" (Percentage), by Region and Global Practice, IPFs Closed FY09–14 with IEG Ratings

	Regions						Global Practice Clusters		
Projects ever labeled a "problem project"	**AFR**	**EAP**	**ECA**	**LAC**	**MNA**	**SAR**	**Equitable Growth, Finance, and Institutions**	**Human Development**	**Sustainable Development**
Percentage	**63**	**45**	**52**	**60**	**67**	**57**	**65**	**57**	**54**
N projects	**293**	**161**	**220**	**214**	**54**	**136**	**176**	**305**	**597**
Confidence interval (lower, %)	57	37	45	54	54	48	58	52	50
Confidence interval (upper, %)	68	52	58	67	79	65	72	63	58

	Equitable Growth, Finance, and Institutions					Human Development			Sustainable Development					
Projects ever labeled a "problem project"	**Finance and Markets**	**Govern-ance**	**Macroecon-omics and Fiscal Management**	**Poverty and Equity**	**Trade and Competi-tiveness**	**Education**	**Health, Nutrition, and Population**	**Social Protection and Labor**	**Agri-culture**	**Energy and Extrac-tives**	**Environment and Natural Resources**	**Social, Urban, Rural, and Resilience**	**Transpor t and ICT**	**Water**
Percentage	**59**	**68**	**67**	**100**	**100**	**60**	**61**	**44**	**62**	**46**	**56**	**52**	**55**	**56**
N projects	**76**	**80**	**12**	**1**	**7**	**123**	**125**	**57**	**73**	**83**	**32**	**183**	**125**	**101**
Confidence interval (lower, %)	48	57	40	100	100	52	52	31	50	35	39	45	46	47
Confidence interval (upper, %)	70	78	93	100	100	69	69	57	73	57	73	59	64	66

Sources: IEG project ratings data and World Bank Business Intelligence system data.
Note: AFR = Africa; EAP = East Asia and Pacific; ECA = Europe and Central Asia; ICT = information and communications technology; IPF = investment project financing; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia Region.

Appendix D. Quantitative Analysis of IFC Investment Project Performance

IEG completed a quantitative analysis of IFC investment project performance for two reasons:

- Considering the Board discussions surrounding the findings of the *Results and Performance of the World Bank Group 2014* (IEG 2014d), this analysis looks at possible differences in performance depending on project size.
- Given the prolonged downward trend in IFC investment project performance, IEG sought to obtain a directional indication of the performance of more recent projects, which will achieve early operating maturity and soon be eligible for evaluation (2015 and 2016 evaluations).

IEG developed a benchmark based on 259 real sector and 136 financial and bank sector projects evaluated between 2009–14 based on the regression model used in RAP 2013 (IEG 2013f). The model factored in project size and other known influencers of the development outcome, specifically:

- **Outcome variable**: Development outcome based on a six-point scale (1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; and 6 = highly satisfactory)
- **Project size**: Measured by a natural logarithm of net commitment (in millions of dollars)
- **Three internal indicators of IFC work quality** (coded as binary variables)
  - Screening, appraisal, and structuring
  - Supervision and administration
  - Role and contribution.

- **External risk factors, project level** (coded as binary variables)
  - Profit margin for real sector projects
  - Management quality for real sector and bank projects
  - Corporate governance for bank projects.

- **External risk factor, country level**: Risks captured by changes in the Institutional Investor Country Credit Risk ratings (IICCR) between project approval year and evaluation year.
- **World Bank Group regional fixed effects**: Included to control for regional-level variations in development outcome not captured by work quality and external factors.

Taking into account all variables, the empirical framework is formulated in the equation below:

$$Outcome_i = f(Size_i, \boldsymbol{WQ}_i, \boldsymbol{ERF_i}, \boldsymbol{RFE_i}) + \varepsilon_i$$

In this equation, WQ represents IFC work quality, ERF represents external risk factors (project and country level), and RFE represents regional fixed effects. The regressions are carried out using ordered probit model. As shown on table D.2, the (log) commitment amount is positively associated with the development outcome in general, while statistical significance levels vary by the inclusion of risk factors and the sector of the projects. More specifically, for real sector projects, the association of commitment size with development success diminished as work quality measures and external risk factors were added to the model (column 2 versus column 1). For financial and bank sector projects, the association is stronger when controlling for risk factors (column 4 versus column 3). IEG also found that high-quality work could mitigate external risks; that is, activities within IFC's control can increase the chances that a project will succeed. The quality of appraisal had the greatest impact for real projects, while the quality of IFC role and contribution had the largest effect for bank projects.

For exploring the directional implication of 2015 and 2016 projects, the same set of regressions as in table D.2 are run by attaching more weight to the more recent years of the benchmark sample (weight 2014 = 1; 2013 = 0.8; 2012 = 0.6; 2011 = 0.4; 2010 = 0.2; and 2009 = 0). The regressions are qualitatively similar to table D.2.

Table D.1. Risk Factors as Drivers of Development Outcome

Risk factors	Assessment
Change in country conditions (change in IICCR)	Projects tend to do better in countries where the investment climate improves.[a]
Profit margin (for real sector Credit Risk Rating[b] model)	Profitability ratios against industry peers (Good/OK = low risk; Poor/Bad = high risk)
Management quality	Qualitative assessment of management's strategy, capacity, and success in implementation (good/OK = low risk; poor/bad = high risk)
Corporate governance (for bank Credit Risk Rating model)	Ownership structure, possibility of related party lending/expropriation of shareholders, and so on (good/OK = low risk; poor/bad = high risk)
Screening, appraisal, and structuring (IEG XPSR rating)	The extent to which IFC identified key risk factors and mitigated them, arrived at realistic expectations for project and company performance, and so on
Supervision and administration (IEG XPSR rating)	After approval and commitment, this indicator assesses how well IFC carried out its supervision of an investment
Role and contribution (IEG XPSR rating)	Determines the extent to which IFC played a catalytic role in an investment and made a special contribution

Note: IICCR = Institutional Investor Country Credit Risk; XPSR = Expanded Project Supervision Report.

a. The country conditions or IICCR ratings here are based on information provided by senior economists and sovereign risk analysis at leading global banks, and money management and securities firms. The respondents grade each country on a scale of 0 to 100, with 100 representing the least likelihood of default. The IICCR weighs institutions' responses according to their global exposure.
b. IFC's Credit Risk Rating system is a computer-assisted tool developed to measure the credit risk of an investee company using general and specific risk factors based on quantitative data or qualitative assessments, which require IFC investment staff to apply judgment. Credit Risk Ratings are applied before the first commitment and are updated quarterly over the life of an IFC project.

Table D.2. Regression Analysis (Dependent Variable: Development Outcome)

Explanatory variables	Real sector projects		Financial and bank sector projects	
	(1)	(2)	(3)	(4)
Project size (net commitment in log)	0.309*** (0.071)	0.095 (0.073)	0.127 (0.084)	0.167* (0.096)
Work quality: screening, appraisal, and structuring		1.049*** (0.184)		0.701*** (0.217)
Work quality: supervision		0.478** (0.195)		0.583** (0.266)
Work quality: role and contribution		0.863*** (0.194)		0.839*** (0.293)
Management risk: real sector projects		–0.822*** (0.199)		
Profit margin risk: real sector projects		–0.885*** (0.157)		
Management risk: Bank projects				–0.781*** (0.293)
Corporate governance risk: Bank projects				–0.090 (0.255)
Change in IICCR		0.010 (0.009)		0.060*** (0.018)
Region fixed effects	Yes	Yes	Yes	Yes
Observations	259	259	136	136

Notes: Columns (1) and (3) control for project size and Region fixed effects, while columns (2) and (4) have a more complete set of control variables. All coefficients are estimated using ordered probit regression. Robust standard errors are in parentheses.
IICCR = Institutional Investor Country Credit Risk.
*p < 0.1 **p < 0.05 ***p < 0.001

Appendix E. Region Updates

Africa

REGIONAL CHALLENGES AND EVALUATION FINDINGS FROM WORLD BANK GROUP OPERATIONS IN THE REGION

According to the recent assessment by the Africa Region, economic growth in the region is expected to decline to 3.4 percent in 2015 from the 4.6 percent in 2014. In the context of continuing uncertainties in the global economy and with declines in the price of oil and other primary commodities, economic growth prospects for the Africa Region in the near term will remain well below the peak growth rate of 6.4 percent in 2002–2008. These economic developments will hamper progress in reducing extreme poverty in the region.

The World Bank Group's priorities for boosting shared prosperity in the Africa Region focus on the following:

- Boosting productivity and competitiveness with investments in energy, transport, higher education and science and technology, urban planning, and financial services
- Social protection, health, gender disparities, water supply and sanitation, and climate change (better targeting the poor)
- Economic management and governance
- Strengthening connectivity through regional integration, taking advantage of economies of scale, and enhancing productivity.

New World Bank lending commitments for Sub-Saharan African countries in fiscal year 2015 (FY15) surpassed the record FY14 level (table 5), with sharp increases in commitments for macroeconomics and fiscal management; health, nutrition, and population; and social protection and labor. Support for agriculture, energy and extractives, and transport and information and communications technology (ICT) remain important components.

Performance of the World Bank's portfolio in the Africa Region remains below average (figure 1), though the gap has been narrowing largely because of deteriorating performance in other Bank Regions. The outcomes of 66 percent of the Africa projects that exited the Bank portfolio in FY12–14 were rated moderately satisfactory or higher by IEG compared with the Bank average of 70 percent. Performance of the Region's projects from the Global Practices of Poverty, Transport and Information and Communications Technology was better than the Bank-wide performance in those Global Practices (GPs) but lagged behind in Agriculture, Education, Finance and Market, and Governance (table 1). Performance in the Africa Region was better than that of the Middle East and North Africa Region and on par with the East Asia and Pacific Region. The success rates of International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) operations in Africa Region were 66 percent and 86 percent, respectively. Performance of governance operations continued to be generally poor, with the Bank-wide average slightly better than in the Africa Region.

IEG produced 23 Project Performance Assessment Reports (PPARs) for completed projects in Africa Region in FY12–15 and rated the outcome of 13 of the projects moderately satisfactory or higher. Poor quality at entry creates difficulties for project implementation and the achievement of satisfactory development outcomes. Design issues, including complex and overambitious projects, overestimation of implementation capacity, and optimistic assessment of government commitment and engagement, are major weaknesses in quality at entry.

Some countries with long and sustained engagement with the Bank had significantly poor portfolio performance (table 4). Senegal, Ghana, and Uganda stand out for their engagement with the Bank in numerous projects, policy-based operations, and analytical works, and for the Bank's strong local presence. Bank portfolio performance in these countries shows that the long engagement has not fostered effective partnerships in project design, implementation, and results. IEG reviewed 19 operations in these three countries and rated only four moderately satisfactory or higher on quality at entry—two operations in Senegal and two in Uganda. Project outcome ratings were similarly poor, with only three projects rated moderately satisfactory or higher out of seven in Senegal, two out of six in Uganda, and three out of six in Ghana.

IEG reviews show that a common cause of poor performance in these three countries is the failure of governments to implement agreed actions in a timely manner. For example, restoring financial viability to the electricity subsector in Senegal was regarded as central for expanding investments and improving efficiencies in the subsector. The Bank supported these sectoral objectives with the 2005 Senegal Electricity Sector Efficiency Enhancement Project and a development policy operation (DPO), the 2008 Energy Sector Recovery Development Credit. However, financial viability was not achieved as the government failed to take necessary reform actions. IEG gave the outcomes of both Bank operations a rating of unsatisfactory. Similarly, for the 2003 Ghana Land Administration Project, the land bill to harmonize statutory and customary authority over land, and hence facilitate land administration, was not adopted. The PPAR also found the project design too complex and rated the quality at entry and outcome as moderately unsatisfactory.

Uganda, 2006 Public Service Performance Enhancement Project was intended to strengthen its public service. The start of implementation of the project was delayed for 18 months due to the delay in getting the necessary approval by parliament. The project's complex and overambitious design was a challenge. In addition, the several implementing agencies were short on capacity and the coordinating agency, the Ministry of Public Service, lacked the capacity to lead such a complex operation. Delays and poor implementation actions marred the outcome of the project. IEG rated overall borrower performance and the outcome of the project unsatisfactory.

Projects addressing overarching institutional issues, often with complex designs, and without obvious benefits and beneficiaries, have high risks of failure. The 2006 Guinea Coastal Marine and Biodiversity Management Project and the 2008 Benin Community-Based Coastal and Marine Biodiversity Management Project each covered numerous institutional change activities. Both suffered from complex design, weak implementation capacity, and uncertain political commitment. The outcomes of both projects were rated as unsatisfactory. Similar interventions in Senegal, the 2004 Integrated Marine and Coastal Resources Management Project and the 2006 Sustainable Management of Fish Resources Project, involved substantial institutional reforms. The project had three project implementation units in different agencies, needing high and improbable levels of interagency coordination and government engagement to be successful. The achievements were negligible, and IEG rated the outcomes unsatisfactory and highly unsatisfactory, respectively. By contrast, for the 2004 Malawi Community-Based Rural Land Development Project, the intended beneficiaries understood its potential impact. The project was conceived as a pilot with a narrow focus and its pioneering design was informed by experience in other countries, solid analytical work, and lessons from the government's experience with land distribution. The outcome of the project received a rating of satisfactory from IEG.

Governance operations, often focused on public sector institutional reforms and capacity development, perform poorly in the Bank and particularly in the Africa Region (table 5). This reflects ambitious designs, weak implementation capacity, and often lack of firm government commitment that hampers prompt and sustained actions on the reforms. Designs that are simple and focused on a few key measures, with strong government engagement in the implementation of projects, can reduce the risks of failure. The 2004 Rwanda Decentralization and Community Development Project and the 2003 Mozambique Decentralized Planning and Finance Project are good examples of simplicity and focus in design. Both projects focused narrowly on building institutional capacities of local authorities for service delivery through participatory planning processes. The designs also benefitted from prior pilot projects and drew from experience in neighboring countries. The governments, recognizing the projects as valuable for their efforts to promote participatory local governance, were fully engaged in the process. IEG rated the outcomes of the Rwanda and Mozambique projects as moderately satisfactory and satisfactory, respectively.

Monitoring and evaluation (M&E) in project implementation in the Africa Region remains weak, hindered by several institutional challenges. IEG rated 26 percent of M&E of projects in the Africa Region high or substantial, compared to 29 percent for the Bank as a whole (table 6). The challenges of M&E include the complexities of project design, the lack of capacity and baseline and other data, and the low priority given to M&E by the Bank and the borrowers. IEG found the M&E of the 2008 Cameroon Water Affermage—Output-Based Aid for Coverage Expansion, unduly ambitious for the available implementation capacity. Furthermore, implementation was hampered by the failure of other agencies to provide the necessary data. For the 2009 Tanzania Accelerated Food Security Project, baseline and mid-term surveys were late and the design of the M&E of the 2011 Nigeria Statistics Development Program left out important indicators and baseline values were missing. Learning from experience could help improve M&E, but for the Mauritania Adaptable Program Loan for Irrigated Agriculture, the second phase did not benefit from the experience of the first phase and the quality of M&E remained negligible.

Timely design of the M&E framework, taking into account capacity constraints, and collaboration with other institutions that gather relevant data, enhances M&E results and utilization. For the 2003 Mozambique Decentralized Planning and Finance, the manual for the monitoring framework, written up during project preparation, was tailored to Mozambique's needs, capacity, and institutions. Further, the project financed M&E specialists to support implementation. In the 2008 Ethiopia Nutrition Project the indicators were well linked to the project's development objectives and data gathering and evaluation were carried out with established institutions. Demand for M&E data encourages good design and implementation. As an example, the M&E framework for the 2011 Burkina Faso Eleventh Poverty Reduction Support Credit was generally solid, the process was fully owned by the government and its results fed the annual progress reports that were discussed by the government and its development partners.

The Africa Region's success rate was above International Finance Corporation (IFC) averages for Investment Services but below for Advisory Services. For FY12–14, IEG validated 40 investment projects and assigned mostly successful or higher ratings to 23 projects (58 percent), which was the same as the IFC average (table 2). By investment commitments, the Region's success rate was 76 percent, compared to an IFC average success rate of 69 percent. During the review period, IEG validated 45

Advisory Services projects and assigned mostly successful or higher ratings to 26 projects (58 percent), compared to an IFC average of 64 percent (table 3).

IEG evaluations of a number of regional investment initiatives for the Africa Region found that IFC's investment project front-end work can be improved further. One regional initiative was unsuccessful as IFC had overlooked various key risks at appraisal, including demand assessment and relevant experience of the management team. For another regional investment initiative, similar shortcoming of the front-end work was made up by the strength of the sponsor. The lessons for a future regional investment initiatives include: (i) regional sponsors need to be carefully selected and approached as relationships, as opposed to projects; (ii) projects with such sponsors require substantial commitment of resources if the intention is to fully exploit their potential; and (iii) the overall macro-risk associated with such entities need to be carefully analyzed in terms of the level of diversification to structure investments properly and to ensure acceptable U.S. dollar risk-return profiles. Another key lesson from IEG evaluations was the need to build regional institutions' capacity to implement a regional program. If institutional capacity building is required, it should be carried out in the early stages of the project before undertaking complex activities.

Effective M&E is essential to assess the impact of IFC Advisory Services projects on market transformation. Reviews of projects such as Lighting Africa project in Kenya underscore the importance of having an effective M&E and results framework to capture the underlying theory of change and how an Advisory Services project can make an impact on market transformation. To monitor progress toward transformation, specific project indicators should be identified and tracked since standard IFC indicators may not fit or be suitable for all Advisory Services projects. This was evident in the Global Index Insurance Facility program in Mozambique. Close collaboration with M&E specialists to develop additional indicators was necessary. All projects have now been assigned a results and monitoring specialist working with particular industries and sectors, and is therefore developing (or already has) expertise and experience in those areas. On the Lighting Africa program, the results measurement team (global and local) has worked to develop an entirely new framework based on an updated theory of change. The indicator framework is being piloted in Africa, and then will be shared globally for Lighting Asia and Lighting India.

For the Multilateral Investment Guarantee Agency (MIGA), in FY09–14, IEG evaluated or validated 18 investment projects and assigned mostly successful or higher rating to 11 projects (61 percent), which is in line with the MIGA average success rate of 63 percent.

FINDINGS FROM THEMATIC, GLOBAL, AND CORPORATE EVALUATIONS

Meeting the goals of the Sustaining Energy for All (SE4All) by 2030 in Africa will require sharply increased funding from all sources, including the private sector. To scale up access to electricity in Africa, the increasing Bank support for electricity could be a catalyst for nontraditional funding of investments in the sector. The 2015 IEG evaluation *World Bank Group Support for Electricity Access (2000–2014)* cited good practice national access scale-up experiences worldwide that are relevant for Africa, including experiences in Vietnam, Lao Peoples Democratic Republic, Indonesia, and Bangladesh, as well as in Rwanda and Kenya. With Bank support, Rwanda and Kenya prepared the first sector-wide programs in the electricity sector, with national electricity access rollout plans using least-cost combinations of grid and off-grid electrification. These are showing better results than can be achieved using a project-by-project approach. After long periods of stagnation, access levels increased from 6 percent to 15 percent in Rwanda and 23 percent to 30 percent in Kenya. Strong government commitment for these rollout plans has fostered structured engagement of government, multilateral banks, donors, and private sector partners, leading to significant financing commitments. The private sector made commitments it may not have made without the sector-wide programs. On off-grid electrification, IEG cited Bangladesh and Mongolia as good practice cases. In particular, good practice experiences on off-grid solar home systems are especially relevant for several Sub-Saharan Africa countries in fragile situations, with dispersed populations, or whose sector conditions are not ready for systematic and rapid scale-up.

World Bank interventions for private sector development support policy, legal, and institutional reforms to create favorable market conditions for enterprises and enhance competitiveness. The 2009 evaluation *World Bank Group Support for Innovation and Entrepreneurship* highlighted the importance of the investment climate and competition for innovation, underpinning the critical role of investment climate operations for sustaining economic growth. The 2014 evaluation *Investment Climate Reforms: An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations* noted that investment climate operations face the usual challenges to other World Bank Group projects, with implementation delays and the onset of a crisis the most commonly encountered problems. The analysis of the performance of investment climate interventions reveals that simple project design, good risk assessment, and supervision by the Bank are important to project outcomes, even alleviating the weaknesses of the borrower and the effects of a crisis. Success in fragile situations such as South Sudan and Liberia highlight that even in a post-conflict country with limited implementation capacity, a reform program can be successful with simple design, technical assistance, and strong government commitment. The evaluation noted the limited gender targeting in the investment climate portfolio and proposed that projects include gender-disaggregated indicators. Further, the assessment of the impact of regulatory reforms should be carried out on the society as a whole, not just on businesses.

Bank interventions promoting children's development were more evident for children three years and older, typically for three, four, five, and six year olds, late entry points to begin to stimulate children's language, cognitive, and socio-emotional development, according to the 2015 IEG evaluation *World Bank Support to Early Childhood Development*. IEG found that Bank sector strategies in health, education, and social protection feature early childhood development (ECD). These sector-based structures tend to seek entry points for engagement with countries in ECD with the corresponding public sector authorities. IEG found that country strategies are often light on ECD, with limited discussion of the ECD interventions embedded in their programs and suggested that ECD interventions should be properly integrated into the Country Partnership Frameworks. According to the evaluation, the positive correlation between analytical work on ECD and subsequent successful Bank operations, indicated the importance of analytical work in motivating successful interventions in ECD, particularly to meet the pressing needs in the Africa Region. IEG cited Mozambique where, following a presentation of dismal child development indicators from an impact evaluation of an ECD pilot, within a week the minister of education requested support for an ECD program. In Senegal, three nutrition-related knowledge products and one impact evaluation preceded five interventions in nutrition. The outcome as well as the borrower performance on two nutrition interventions in Senegal were rated highly satisfactory and satisfactory by the IEG, perhaps the only projects in Senegal to receive such high ratings in recent years.

IEG's evaluation *The Big Business of Small Enterprises – Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-Size Enterprises (2006–2012)* noted that with IFC support, MIGA's Small Investment Program projects achieved a successful outcome rating, notwithstanding their location in conflict-affected areas. The privatization of Hotel Independence in Burkina Faso is one such example; the hotel was able to turn around its performance after full renovation. To complement MIGA guarantees, IFC, Banque Ouest Africaine de Développement, and Bank of Africa provided loan financing. In Ghana, IEG found that IFC's role and contribution was essential to the development of leasing sector as IFC was the only player to engage with the leasing industry. Although some of the targeted legal and regulatory changes did not materialize by the time of project closure, leasing transactions and contracts increased dramatically. Lastly, in Nigeria, IFC provided its client bank a loan funding to on-lend to 300 women entrepreneurs, complemented by IFC Advisory Services to equip women entrepreneurs with financial and business skills. IEG confirmed successful development outcome ratings for both Investment and Advisory Services with this Nigerian bank.

IEG's evaluation *World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States* indicated that in Cameroon, the World Bank and IFC collaborated closely in the power sector, providing loans, guarantees, and investments to private power projects and capacity building to the relevant ministry. Access to power in Cameroon is 50 percent, compared with an average of 33 percent for Sub-Saharan Africa. To manage project-level risks in the country, IFC invested alongside other international finance institutions.

EVALUATION FINDINGS FROM COUNTRY PROGRAM PERFORMANCE IN THE REGION

The performance of country programs as articulated in Country Partnership Strategies (CPSs) in the Africa Region has been generally weak. IEG reviewed Completion and Learning Reviews (CLRs) in FY13–15 for 20 countries in the Africa Region and rated the outcomes of 10 of these programs moderately satisfactory or higher, while the remaining 10 were rated moderately unsatisfactory or lower (see table 7). The CLRs found general alignment of the CPS to the Poverty Reduction Strategy Papers (PRSPs) or relevant country medium-term development plans and generally in line with the assistance of other development partners, in many cases coordinated through a Common Assistance Framework.

A common feature of the less successful country programs was a lack of well-articulated development objectives and focused assistance programs. This often stemmed in part from complex CPS pillars that mix objectives with the details of the means to achieve the objectives. The first pillar of the 2007 Malawi CPS was: "improving small holder productivity and integration into agro-processing through improved irrigation and farming practices, improved market incentives for surplus production, strengthened integration and links to input/output markets, and established storage and mitigation measures for food security risks over time." The second and third pillars were not any more succinct. The same is seen in the CPSs of Senegal, The Gambia, Mauritania, Zambia, and Guinea. These detailed pillars tend to hide the multiplicity of objectives and pillars, and give credibility to concepts that alone may not merit it. The approach hinders prioritization and selectivity, leading to complex and overambitious programming. It also hinders the development of simple and relevant results framework.

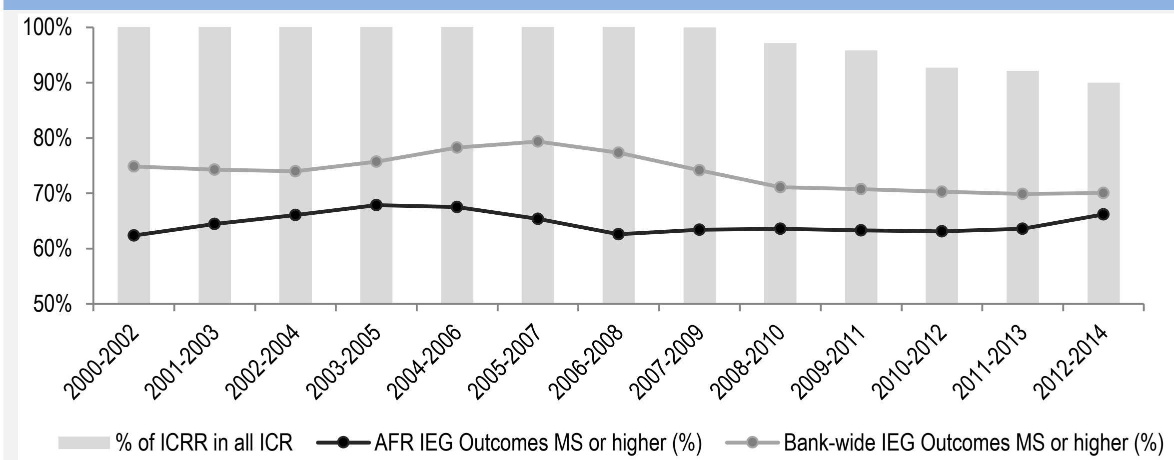
The pillars of better-performing programs are based on key development objectives and are succinctly presented. This facilitates the choice of feasible and impactful interventions in each pillar, leading to an overall program likely to meet the development objectives. For the Democratic Republic of Congo (DRC), the pillars were relevant and succinct: rebuilding state capacity to increase access and improve quality of basic services; creating conditions for growth and economic diversification; and improving access to health and education. The result framework was broadly appropriate although the outcome indicators relied mostly on the project level due to data deficiencies. Other cases of appropriate articulation of pillars include Burundi, Ethiopia, Kenya, and Liberia, with moderately satisfactory or higher outcomes ratings.

While poverty and economic diversification have been central to development strategies and planning in the resource-rich countries in Africa such as Zambia and Nigeria, the results have been disappointing. Sustained growth and economic and export diversification have proved elusive, with persistent reliance on the dominant extractive industry for government revenues and exports. There has been limited progress in reducing poverty, containing income inequality and creating employment. Zambia was one of four countries the IEG evaluation *World Bank Group Engagement in Resource-Rich Developing Countries: The Cases of the Plurinational State of Bolivia, Kazakhstan, Mongolia, and Zambia*. The focus of the Zambia CPS on macroeconomic and public financial management, investing in infrastructure, improving the business climate, and encouraging private investment was generally consistent with the evaluation's findings on the key drivers of progress on shared growth and diversification. However, results have been limited due to less than effective program implementation, IEG rated the Zambia FY08–12 CPS as moderately satisfactory on both outcome and Bank performance.

Risk assessment with relevant mitigation measures facilitates program design and appropriate responses to unanticipated developments. The CPS of the DRC identified eight major risks for engagement in the post-conflict country, and proposed mitigation measures following a three-pronged risk management strategy: (i) warning mechanisms: regular review and/or continuous monitoring for early detection of risks materialization; (ii) proactive response: scaling-down, redirection, revision, suspension and cancellation of IDA programs depending on the situation; and (iii) risk reduction mechanisms: interventions within the CPS program. The risk of economic fragility materialized in the context of the 2008/09 global financial crisis and the Bank acted flexibly by approving relevant emergency credits to support critical imports. It also responded to a malaria epidemic and polio outbreak with two tranches of supplementary financing to the health sector project. The Malawi CPS identified political and fiduciary risks as well as risks of drought-related vulnerability, and impact of HIV/AIDS on government capacity. In contrast to the DRC, the mitigation measures under the Malawi CPS were not specific, and involved actions with uncertain outcomes. For example, political risks would be mitigated by more forceful engagement with parliament and civil society, while continuous engagement on reform and operational focus on improving governance would mitigate fiduciary risks. When the political risks materialized, Bank projects experienced significant implementation delays, including for the Agricultural Sector Program relied upon to address Malawi's vulnerability to drought. In the Country Partnerships Framework (CPF) Progress Report several planned projects were dropped and replaced by new projects, presumably as a response to the heightened political risks although this was not formally planned as a risk mitigation action.

The CPF preparation process is important. Strong government commitment and engagement in this process, including a proactive role in selecting the areas and programs and projects for World Bank funding, would tend to reduce implementation risks. This was the case for Rwanda, the only country in the Africa Region whose program performance was rated satisfactory by IEG.

Figure 1. IEG Development Outcome Ratings for Africa Operations Relative to World Bank Average, FY00–14



Source: Business Warehouse.
Note: AFR=Africa Region; OCR=Implementation Completion Report; ICRR=Implementation Completion Report Review; IEG=Independent Evaluation Group; MS=moderately satisfactory.

Table 1. Africa Region: IEG Development Outcome Ratings by Global Practice for Operations (Closing FY12–14)

	Africa Region						World Bank					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
Global Practice	No.	%		Amount	%		No.	%		Amount	%	
Agriculture	21	68	31	819	85	960	52	74	70	2,831	89	3,189
Education	15	60	25	565	44	1,271	57	67	85	6,130	81	7,579
Energy & Extractives	14	67	21	1,040	76	1,371	56	68	82	6,852	82	8,342
Environment & Natural Resources	2	13	15	42	24	175	29	54	54	1,419	82	1,741
Finance & Markets	11	65	17	336	60	559	40	73	55	5,352	93	5,780
Governance	7	41	17	393	50	781	33	52	64	2,362	57	4,168
Health, Nutrition & Population	22	76	29	869	72	1,202	54	76	71	5,279	84	6,269
Macro Economics & Fiscal Management	22	73	30	1,034	65	1,581	50	75	67	7,780	83	9,362
Poverty	0	0	2	0	0	110	2	40	5	542	83	656
Social Protection & Labor	11	100	11	1,739	100	1,739	36	90	40	6,699	96	6,969
Social, Urban, Rural and Resilience Global Practice	24	83	29	1,385	75	1,839	86	77	112	7,771	81	9,642
Trade & Competitiveness	4	67	6	253	81	313	6	60	10	300	39	760
Transport & ICT	12	60	20	733	45	1,630	59	74	80	7,217	73	9,954
Water	13	87	15	808	99	812	43	66	65	3,745	71	5,263
Other	0	0	1	0	0	34	0	0	1	0	0	34
Grand Total	**178**	**66**	**269**	**10,014**	**70**	**14,377**	**603**	**70**	**861**	**64,279**	**81**	**79,708**

Source: Business Warehouse.
Note: MS=moderately satisfactory; "Other" represents Global Practices with fewer than five projects within AFR. As relates to Bank-wide figures, other includes the same Global Practices with fewer than five projects, as in AFR, in addition to Global Practices which were not represented in AFR but which were present Bank-wide. Figures for percentage of total commitment relate solely to IBRD/IDA funding and exclude projects funded through trust funds.

Table 2. Outcome Ratings of IFC Investment and MIGA Guarantee Operations in Africa Region and Overall, FY12–14

IFC	Africa						IFC Overall					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher			MS or higher			MS or higher			MS or higher		
IFC industry group	No.	%	Total evaluated	Amount	%	Total evaluated	No.	%	Total evaluated	Amount	%	Total evaluated
Telecom, Media, Tech. & Venture Investing	7	63	11	173	71	242	16	42	38	505	53	940
Financial Institutions Group	8	57	14	160	79	202	43	61	70	1,265	66	1,904
Infrastructure & Natural resources	1	50	2	100	99	101	24	68	35	1,514	87	1,739
Manufacturing, Agribusiness & Services	7	53	13	75	58	128	48	58	82	1,254	64	1,958
Total	**23**	**58**	**40**	**508**	**76**	**672**	**131**	**58**	**225**	**4,538**	**69**	**6,542**

MIGA	Africa			MIGA Overall		
	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated
MIGA Total	**11**	**61**	**18**	**35**	**63**	**56**

Source: IEG database (XPSR and PES Evaluation Notes and PER Evaluation Notes for MIGA).
Notes: MS = mostly successful. Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 3. IEG Ratings of IFC Advisory Projects: Africa Region and IFC Overall, FY12–14

	Africa			IFC overall		
	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
Business Line	No.	%		No.	%	
Access to Finance	9	60	15	40	67	60
Investment Climate	9	82	11	29	71	41
Public-Private Partnership	3	75	4	12	50	24
Sustainable Business Advisory	5	33	15	36	61	59
Total	**26**	**58**	**45**	**117**	**64**	**184**

Source: IEG database (PCR Evaluation Notes).
Note: Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 4. Africa Region: IEG Development Outcome Ratings by Country (Closing FY12–14)

		World Bank projects			IFC Investment Services			IFC Advisory Services		
		MS or higher		Total	Mostly successful or higher		Total	Mostly successful or higher		Total
	Country	No.	%	evaluated	No.	%	evaluated	No.	%	evaluated
IBRD	Gabon	1	50	2						
	Mauritius	4	100	4				0	0	1
	South Africa	1	100	1	1	50	2	0	0	1
	Botswana				1	100	1	0	0	1
IBRD Total		**6**	**86**	**7**	**2**	**67**	**3**	**0**	**0**	**3**
Blend	Cabo Verde	2	100	2	0	0	1			
	Zimbabwe[1/]	1	100	1						
Blend Total		**3**	**100**	**3**	**0**	**0**	**1**			
IDA	Angola	1	100	1						
	Benin	5	50	10						
	Burkina Faso	7	78	9				1	100	1
	Burundi	6	75	8				0	0	1
	Cameroon	3	33	9	0	0	1			
	Central African	2	50	4						
	Chad	0	0	3	1	100	1	0	0	1
	Comoros	1	100	1						
	Congo, Democrat	4	80	5	1	100	1	0	0	1
	Congo, Republic	2	67	3						
	Cote d'Ivoire	4	80	5						
	Eritrea	1	50	2						
	Ethiopia	11	69	16				1	50	2
	Gambia, The	4	100	4	0	0	1			
	Ghana	5	50	10	3	60	5	2	67	3
	Guinea	5	63	8						
	Guinea-Bissau	2	67	3						
	Kenya	4	50	8	0	0	1	3	75	4
	Lesotho	3	100	3				1	100	1
	Liberia	2	100	2	0	0	2	1	33	3
	Madagascar	5	71	7	1	50	2			
	Malawi	5	83	6	1	100	1	0	0	1
	Mali	2	33	6				1	100	1
	Mauritania	5	56	9						
	Mozambique	7	88	8	2	100	2	1	100	1
	Niger	3	75	4				0	0	1
	Nigeria	8	47	17	3	100	3	2	50	4
	Rwanda	5	100	5	3	100	3	2	100	2
	São Tomé and Pr	2	100	2				1	100	1
	Senegal	7	64	11	1	100	1	1	50	2

	Country	World Bank projects			IFC Investment Services			IFC Advisory Services		
		MS or higher		Total evaluated	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
		No.	%		No.	%		No.	%	
	Sierra Leone	3	100	3	0	0	1	2	67	3
	South Sudan	6	60	10						
	Sudan	6	86	7						
	Tanzania	5	56	9	0	0	2	2	100	2
	Togo	3	100	3						
	Uganda	10	77	13						
	Zambia	4	57	7				1	50	2
IDA Total		**158**	**66**	**241**	**16**	**54**	**27**	**22**	**57**	**37**
Other	Africa	11	61	18	3	50	6	3	75	4
	Regional–W.Africa				0	0	1			
	Regional–S.Africa				1	100	1			
	Regional–E.Africa				1	100	1			
	Eastern Africa Region							1	100	1
Other Total		**11**	**61**	**18**	**5**	**56**	**9**	**4**	**80**	**5**
Grand Total		**178**	**66**	**269**	**23**	**58**	**40**	**26**	**58**	**45**

Source: IEG database (XPSR Evaluation Notes, PCR Evaluation Notes).
Notes: MS = moderately satisfactory
1/: Zimbabwe is in non-accrual status to the Bank; the operation evaluated above is financed by a trust fund.
Note: Success rate refers to projects rated as mostly successful or higher. Includes preliminary ratings.

Table 5. Africa Region: World Bank New Lending Commitments by Global Practice, FY11–15 (US$ millions)

Global Practice	2011	2012	2013	2014	2015
Agriculture	580	480	850	1,107	1,120
Education	288	127	290	705	670
Energy & Extractives	925	1,441	1,132	1,772	1,020
Environment & Natural Resources	172	560	57	71	250
Finance & Markets	134	80	40	330	622
Governance	206	297	237	330	212
Health, Nutrition & Population	370	534	354	452	2,041
Macro Economics & Fiscal Management	914	1,120	623	861	2,138
Poverty	245	130		5	9
Social Protection & Labor	515	741	1,244	824	1,011
Social, Urban, Rural and Resilience Global Practice	609	641	654	1,229	497
Trade & Competitiveness	445	85	225	360	150
Transport & ICT	1,063	326	1,874	1,471	1,282
Water	596	963	666	1,096	548
Grand Total	**7,060**	**7,525**	**8,245**	**10,613**	**11,569**

Source: Business Intelligence as of September 08, 2015.
Note: The New World Bank Lending Commitments are the sum of IBRD and IDA commitments for PE projects approved between FY11–15.

Table 6. Africa Region: IEG Ratings of Project M&E Quality, FY12–14

	M&E quality substantial or higher		Total number of rated projects
	Number of projects	Percentage	
IBRD	2	33	6
IDA	54	27	199
Blend	13	20	64
Grand Total	69	26	269
Grand Total Bank-wide	**250**	**29**	**855**

Source: Business Intelligence as of September 08, 2015.

Table 7. World Bank Country Programs Outcome and Performance Ratings, FY13–15

FY of review	Country	CASCR Review period	Outcome rating	Bank performance	IFC performance
2013	Benin	FY09–12	MS	MS	NA
	Burundi	FY09–12	MS	MS	MU
	Ethiopia	FY08–12	MS	MS	NA
	Gambia, The	FY08–12	MU	MS	NA
	Malawi	FY07–12	MU	MS	NA
	Niger	FY08–11	MU	MS	NA
	Senegal	FY07–CY10	MU	MS	MS
	Zambia	FY08–12	MU	MU	NA
	Congo, Dem. Rep.	FY08–12	MS	S	NA
	Congo, Rep.	FY10–12	MU	MS	NA
2014	Burkina Faso	FY10–12	MS	MS	NA
	Ghana	FY08–12	MU	MU	NA
	Guinea	FY04–FY13	NR	NR	NA
	Kenya	FY10–14	MS	Fair	NR
	Liberia	FY09–12	MS	MS	NA
	Mauritania	FY07–12	U	U	NA
	Nigeria	FY10–13	MS	MS	NR
	Rwanda	FY10–13	S		NR
	South Africa	FY08–12	U	MU	NR
2015	Cabo Verde	FY09–12	MU	Fair	NA
	São Tomé and Principe	FY06–12	MS	MS	NR

Source: IEG database (CLR Reviews)

East Asia and the Pacific

REGIONAL CHALLENGES AND EVALUATION FINDINGS FROM WORLD BANK GROUP OPERATIONS IN THE REGION

East Asia and Pacific (EAP) comprises an exceptionally diverse client base in terms of income, resources, population size, and fragility. Extreme poverty has fallen faster in EAP than any other Region, and prosperity has been shared, but vulnerabilities persist. In FY15, the Region faced gradual moderation in Chinese growth, a positive impact from declining oil prices as most countries are net importers, and strong growth in Association of Southeast Asian Nations (ASEAN) countries except for Indonesia, Thailand, and Malaysia. The World Bank Group strategy for EAP had the goal of ending extreme poverty and boosting shared prosperity in a sustainable way. The intent was to address challenges of social vulnerabilities, urbanization and infrastructure, weak governance, constraints to growth and jobs, natural disasters, environmental degradation, and regional and national conflict.

New World Bank lending commitments in the Region trended slightly downward over the period with $6.6 billion in FY12, $6.2 billion in FY13, $6.3 billion in FY14, and $6.3 billion in FY15 (table 5). New commitments for FY15 are focused on Social, Urban, Rural and Resilience, Agriculture, and Water, in line with strategic priorities.

The Bank's lending operations performed somewhat below the Bank average in EAP, with 65 percent of projects that exited during FY12–FY14 rated moderately satisfactory or higher, compared to 70 percent World Bank–wide (figure 1). The difference is not statistically significant. This performance represented a decline from 75 percent moderately satisfactory or higher in the Region during FY09–11, which is statistically significant at the 10 percent level.

By Global Practice, EAP portfolio performance is higher than for the World Bank in Education, with 87 percent of evaluated projects rated moderately satisfactory or higher versus 81 percent Bank-wide. Performance is the same as the Bank average in Macroeconomic and Fiscal Management (63 percent) but lower in infrastructure (61 percent versus 67 percent in Energy and Extractives, 63 percent compared to 74 percent in Transports and Information and Communications Technology, and 50 percent versus 71 percent in Water) and in Governance (27 percent versus 57 percent) (table 1). In Social, Urban and Rural Resilience, project performance is higher than Bank average in net commitments (85 percent versus 81 percent Bank-wide) but lower in terms of number of projects (68 percent versus 77 percent) suggesting EAP's larger social resilience projects are more successful than the smaller one.

World Bank projects receiving favorable ratings had some notable strengths:

- They adopted measures that both improve the environment and develop more productive agricultural practices, which can be attractive to a community and give an incentive for sustaining both the environmental and agricultural improvements. For example, an evaluation of the China Changjiang/Pearl River Watershed Rehabilitation found that the operation contributed both to environmental protection and enhanced livelihoods, by directly benefitting both the local community and individual farmers and improving the environment—that is, most environmental actions were profitable. With their direct welfare at stake, farmers are likely to maintain the environmentally beneficial practices. In addition, technologies for watershed management that are simple and small-scale can have significant impact—on the environment and people's welfare—without recourse to larger infrastructure. Likewise, planting orchards, minimum tillage, check-dams, terraces, pastures, and soil and water conserving agronomic practices improved incomes and the prospects for conserving soils.
- Support to reduce vulnerability to natural hazards should combine hard (such as infrastructure) and soft (such as early warning and institutional strengthening) investments. The Vietnam Disaster Risk Management project appropriately focused both on up-front measures to reduce vulnerability and actions to increase readiness to weather-related natural disasters. These interventions included the piloting of community-based approaches in areas prone to such events, and efforts to improve the post-disaster response to them when they occur, as well as strengthening the capacity of national and subnational (provincial, district, and commune) institutions to anticipate and to manage the response to natural hazards.
- For countries seeking to rebuild ties with the global economy, it is important to identify opportunities for reform that are not too complex or institutionally demanding but can still be transformative and gain wide social support. For instance, the Myanmar Reengagement and Reform project supported improvements in the exchange rate management system, one of the most visible signs of economic distortion and mismanagement. The program also aimed to increase real spending on core social and human development services that can generate popular support for reform. The design built on and derived lessons from other country experience with reengagement operations, for example in post-conflict situations, drawing on findings from the 2011 *World Development Report: Conflict, Security and Development*. In that regard, the focus was placed on core reforms emphasizing institutional transformation appropriate to the level of institutional capacity, country knowledge, and national context. Arrears clearance was handled quickly and jointly with the Asian Development Bank.

- There are potential synergies between reforms in one sector and those in another. The rice policy measures supported by the Philippines Global Food Resource Program DPO were grounded in the Bank's ongoing analytical work and policy dialogue on the rice sector, while those related to social protection and targeting drew on the Bank's analytical work, policy notes, and consultant studies on the issues of improved targeting, as well as on its Inclusive Growth Analytic and Advisory Activities (AAA) program that was underway during the DPO preparation. Supervision was carried out through related operations, in particular the Social Welfare Development Reform Project.

World Bank projects with unfavorable ratings had weaknesses that could have been addressed at the design stage:

- Careful design of unambiguous indicators, with baseline and target values, is critically important for adequate project monitoring and evaluation (M&E). The evaluation of the Manila Third Sewerage project found that proper attention needs to be paid to the procedures and institutional arrangements for M&E, including adequate training and motivation of concerned staff. In this case, there was frequent rotation of staff working on M&E and uncertainties regarding the quality of some of the data collected.
- Realistic project scope and goals increase the likelihood of project success, especially in situations where implementing entities have weak capacity. The actions to be undertaken under Indonesia Initiatives for Local Governance Reform were so detailed and complex, and the capacity of most districts so weak, that the feasibility of accomplishing all of them in 40 pilot districts (out of a total of 440 districts in the country) should have been assessed ex-ante. Also, separating responsibility for M&E from the implementing agency can reduce the likelihood of M&E uptake and use. Specifically, isolating the function can reduce the use of M&E results in project decision-making, an especially negative outcome for a pilot project such as this one. An alternative design would have been to include regular M&E activities within the purview of the main executing agency, reserving only a few key reports such as the mid-term and final evaluations for a separate, independent agency.

Twenty-six percent of projects that exited during FY12–FY14 had their M&E quality rated substantial or higher, compared to a Bank average of 29 percent (table 6). The difference is not statistically significant.

EAP Region management reports that it is taking actions to address performance challenges, particularly related to results and M&E. First, an ongoing piece of work is designed to: (i) analyze the underlying causes of poor project outcomes in EAP; and (ii) develop a methodology that uses readily available project monitoring indicators to identify projects rated moderately satisfactory that may be at risk of not achieving their outcomes. On the basis of the methodology developed, a series of desk reviews covering 42 projects identified across the Region's country management units (CMUs) were carried out to provide an independent perspective on how projects could improve their chances of achieving their intended outcomes. The findings of the reviews were shared with the Global Practice (GP) managers and task teams. Drawing from this work, the Region joined forces with the Vietnam CMU and with Operations Policy and Country services (OPCS) in carrying out a results and M&E operational program for operational staff consisting of three complementary activities: (i) results and M&E training workshop; (ii) results and M&E operational clinics; and (iii) M&E framework assessment at the level of the CMU. The Region plans to build on and expand these efforts in collaboration with OPCS, the GPs, and the CMUs. IEG will be able to assess the extent to which these measures help address performance challenges in EAP Region through future portfolio reviews.

The Region's success rate with International Finance Corporation (IFC) activities, by number of investment projects, fell short of IFC averages. For FY12–14, IEG validated 26 investment projects and assigned ratings of mostly successful or higher to 13 projects (50 percent), compared with an IFC average of 58 percent. By investment commitments, the Region's success rate was 75 percent, compared with an IFC average of 69 percent (table 2).

In this large and diverse Region, an integrated approach of Investment and Advisory Services enhanced the value of IFC's investments and contributed to the success of those operation. The Sichuan Earthquake Reconstruction Program is a good example. In that project IFC Investment and Advisory Service projects together helped to accelerate the flow of funds to small and medium-sized enterprises (SMEs) after a devastating earthquake.

When a small investment amount is planned, especially to a start-up subsidiary of a group client, IFC needed to structure an investment package for the whole group, an important lesson in Mongolia. In this Region, the risk often lies in not having the appropriate experience within the IFC team. A Coal Bed Methane development project suffered from a lack of IFC expertise in the technology and from not hiring an external consultant to regularly review the company's operations. The lack of expertise also made IFC slow in exiting from the company and resulted in a larger loss than might otherwise have been the case.

For IFC Advisory Services projects, during the review period, IEG validated 28 projects and assigned ratings of mostly successful or higher to 17 projects (61 percent), below the IFC average 64 percent (table 3).

In this Region, Advisory Services projects are often used to establish sector-wide benefits. A comprehensive private credit bureau project in Cambodia helped integrate banks and microfinance institutions into a mainstream credit reporting system. Strong commitments and cooperation from all entities in the sector was critical to the project success. If key Cambodian banks had decided not to participate, the project could have failed. Similarly, in China, IFC developed a village and township bank network through a "working group" approach that improved communication among all stakeholders and accelerated decision-making. For the Pacific Islands and small states, one of the challenges for IFC appeared to be keeping costs low. In Kiribati, where IFC mobilized private sector investment in a hotel, the Advisory Services experience seems to indicate that transaction costs can be reduced by hiring a reliable local consultant for due diligence and client communications.

FINDINGS FROM THEMATIC, GLOBAL, AND CORPORATE EVALUATIONS

The evaluation *The Poverty Focus of Country Programs: Lessons from World Bank Experience* (IEG 2015) found that during the past two decades, the Bank's technical and financial support helped improve the quality of the Lao PDR Expenditure and Consumption Survey data, thus providing a strong information basis for poverty diagnostics in the 2000s. This work went beyond the typical analysis of poverty determinants. It examined more deeply the well-being of marginalized ethnic minorities, indigenous peoples, tribal groups, castes, and other excluded groups, using both income and non-income indicators and reviews of sociological and anthropological literature.

IEG's *Learning and Results in World Bank Operations: Toward a New Learning Strategy* (2015) points to the importance of maintaining networks outside the Bank. In the Philippines where the nongovernmental organization sector is strong and well established, Bank staff participated in a local community of practice, helping to make community-driven development efforts work together better with another government program. Technical assistance and operational learning from both programs were regularly shared between staff in the Department of Social Welfare and Development and the Bank. Government-sponsored impact evaluations assessed how much the programs informed each other (Edillon, Piza, and Santos 2011). The pressure for coordination and cross-fertilization came squarely from the client's side.

The evaluation *Investment Climate Reforms* (IEG 2014) found that, before a recent reorganization of investment climate activities, coordination within the World Bank Group on reforms was mostly informal, relying mainly on personal contacts, which made IFC's Philippines Investment Promotion Policies Project inherently complex and controversial. Multiple Bank Group institutions were involved, including IBRD, CIC/FIAS, MIGA, and IFC, and the team members did not always share the same perspective. Although this was not the main factor behind the failure of the project, it certainly detracted from a good performance. On the bright side, the evaluation also found that, although investment climate reform support by the Bank Group generally focuses predominantly on reducing costs to businesses, in the Philippines, half the implemented interventions was also woman friendly.

World-Bank Group Support to Public-Private Partnerships (IEG 2014) reviewed regional projects as well as projects in China, the Philippines, and Vietnam. In addition to providing finance and mobilizing additional funding, IFC added value during due diligence or through its role as an honest broker. In public-private partnerships (PPPs), IFC has been helpful in several ways, in particular when it engaged in the early stage of project development. IFC's environment and safety guidelines provided comfort to the sponsor and reduced implementation delays, as was the case the North Luzon Expressway in the Philippines. In China, IFC introduced safeguards standards in the wastewater sector and structured the first waste-to-energy project. In the Philippines, IFC's Advisory Services project also succeeded in bringing to closure a utility privatization that had earlier been unsuccessfully attempted, by engaging with the regulator from the start and innovating financing that minimized risks to the potential sponsor. IFC also acted as advisor on high-profile transport projects, and in the non-grid areas, it took on challenging privatizations of small generators and successfully completed one.

EVALUATION FINDINGS FROM COUNTRY PROGRAM PERFORMANCE IN THE REGION

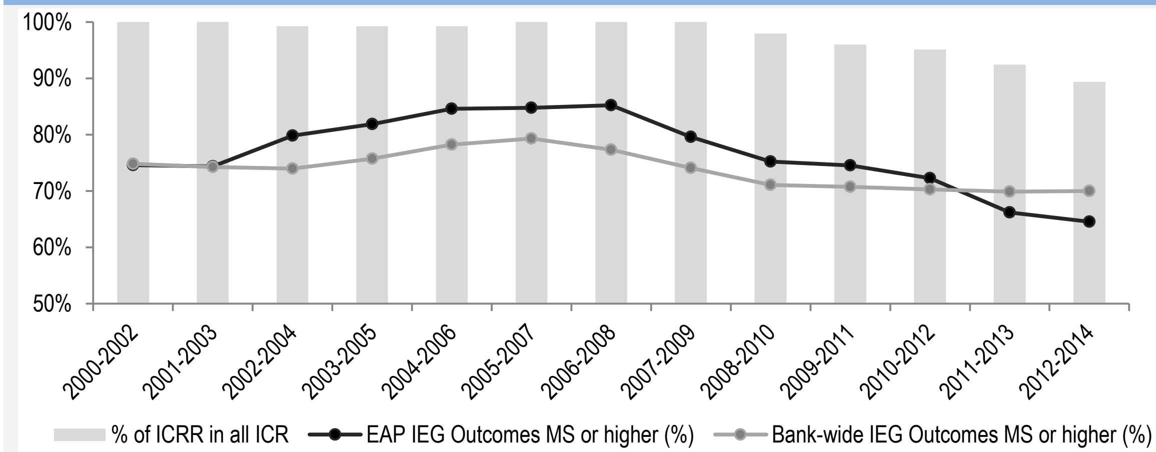
Five CLR Reviews were completed during the FY13–15 period: three with outcome ratings of moderately satisfactory or higher and two rated moderately unsatisfactory or lower (table 7).

The outcome of the Philippines country program was rated moderately satisfactory (FY14 review). Three key lessons from are highlighted. First, progress on combating corruption, though slow, would benefit from a stronger government commitment at high levels. Such commitment would make it more likely to find champions that push for better governance in different sectors where the Bank operates. Second, progress in social protection in the Philippines is a good illustration of an area where Bank expertise adds value for its clients. Third, selectivity is critical to avoid thin engagement and likely weak outcomes, as illustrated by comparing the strong engagement and results in areas such as disaster response with others where the Bank lost persistence or continuity, such as women's health. IFC made meaningful contributions to two areas—financial markets and infrastructure sector. In particular, IFC had helped boost investor confidence in the Philippines banking sector after the global financial crisis. In the infrastructure sector, IFC, together with the Bank, helped improve access to electricity in rural areas and strengthen electric cooperatives through joint effort of IFC Investment and Advisory Services.

The Indonesia country program outcome was also rated moderately satisfactory (FY13 review). Intensive support by the Bank Group and other partners for the tsunami reconstruction effort has helped build the institutions for assessing and responding to natural disasters; the effectiveness of which was demonstrated by recent events. Good progress has also been achieved toward setting up the mechanism for addressing deforestation, the main climate change challenge facing Indonesia, although the critical issue of interagency coordination for climate change management remains unaddressed. On the other hand, the emerging engagement at the local level to improve budgetary practices was frustrated by insufficient institutionalization of accountability arrangements among central, provincial, district and city authorities, which raises the issue of sustainability of the reform pilots. IFC's role in the country program focused on three of the five core engagement areas (Private Sector Development, Infrastructure, and Environmental Sustainability and Disaster Mitigation), with a program design that was relevant in varying degree to the program objective of building institutions.

The outcome of the Timor-Leste program was rated moderately unsatisfactory (FY13 review). Looking at the overall program, the evaluation found that attention should be given to three key points. First, while mainstreaming an issue (such as youth, gender, or governance) is increasingly used in country program design to highlight its importance, this often results in diluted attention during implementation, weak support, and no accountability for achieving results. It is thus critically important to devote at least as much attention to building a strong results chain for the cross-cutting themes such as youth employment as to any other pillars, and include them in the results framework for proper progress monitoring. Second, the risks that threaten the successful implementation of the Bank Group program may differ in important ways from the risks facing the country that the Bank Group program is designed to address. Confusing the two often lead to inadequate mitigation measures to deal with the risks to the World Bank program. Third, the results frameworks should be consistent with the institutional capacity for data collection and streamlined to include a manageable number of key outcomes to guide program implementation and help signal any needed adjustments.

Figure 1. IEG Development Outcome Ratings for East Asia and Pacific Operations Relative to World Bank Average, FY00–14



Source: Business Intelligence, IEG database (ICRR)
Note: EAP=East Asia and Pacific Region; OCR=Implementation Completion Report; ICRR=Implementation Completion Report Review; IEG=Independent Evaluation Group; MS=moderately satisfactory.

Table 1. East Asia and Pacific Region: IEG Development Outcome Ratings by Global Practice for Operations (Closing FY12–14)

	East Asia and Pacific Region						World Bank					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
Global Practices	**No.**	**%**		**Amount**	**%**		**No.**	**%**		**Amount**	**%**	
Agriculture	7	78	9	607	84	720	52	74	70	2,831	89	3,189
Education	13	87	15	1,858	97	1,910	57	67	85	6,130	81	7,579
Energy & Extractives	11	61	18	1,421	72	1,966	56	68	82	6,852	82	8,342
Environment & Natural Resources	6	60	10	525	86	607	29	54	54	1,419	82	1,741
Finance & Markets	3	75	4	120	73	165	40	73	55	5,352	93	5,780
Governance	3	27	11	245	18	1,349	33	52	64	2,362	57	4,168
Health, Nutrition & Population	8	73	11	237	66	361	54	76	71	5,279	84	6,269
Macro Economics & Fiscal Management	5	83	6	1,438	99	1,446	50	75	67	7,780	83	9,362
Social, Urban, Rural and Resilience Global Practice	19	68	28	3,388	85	3,963	86	77	112	7,771	81	9,642
Trade & Competitiveness	1	33	3	7	2	407	6	60	10	300	39	760
Transport & ICT	12	63	19	1,284	60	2,133	59	74	80	7,217	73	9,954
Water	5	50	10	687	66	1,048	43	66	65	3,745	71	5,263
Poverty							2	40	5	542	83	656
Social Protection & Labor							36	90	40	6,699	96	6,969
Other							0	0	1	0	0	34
Grand Total	**93**	**65**	**144**	**11,816**	**74**	**16,075**	**603**	**70**	**861**	**64,279**	**81**	**79,708**

Source: Business Warehouse.
Note: MS=moderately satisfactory; Figures for percentage of total commitment relate solely to IBRD/IDA funding and exclude projects funded through trust funds.

Table 2. Outcome Ratings of IFC Investment and MIGA Guarantee Operations in East Asia and Pacific Region and Overall, FY12–14

IFC	East Asia and Pacific						IFC Overall					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
IFC industry group	No.	%		Amount	%		No.	%		Amount	%	
Telecom, Media, Tech. & Venture Investing	0	0	5	0	0	106	16	42	38	505	54	940
Financial Institutions Group	7	80	10	220	74	298	43	61	70	1,265	66	1,904
Infrastructure & Natural resources	2	50	4	380	95	401	24	69	35	1,514	87	1,739
Manufacturing, Agribusiness & Services	4	57	7	121	76	159	48	59	82	1,254	64	1,958
Total	**13**	**50**	**26**	**721**	**75**	**963**	**131**	**58**	**225**	**4,538**	**69**	**6,542**

MIGA	East Asia and Pacific			MIGA Overall		
	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated
MIGA Total	**4**	**100**	**4**	**35**	**63**	**56**

Source: IEG database (XPSR and PES Evaluation Notes and PER Evaluation Notes for MIGA).
Notes: MS = mostly successful. Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partially unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 3. IEG Ratings of IFC Advisory Projects: East Asia and Pacific Region and IFC Overall, FY12–14

	East Asia and Pacific			IFC Overall		
	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
Business Line	**No.**	**%**		**No.**	**%**	
Access to Finance	11	73	15	40	67	60
Investment Climate	1	25	4	29	71	41
Public-Private Partnership	0	0	3	12	50	24
Sustainable Business Advisory	5	83	6	36	61	59
Total	**17**	**61**	**28**	**117**	**64**	**184**

Source: IEG database (PCR Evaluation Notes)
Note: Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 4. East Asia and Pacific Region: IEG Development Outcome Ratings by Country (Closing FY12–14)

		World Bank Projects			IFC Investment			IFC Advisory Services		
		MS or higher		Total evaluated	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
	Country	No.	%		No.	%		No.	%	
IBRD	China	19	73	26	4	44	9	4	100	4
	Indonesia	18	58	31	2	67	3	1	33	3
	Philippines	5	31	16	5	100	5	0	0	1
	Thailand	2	67	3						
IBRD Total		**44**	**58**	**76**	**11**	**65**	**17**	**5**	**63**	**8**
Blend	Mongolia	7	78	9	2	100	2			
	Papua New Guinea	1	50	2	0	0	1	1	33	3
	Timor-Leste	0	0	4						
	Vietnam	21	78	27	0	0	2	7	88	8
Blend Total		**29**	**69**	**42**	**2**	**40**	**5**	**8**	**73**	**11**
IDA	Cambodia	6	75	8				2	100	2
	Lao PDR	7	64	11	0	0	2	1	50	2
	Myanmar	1	100	1						
	Samoa	1	100	1				1	100	1
	Solomon Islands	1	100	1						
	Kiribati							0	0	1
	Vanuatu							0	0	2
	Tonga	3	100	3				0	0	1
IDA Total		**19**	**76**	**25**	**0**	**0**	**2**	**4**	**44**	**9**
Other	Region	1	100	1	0	0	2			
Other Total		**1**	**100**	**1**	**0**	**0**	**2**			
Grand Total		**93**	**65**	**144**	**13**	**50**	**26**	**17**	**61**	**28**

Source: IEG database (XPSR Evaluation Notes, PCR Evaluation Notes)
Notes: MS = moderately satisfactory. Success rate refers to projects rated as mostly successful or higher. Includes preliminary ratings.

Table 5. East Asia and Pacific Region: World Bank New Lending Commitments by Global Practice, FY11–15 (US$ millions)

Global Practice	2011	2012	2013	2014	2015
Agriculture	5	17	80	360	1,234
Education	83	50	345	438	127
Energy & Extractives	1,655	490	676	810	537
Environment & Natural Resources	110	280	219	134	119
Finance & Markets	22	-	130	20	500
Governance	542	150	300	430	-
Health, Nutrition & Population	170	100	150	126	126
Macro Economics & Fiscal Management	1,890	2,411	1,012	835	322
Social Protection & Labor	-	-	180	60	-
Social, Urban, Rural and Resilience Global Practice	659	1,873	1,909	1,054	1,303
Trade & Competitiveness	-	-	166	300	-
Transport & ICT	1,797	776	531	1,541	974
Water	1,065	481	550	205	1,100
Grand Total	**7,997**	**6,628**	**6,247**	**6,313**	**6,342**

Source: Business Intelligence as of September 08, 2015
Note: The New World Bank Lending Commitments are the sum of IBRD and IDA commitments for PE projects approved between FY11–15.

Table 6. East Asia and Pacific Region: IEG Ratings of Project M&E Quality, FY12–14

	M&E quality substantial or higher		Total number of rated projects
	Number of projects	Percentage	
IBRD	12	22	54
IDA	21	37	57
Blend	5	16	31
Grand Total	38	27	142
Grand Total Bank-wide	**250**	**29**	**855**

Source: Business Intelligence as of September 08, 2015.

Table 7. East Asia and Pacific Region: World Bank Country Programs Outcome and Performance Ratings, FY13–15

FY of review	Country	CLR Review period	Outcome rating	Bank performance	IFC performance
2013	China	FY07–12	S	S	S
	Indonesia	FY09–12	MS	MS	NA
	Papua New Guinea	FY08–12	U	MU	S
	Timor-Leste	FY06–11	MU	MU	NA
2014	Philippines	FY10–13	MS	Good	Good

Source: IEG database (CLR Reviews)

Europe and Central Asia

REGIONAL CHALLENGES AND EVALUATION FINDINGS FROM WORLD BANK GROUP OPERATIONS IN THE REGION

With an estimated 2.1 percent GDP growth for 2015, Europe and Central Asia (ECA) is among the slowest growing of all Regions.[1] Poor growth prospects will make it harder to meet poverty and shared prosperity goals as gains that were made pre-2008 are being eroded in some countries.[2] Ongoing regional tensions and contracting economies have slowed Eurozone growth and affected trade and capital flows. Persistent social exclusion (of the Roma community for example), an aging population, high youth unemployment, and relatively low labor market participation exacerbate the challenges facing the Region. Many of the challenges may intensify given the recent refugee crisis, a spillover from unrest in the Middle East. To achieve the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity, the ECA strategy focuses on two pillars: (a) competitiveness and shared prosperity through jobs; and (b) environmental, social, and fiscal sustainability.[3] Under that strategy in the short-term, ECA is helping to support job creation, enhance social protection programs, and assist in public investment prioritization to improve resource allocation. Over the medium to longer term, the focus shifts to issues such as governance, enhancing the business environment, financial sector development, social inclusion and to climate resilience, pension reform, and lifelong learning.

Overall performance of World Bank operations in ECA is better than for the Bank as a whole: outcome ratings at exit FY12–14 were 74 percent moderately satisfactory or higher for ECA compared to a Bank average of 70 percent (figure 1).

By Global Practice, ECA Region portfolio performance is significantly higher than Bank average in infrastructure (Energy and Extractives, Transport and Information and Communications Technology, and Water), Macroeconomic and Fiscal Management (reaching 99 percent success in terms of net commitments) and Financial and Markets, but similar to the average in Social, Urban and Rural Resilience and or below average in Social Protection (table 1).

Rated projects in IDA and blend countries (79 and 91 percent moderately satisfactory or higher respectively FY12–14) performed better than those in IBRD countries in the ECA Region (69 percent moderately satisfactory or higher) (table 4). In many instances, performance in IDA countries was particularly strong—12 of 15 projects in the Kyrgyz Republic were rated satisfactory or higher (80 percent) as were 4 of 5 projects and 11 of 12 projects in Kosovo and Tajikistan, respectively (80 percent and 92 percent, respectively) (table 4).[4]

In line with findings in this and earlier RAP reports, portfolio performance could be improved further with better project preparation—most projects with less than satisfactory outcomes were also rated less than satisfactory for quality at entry. Common weaknesses in less successful projects include overly ambitious objectives relative to project components or time frame, overly complex project design involving multiple components and implementing agencies, and overestimation of client buy-in and system capacity. On the other hand, a good results framework defined through a clear logical sequence between project activities, output, outcomes, and development objectives is a common feature among successful projects. The RAP series and other IEG evaluations have found that successful projects demonstrate the project team's willingness to learn from past projects noting that, to add value, learning must always be tailored to the local context. So, while the design of the Bukhara and Samarkand Water Supply Project was based on the Bank's positive experience in Nepal, India, and Peru, it overlooked the lack of a community self-help culture and state dominance in decision-making in Uzbekistan.

With a monitoring and evaluation (M&E) rating of 35 percent substantial or higher, ECA performs above the Bank average (29 percent) indicating relative success but still low levels of satisfaction with M&E design, implementation, and utilization in FY12–14 (table 6). A series of perennial issues are evident, including: over-reliance on output indicators and a lack of outcome indicators; use of indicators not directly relevant to project objectives, or not directly attributable to project activities; and, a lack of baseline data that precludes measurement of progress.

International Finance Corporation (IFC) investments in ECA, a region severely affected by the global financial crisis, performed worse than the overall average—a 48 percent success rate by number, and a 58 percent success rate by commitment in ECA compared, respectively, to 58 percent and 69 percent success rates overall (table 2). Key learning from a number of investment projects, including real estate development transactions, was that the strength of sponsors needs to be thoroughly evaluated. In a greenfield micro, small, and medium enterprise project in Belarus, absence of a clear, strategic sponsor that was willing to drive and support the venture led to unsuccessful development outcome. On the other hand, where there was a strong alignment with sponsor interest, IFC was able to maximize developmental impact for an energy efficiency–related leasing project in Turkey.

IEG validated 32 IFC Advisory Services projects over FY12–14 and assigned mostly successful or higher rating to 23 projects (72 percent), which was above the IFC average of 64 percent (table 3). Based on IFC experience with Advisory Services projects for public-private partnerships (PPP), which more countries in ECA may elect to use given increasing fiscal deficits, one key to success was to market the project to a wide set of investors. This worked for a project in Central Asia, where a large number of prospective investors maximized competition to achieve better outcome for the client, and improved chances of securing a valid and acceptable offer. In Kosovo, IFC was able to improve the quality of complex transactions through engaging with investors at the earliest possible stage, to understand better the regulatory and financial issues to be addressed. In the case of an electricity sector PPP in that country, a small, dedicated unit within the administration also helped. In other cases, low capacity within the government or municipality has to be addressed first. As it became evident in a solid waste management project in Albania, it may be better to aim to improve their capacity first before creating the investment opportunities.

The Multilateral Investment Guarantee Agency (MIGA) guarantee projects in the Region performed less well than MIGA projects overall. For FY12–14, 57 percent (13 projects) of 23 guarantee projects rated by IEG were rated mostly successful or higher, which was below the MIGA average of 63 percent.

FINDINGS FROM THEMATIC, GLOBAL, AND CORPORATE EVALUATIONS

According to IEG's *World Bank Support to Early Childhood Development* (2015), core need and relevant Bank activities are concentrated in Regions other than ECA, particularly the Africa Region; however, the evaluation addresses issues that are of more general relevance and importance to ECA, including to the social sustainability aspect of the Region's second strategic pillar. The evaluation finds the World Bank's support to early childhood development (ECD) is well aligned with the Bank's twin goals and advocates, going forward, for the Bank to build a strategic framework and an organizational structure to support a coordinated approach across Global Practices toward the development of children.

Bulgaria was selected for desk-based case study review. The evaluation found Bank support to be highly consistent with government reform policies, and that lending activities provided important short-term support to the government in solidifying its child welfare reform and social inclusion agendas. Project interventions incorporated limited integrated approaches, primarily through preschool education programs that provide basic health screening, supplemental meals, and targeted income support (although there is no explicit ECD strategy or inter-sectoral collaboration mechanism). A key message from the evaluation relevant to the Region is that improved and more sustainable outcomes in child development can be achieved through an integrated and joint approach to ECD.

The *Poverty Focus of Country Programs: Lessons from World Bank Experience* (IEG 2015) examines how, and how well, the Bank Group has focused its support on poverty reduction over the past decade. It finds that: (i) the Bank can better perform its role in supporting and reporting global poverty data, and producing high-quality poverty diagnostics (for example, through investing more in sustainable data collection); (ii) high-quality and timely diagnostics, policy dialogue, and technical assistance should help identify entry points and lay the groundwork for greater impact, particularly where country priorities do not reflect World Bank Group goals; and (iii) strengthening complementarity among diagnostic work, technical assistance, and lending instruments, can help scale up efforts and achieve more sustainable, long-term impact. Romania was selected as a case study country.

The Bank has a long-standing engagement on poverty in Romania, including direct engagement in social protection and health services operations, as well as support to data collection and the development of poverty indicators. The FY06–09 country strategy articulated poverty-related outcome targets covering, for example, extreme poverty, and youth unemployment. The social inclusion pillar of the FY09–13 strategy includes monitored project targets, covering the living conditions of Roma and the targeting of social assistance. Going forward, more systematic measurement of poverty impacts could strengthen the feedback loops that help inform the poverty content of new programs and operations.

IEG's evaluation of *World Bank Group Engagement in Resource-Rich Developing Countries* (2015) highlights the broader financial sector issues in resource-rich countries. In Kazakhstan, IFC supported the financial sector during the financial crisis in 2008 through re-capitalization of systemic banks, providing higher risk financial instruments of equity and subordinated loans to improve the capital adequacy of client banks. Increasing liquidity in the banking sector because of growing resource rents often carries the risk of questionable investments, for example, in real estate. The story is different for the petroleum sector where the Bank and IFC's early engagement in petroleum projects in Kazakhstan helped to successfully update enterprise, environmental and social policies and procedures, introduced sophisticated pollution abatement technologies, and cleaned up past damage.

The IEG evaluations *Investment Climate Reforms: An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations* (2014) and *The Big Business of Small Enterprises: Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium- Size Enterprises, 2006–12* (2014) point to the need for better coordination within the Bank Group. In relation to investment climate reform, the Bank Group succeeded in helping to enact laws, streamlining process and time, and providing simple cost savings for private firms, but the impact on investment, jobs, business formation, and growth was not clear, pointing to the need to expand the coverage of current diagnostic tools and integrate them to produce comparable indicators and develop a differentiated approach to identifying the economic and social impact of regulatory reforms. In relation to small and medium-size enterprises (SMEs), the evaluation found the World Bank Group lacks a clear, strategic approach—such an approach needs to be more firmly rooted in a clear, evidence-based understanding of what distinguishes an SME, and how the proposed support would remove constraints to the ability of SMEs to contribute to employment, growth, and economic opportunity in developing economies.

EVALUATION FINDINGS FROM COUNTRY PROGRAM PERFORMANCE IN THE REGION

The outcomes of Bank Group country programs in ECA remain positive. Country outcomes were rated moderately satisfactory or higher in 50 percent of IEG CLR Reviews in FY13 (2 reviews completed) before increasing to 100 percent moderately satisfactory or higher in FY14 (7 reviews completed) and staying at that level in FY15, though only 2 CLR Reviews for ECA countries (Albania and former Yugoslav Republic of Macedonia) were completed FY15, and the outcome rating for each is moderately satisfactory (table 7). Both FY15 CLR Reviews highlight the importance of maintaining ongoing dialogue with government and other stakeholders, exercising selectivity, and simplifying the results framework, particularly where implementation capacity is limited. The performance of projects rated in both countries broadly reflects respective country ratings. One project in Albania, the Secondary and Local Roads project, was rated highly satisfactory. The project surpassed targets through "crowding in" donor resources, connecting 86 communities through the rehabilitation of about 1,700 kilometers of local roads and the construction about 119 kilometers of new local and secondary roads. The Bank also successfully supported institutional developments aimed at improving roads management and introducing innovations in maintenance, thereby enhancing sustainability.

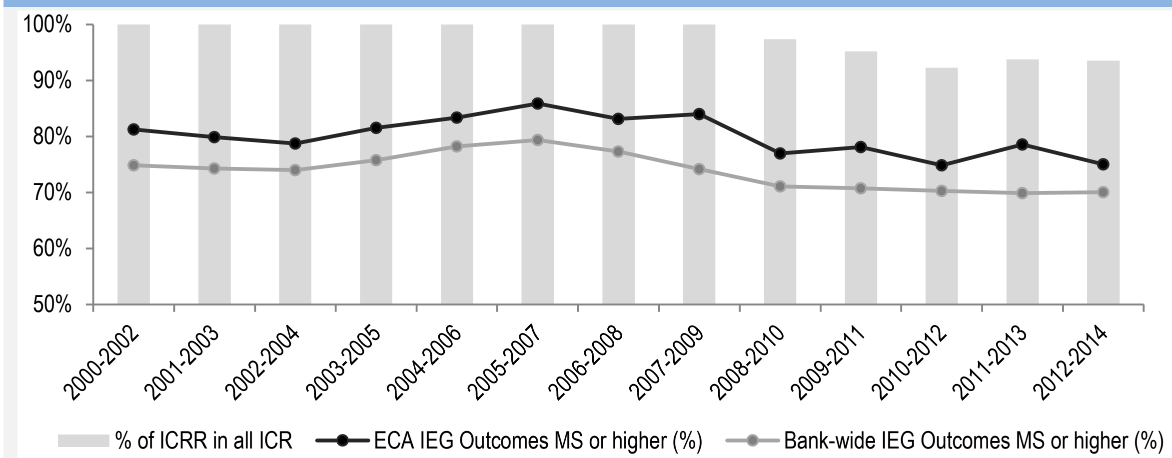
The Bank Group strategy for FYR Macedonia was relevant and well aligned to support faster, more inclusive, and sustainable growth while assisting the country prepare for accession to the European Union; however, the duration and depth of the Eurozone and broader global economic crises required a change of course that was not reflected in the (overly detailed) results framework, or in changed objectives as part of the Progress Report, resulting in a growing disconnect between stated and implied objectives. Nonetheless, the Bank response to changed circumstances with a more than doubling of the lending program was appropriate. The contribution of IFC Advisory Service projects to reducing trade constraints and facilitating privatization was also positive. The Bank Group strategy for Albania was also relevant and well aligned. The CLR Review comments on a strong focus on portfolio implementation, close partnership with donors and excellent use of advisory services and analytics (ASA). As in the case of FYR Macedonia, the results framework for Albania was overly elaborate and it suffered, in particular, from a lack of measureable indicators associated with IFC and joint Bank/IFC activities.

FY15 CLR Reviews bring out lessons for ASA in ECA. Perhaps the most important lesson is the need for broad consultation and the key role of ASA in building stakeholder support for progressive change. In Albania, the Bank produced a number of high-profile and high-quality analytical reports and undertook a number of ASA activities, using both Bank budget resources as well as donor funding from trust fund and other sources. This included, for example, analytical work and technical assistance in pension reform. The Bank's Policy Notes were well informed by strong stakeholder consultation, and were an important factor in establishing a strong dialogue with the new administration. Other work (such as a Country Economic Memorandum, Debt Management Assessment, and a technical assistance activity for Financial Sector Contingency planning) contributed to Albania's response to Eurozone developments and provided the basis for building stakeholder consensus on relevant progress.

IFC had 15 active Advisory Services in Albania during the Country Program Framework period valued in excess of $17.3 million (6 of these were regional in scope in which case expenditure stretched beyond Albania). IEG evaluations found successful development effectiveness for Albania's International Standards and Technical Regulations, and for a project dealing with Alternative Dispute Resolution. The ASA program in FYR Macedonia was less intensive although the CLR Review notes the Bank's planned work on Water Sector Assessment and Green Growth and Climate Change was influential. IFC implemented three Advisory Services projects for a total of $3.5 million in committed funds.

A *Country Program Evaluation (FY04–13) of Kazakhstan* (IEG 2015) carried out as part of a clustered country program evaluation on resource-rich countries found that impressive economic growth and rising hydrocarbon prices helped the country make steady progress on poverty reduction and social development during the review period; however, certain systemic issues—lack of progress on economic diversification and anticorruption, the dominant role of the state in the economy, low skill levels in the labor force, and a legacy of environmental issues—remain to be addressed. The World Bank Group has performed exceptionally well in its engagement with government, providing timely and trusted high-quality technical and policy advice, although the demand-driven nature of this engagement provides little opportunity for the Bank to push the boundaries in defining strategic priorities. Looking forward, the Bank Group will need to advance transparency and accountability through engagement with a wider range of stakeholders, bringing them deeper into the conversation regarding ongoing progress. In line with its global development mandate, and to counteract possible limitations on defining priorities linked with the current emphasis on Reimbursable Advisory Services, the Bank should consider (re-) introducing standard, regular pieces of country diagnostics (for example, governance, anticorruption, and poverty assessments and Public Expenditure Reviews).

Figure 1. IEG Development Outcome Ratings for Europe and Central Asia Operations Relative to World Bank Average, FY00–14



Source: Business Intelligence, IEG database (ICR Reviews)
Note: ECA=Europe and Central Asia Region; OCR=Implementation Completion Report; ICRR=Implementation Completion Report Review; IEG=Independent Evaluation Group; MS=moderately satisfactory.

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1 World Bank Group. 2016. Global Economic Prospects: Spillovers amid Weak Growth. Washington, DC.

2 Since 2008, the poverty rate has increased in, among others, Albania, Romania and FYR Macedonia, (ibid.)

3 ECA Regional Update 2015.

4 Noting the small number of projects in each instance, performance was well below the regional average (75 percent moderately satisfactory or higher) in Turkey (50 percent moderately satisfactory or higher), and Moldova (64 percent moderately satisfactory or higher). These two countries accounted for about 20 percent (n=8) of the poorly performing projects in the ECA Region FY12–14.

Table 1. Europe and Central Asia Region: IEG Development Outcome Ratings by Global Practice for Operations (Closing FY12–14)

	Europe and Central Asia Region						World Bank					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
Global Practices	No.	%		Amount	%		No.	%		Amount	%	
Agriculture	8	80	10	203	81	251	52	74	70	2,831	89	3,189
Education	4	40	10	49	16	310	57	67	85	6,130	81	7,579
Energy & Extractives	15	75	20	2,188	93	2,358	56	68	82	6,852	82	8,342
Environment & Natural Resources	4	50	8	98	75	131	29	54	54	1,419	82	1,741
Finance & Markets	8	100	8	958	100	958	40	73	55	5,352	93	5,780
Governance	8	73	11	456	92	497	33	52	64	2,362	57	4,168
Health, Nutrition & Population	7	70	10	248	69	358	54	76	71	5,279	84	6,269
Macro Economics & Fiscal Management	8	80	10	2,269	99	2,302	50	75	67	7,780	83	9,362
Poverty	1	100	1	42	100	42	2	40	5	542	83	656
Social Protection & Labor	9	82	11	438	64	685	36	90	40	6,699	96	6,969
Social, Urban, Rural and Resilience Global Practice	14	78	18	579	92	629	86	77	112	7,771	81	9,642
Trade & Competitiveness	1	100	1	40	100	40	6	60	10	300	39	760
Transport & ICT	11	92	12	967	85	1,142	59	74	80	7,217	73	9,954
Water	10	71	14	504	75	673	43	66	65	3,745	71	5,263
Other							0	0	1	0	0	34
Grand Total	**108**	**75**	**144**	**9,039**	**87**	**10,375**	**603**	**70**	**861**	**64,279**	**81**	**79,708**

Source: Business Warehouse.
Note: MS=moderately satisfactory. Figures for percentage of total commitment relate solely to IBRD/IDA funding and exclude projects funded through trust funds.

Table 2. Outcome Ratings of IFC Investment and MIGA Guarantee Operations in Europe and Central Asia Region and Overall, FY12–14

IFC	Europe and Central Asia						IFC Overall					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
IFC industry group	**No.**	**%**		**Amount**	**%**		**No.**	**%**		**Amount**	**%**	
Telecom, Media, Tech. & Venture Investing	2	29	7	69	29	238	16	42	38	505	54	940
Financial Institutions Group	7	47	15	308	59	524	43	61	70	1,265	66	1,904
Infrastructure & Natural resources	5	83	6	383	89	431	24	69	35	1,514	87	1,739
Manufacturing, Agribusiness & Services	10	45	22	254	46	553	48	59	82	1,254	64	1,958
Total	**24**	**48**	**50**	**1,014**	**58**	**1,746**	**131**	**58**	**225**	**4,538**	**69**	**6,542**

MIGA	Europe and Central Asia			MIGA Overall		
	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated
MIGA Total	**13**	**57**	**23**	**35**	**63**	**56**

Source: IEG database (XPSR and PES Evaluation Notes and PER Evaluation Notes for MIGA)
Note: MS = mostly successful. Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 3. IEG Ratings of IFC Advisory Projects: Europe and Central Asia Region and IFC Overall, FY12–14

Business Line	Europe and Central Asia: Mostly successful or higher No.	Europe and Central Asia: Mostly successful or higher %	Europe and Central Asia: Total evaluated	IFC Overall: Mostly successful or higher No.	IFC Overall: Mostly successful or higher %	IFC Overall: Total evaluated
Access to Finance	6	86	7	40	67	60
Investment Climate	6	75	8	29	71	41
Public-Private Partnership	2	50	4	12	50	24
Sustainable Business Advisory	9	69	13	36	61	59
Total	**23**	**72**	**32**	**117**	**64**	**184**

Source: IEG database (PCR Evaluation Notes).
Note: Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 4. Europe and Central Asia Region: IEG Development Outcome Ratings by Country (Closing FY12–14)

	Country	World Bank projects: MS or higher No.	World Bank projects: MS or higher %	World Bank projects: Total evaluated	IFC Investment Services: Mostly successful or higher No.	IFC Investment Services: Mostly successful or higher %	IFC Investment Services: Total evaluated	IFC Advisory Services: Mostly successful or higher No.	IFC Advisory Services: Mostly successful or higher %	IFC Advisory Services: Total evaluated
IBRD	Albania	7	64	11	1	100	1	3	100	3
	Azerbaijan	4	80	5	1	50	2	2	100	2
	Belarus	1	100	1	1	50	2			
	Bulgaria	2	67	3	1	33	3	0	0	1
	Croatia	3	50	6	0	0	1			
	Hungary	0	0	1						
	Kazakhstan	2	50	4	1	33	3			
	Latvia	1	100	1						
	Macedonia, FYR	3	75	4				1	100	1
	Montenegro	3	75	4				1	33	3
	Poland	3	75	4						
	Romania	7	78	9						
	Russian Federat	3	100	3	9	64	14	1	100	1
	Serbia	6	75	8				0	0	1
	Turkey	5	56	9	7	70	10			
	Ukraine	3	75	4	0	0	4	3	75	4
IBRD Total		**53**	**69**	**77**	**20**	**51**	**39**	**11**	**69**	**16**
Blend	Armenia	9	100	9				2	100	2
	Bosnia and Herz	4	100	4	0	0	1	2	50	4
	Georgia	6	100	6	1	100	1	2	67	3
	Uzbekistan	1	33	3				1	100	1
Blend Total		**20**	**91**	**22**	**1**	**50**	**2**	**7**	**70**	**10**
IDA	Kosovo	4	80	5				1	100	1

		World Bank projects			IFC Investment Services			IFC Advisory Services		
		MS or higher		Total evaluated	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
	Country	No.	%		No.	%		No.	%	
	Kyrgyz Republic	12	80	15	1	100	1	1	100	1
	Moldova	7	64	11	1	100	1			
	Tajikistan	11	92	12	0	0	1	2	100	2
	Republic of Kosovo							0	0	1
IDA Total		**34**	**79**	**43**	**1**	**50**	**2**	**4**	**80**	**5**
Other	Central Asia	0	0	1	0	0	1			
	South Eastern E	1	100	1						
	Eastern Europe Region				0	0	2			
	Regional–S. Europe				0	0	2	1	100	1
Other Total		**1**	**50**	**2**	**0**	**0**	**5**	**1**	**100**	**1**
Grand Total		**108**	**75**	**144**	**24**	**48**	**50**	**23**	**72**	**32**

Source: IEG database (ICR Reviews, XPSR Evaluation Notes, PCR Evaluation Notes)
Note: MS = moderately satisfactory. Success rate refers to projects rated as mostly successful or higher. Includes preliminary ratings.

Table 5. Europe and Central Asia Region: World Bank New Lending Commitments by Global Practice, FY11–15 (US$ millions)

Global Practice	2011	2012	2013	2014	2015
Agriculture	36	18	50	239	27
Education	29	17	57	54	358
Energy & Extractives	1,811	1,320	391	852	1,362
Environment & Natural Resources	30	-	44	60	121
Finance & Markets	744	447	638	300	750
Governance	33	-	122	86	110
Health, Nutrition & Population	149	10	145	554	265
Macro Economics & Fiscal Management	1,549	3,170	2,479	2,356	1,828
Poverty	20	-	10	-	-
Social Protection & Labor	924	61	-	21	426
Social, Urban, Rural and Resilience Global Practice	341	221	145	400	152
Trade & Competitiveness	-	10	76	50	433
Transport & ICT	260	1,248	890	45	1,099
Water	199	73	273	510	277
Grand Total	**6,125**	**6,595**	**5,320**	**5,527**	**7,207**

Source: Business Intelligence as of September 08, 2015
Note: The New World Bank Lending Commitments are the sum of IBRD and IDA commitments for PE projects approved between FY11–15.

Table 6. Europe and Central Asia Region: IEG Ratings of Project M&E Quality, FY12–14

	M&E quality substantial or higher		Total number of rated projects
	Number of projects	Percentage	
IBRD	18	33	54
IDA	22	31	71
Blend	8	50	16
Grand Total	48	34	141
Grand Total Bank-wide	**250**	**29**	**855**

Source: Business Intelligence as of September 08, 2015

Table 7. Europe and Central Asia Region: World Bank Country Programs Outcome and Performance Ratings, FY13–15

FY of review	Country	CLR Review period	Outcome rating	Bank performance	IFC performance
2013	Belarus	FY08–12	MU	MS	NA
	Croatia	FY09–13	MS	MS	NA
2014	Armenia	FY09–13	MS	S	NR
	Georgia	FY10–13	S	Good	Good
	Kyrgyz Republic	FY07–CY12	MS	MS	NA
	Moldova	FY09–13	MS	MS	NA
	Poland	FY09–13	MS	S	NA
	Romania	FY09–13	MS	Good	NR
	Tajikistan	FY10–14	MS	Good	NR
2015	Albania	FY11–14	MS	Good	
	Macedonia, FYR	FY11–14	MS	Fair	Good

Source: IEG database (CLR Reviews).

Latin America and Caribbean

REGIONAL CHALLENGES AND EVALUATION FINDINGS FROM WORLD BANK GROUP OPERATIONS IN THE REGION

The Great Deceleration has hit the Latin America and the Caribbean Region the hardest reflecting receding tailwinds and highlighting structural weaknesses. The gains of the last decade that saw declines in extreme poverty and income inequality in most countries are under threat. Certain areas, like the Caribbean, remain in chronic low growth and high debt and are vulnerable to economic shocks and natural disasters. The Regional Strategic Framework makes fiscal policies an anchor to the priority areas of engagement: infrastructure, education and health, private sector development and jobs, social protection, and environmental and social sustainability. The Region has moved to implement the new Systematic Country Diagnostic and Country Partnership Framework process and during FY15 presented three CPFs to the Board.

Lending in the Region reflects the Strategic Framework. Lending of $6.0 billion during FY15 was higher than in 2014 ($5.1 billion) but still less than the peak in 2011 (table 5). Macro and fiscal, at $1.8 billion accounts for the largest share of lending. Lending to education increased from $39 million in 2011 to $751 million in 2015 in line with corporate priorities. Lending in health, nutrition, and population as well as in social protection increased in 2015 relative to 2014. Infrastructure lending (energy, transport, and water) remained steady and high.

The percentage of World Bank projects rated moderately satisfactory or higher for achievement of development outcomes over the FY12–14 period was higher than the Bank average (figure 1). The variation in ratings across Global Practices (GPs) within the Region over the FY12–14 period is wide (table 1). Out of 13 GPs, 6 rate over 80 percent for moderately satisfactory and higher, while energy, water, and governance are below 65 percent. The discrepancy between Latin America and the Caribbean and the global ratings is notable for several GPs. Agriculture, energy, and water fell short of the global average, while macroeconomic and fiscal management, environment, finance, governance, transport, and education were above it. As to countries with three or more projects evaluated during FY12–14, performance was low in Brazil and Honduras (50 percent or below rated moderately satisfactory or higher) and high (85 percent or above) in Colombia, Mexico, Peru, Dominican Republic, Nicaragua, and Uruguay (table 4). There is no significant difference in ratings between IBRD and IDA countries. IEG ratings of project monitoring and evaluation (M&E) quality is at 29 percent substantial, the same as the Bank-wide average (table 6). However, within the Region, there is a wide discrepancy in M&E

ratings between IDA countries (16 percent substantial) and IBRD countries (36 percent substantial).

Lessons from projects rated satisfactory for outcomes highlight government leadership in implementation, strong dialogue and consensus building, and focused interventions that work through existing institutions. In Mexico, timely Bank response through support to *Oportunidades* project helped design a second generation of conditional cash transfers (CCTs) that shifted from an earlier project focus to a systemic approach with a broader view of social assistance. A strong institutional leadership in Mexico and the support of a rigorous impact evaluation agenda to gain legitimacy facilitated the shift. The choice of a Specific Investment Loan rather than a Development Policy Loan (DPL) contributed to a tighter engagement in operational details. In the Nicaragua Land Administration project, the building of a broad social consensus, strong political commitment, and working local governments contributed to the achievement of development objectives. IEG drew the lesson that, "strong focus on local governments is critical to the sustainability of investments in cadaster and registry modernization." IEG Implementation Completion Report validations also highlight that rapid preparation is not an impediment to satisfactory performance if the designs are simple, effective, and focused and work with existing institutions so as not to overstress them. Examples are Argentina Prevention and Management of Influenza-Type Illness and Strengthening of Epidemiological System and the Organization of Eastern Caribbean States (OECS) Hurricane Thomas Emergency Recovery Loan.

Lessons from projects rated as unsatisfactory caution against complex designs that engage multiple actors, lack of precise and measurable outcomes, and disregarding country and sector implementation environment. Designs that rely on intensive inter-institutional coordination risk poor delivery, such as the Mexico Results-Based Management and Budgeting project and Costa Rica Puerto Limon project. When these projects faced implementation bottlenecks, restructuring was difficult because the original design did not take into account the legal requirements for restructuring public projects. A similar situation occurred in the Argentina Renewable Energy Rural Markets project, where the rigidity of design in a risky environment led to time-consuming restructuring that taxed performance. Lack of precise, clear, and measurable development outcome targets that can realistically be achieved by the project impaired adequate monitoring and implementation as in Guatemala's Second Rural and Main Roads project and Colombia's Antioquia Upper Secondary Education project. In these projects it was difficult not only to track performance but also to draw valuable lessons. An important message that comes across is the need to align project design to difficult country or sector implementation environments. For example, Bahia's Poor Urban Areas Integrated Development project was impaired by changes in local government and low capacity to manage the evolving environment and Haiti's Electricity project was impaired by poor institutions in the sector. Brazil Recife Urban Development and Social Inclusion project long preparation time weakened the commitment of the government. In small states, it can be difficult to gather sufficient information to access risks, which derailed Grenada's Public Sector Modernization Technical Assistance project.

Lessons from recently completed Project Performance Assessment Reports (PPARs) provide additional insights on drivers of performance. A disconnect between ambitious objectives and pilot interventions that lack a scaling up framework risks failure. The PPAR notes, "the project's official objectives were stated in terms of ambitious global environment objectives. But the project was designed as a pilot to meet the de-facto objective of providing the State of São Paulo with the capacity and tools to tackle future restoration, as opposed to being designed to meet its actual declared objective statement and it did not include intermediate outcomes that could enable an assessment of the likelihood of meeting longer term expectations." The importance of being selective and realistic about what can be achieved in the context of a sectoral DPO is stressed by Brazil's PPAR for the First Programmatic Reform Loan for Environmental Sustainability project (FY15). IEG points out, "considering that this was the first DPO series in Brazil focused on the environment, the complexity of the issues, and the many government agencies that they involved, the World Bank and the borrower needed to be more cautious about program design and policy reform priorities, in order to avoid being overly ambitious, as was evident with the 15 different policy areas of the Environment PRL." The PPAR for St Lucia Economic and Social Development DPL (FY14) finds the single tranche design unsuited to address both short and medium-term challenges the country faced and suggests being more forthcoming when he main objective is macroeconomic and fiscal support.

The International Finance Corporation (IFC) in Latin America and the Caribbean is performing above the global average on investment projects. For FY12–14, IEG validated 57 investment projects and assigned mostly successful or higher rating to 37 projects (65 percent), slightly above IFC average of 58 percent (table 2). By investment commitments, the Region's success rate of 76 percent was also above IFC average success rate of 69 percent. A relative scarcity of alternative financing in some countries in the region provided IFC with the opportunity of working with top-tier sponsors that helped mobilize additional lending and advance social goals, as was the case with an oil and gas investee on gender-focused hiring and training program, and regional health and social programs. Regional Funds contributed to risk diversification in countries where certain economic risks are endemic.

During the review period, IEG validated 28 IFC Advisory Services projects and assigned mostly successful or higher rating to 18 projects (64 percent) in line with IFC global average of 64 percent (table 3). In LAC, which enjoys considerable human resources in many countries, evaluating what resources and skills are available locally before carrying out planned tasks helps improve delivery, as it happened in a subnational Doing Business project in Colombia. For small countries, where a project is often multi-country and multiproduct, local consultants help stay close to implementation and maintain momentum.

For Multilateral Investment Guarantee Agency (MIGA), for FY09–14, IEG evaluated or validated eight investment projects and assigned mostly successful or higher rating to five projects (63 percent) that was equal to MIGA average.

FINDINGS FROM THEMATIC, GLOBAL, AND CORPORATE EVALUATIONS

The recommendations of *Poverty Focus of Country Programs: Lessons from World Bank Experience* (IEG 2015) are relevant to current efforts at protecting the gains of the past decade and making further inroads toward the twin goals in Latin America and the Caribbean. An in-depth look at Guatemala and Peru identified as a challenge moving from good analytical work to having impact on poverty. IEG found in Guatemala that excellent Bank support to the generation of poverty data and to the preparation of poverty diagnosis had only a limited impact on the country program, which over-relied on DPOs focused mostly on fiscal matters. In Peru, to the contrary, the contribution of the Bank to good poverty data and analysis since 1985 has been well reflected in the design of country strategies. The Bank capacity to mobilize a team of experts on poverty with high levels expertise and commitment was a success factor because it helped deliver strong and innovative analytical work, supported a high-quality policy dialogue, and generated trust.

Learning and Results in World Bank Operations: Toward a New Learning Strategy (IEG 2015) highlights Latin America and the Caribbean global and regional role in knowledge sharing. The evaluation emphasizes cooperation between Latin America and the Caribbean and Africa on social assistance and the contribution of this cooperation to more effective social assistance systems. The Bank work on CCT across sectors in Mexico and as a knowledge broker among Latin American countries contributed to knowledge sharing and sharper inclusion strategies.

Lessons from the IEG evaluation *World Bank Group Support for Electricity Access, FY2000–FY2014* (2015) are relevant to the Region, given weak sector performance. The recommendation to focus dialogue not only on investment projects but also on sector-wide policy and institutional issues is relevant given the weak project performance seen in Argentina's Renewable Energy Rural Markets project, Haiti's Electricity project, and Bolivia Decentralized Electricity for Universal Access project. Latin America and the Caribbean energy projects reviewed over FY12–14 underperformed compared to the Bank average (57 percent moderately satisfactory or higher versus 67 percent) relative the average for all projects in the Region (76 percent moderately satisfactory or higher).

World Bank Group Support to Public-Private Partnerships: Lessons from Experience in Client Countries (FY2002–FY2012) (IEG 2014) found that, in Brazil, IFC advisory work increased international participation, and lowered tariffs. A number of IFC PPP Advisory Service projects were financed under the Brazilian Private Sector Partnership Program, a partnership of IFC, the Brazilian Development Bank (BNDES), and the Inter-American Development Bank. Since BNDES has been the dominant player for financing infrastructure projects, including PPPs, IFC's engagement with BNDES was important to transfer knowledge of structuring PPPs and project finance transactions. IFC Advisory Services also successfully helped introduce "performance-standard" contracts to PPP transactions for highway and hospital projects, as well as the Equator Principles and IFC's Social Standards for expropriation and resettlement rules.

EVALUATION FINDINGS FROM COUNTRY PROGRAM PERFORMANCE IN LATIN AMERICA AND THE CARIBBEAN

IEG Completion and Learning Review (CLR) validations rate development outcome of Country Partnership Frameworks as mostly satisfactory. Eleven CPFs were completed and reviewed during the FY13–15 period. IEG rated 10 as moderately satisfactory on development outcomes and only one was rated as unsatisfactory (table 7). On Bank performance, five CPFs were rated as fair, and six as good, moderately satisfactory, or satisfactory. IEG rated only five CPFs for IFC performance, of these one was fair and the rest either good, moderately satisfactory, or satisfactory.

The design of good results frameworks remain a challenge; notably, they still do not properly incorporate the efforts of IFC and MIGA. In IEG's view Paraguay's CPF objectives were so dispersed that they did not constitute a strategy and in the Dominican Republic the objectives were mostly aspirational and weakly linked to the program. Also, IEG CLR validations find that results frameworks did not reflect well the work and contribution of the IFC. In Costa Rica, IFC's contribution through, for example, financing for renewable energy generation projects, were not reflected in the corresponding results framework, preventing full recognition in the CLR. In Panama, although not captured in the results framework, IFC and MIGA financed infrastructure investments that are enhancing Panama's competitiveness (expansion of the Panama Canal, hydropower investments, and financial sector investments). MIGA, in turn, supported urban mobility through two guarantees issued to commercial banks for the construction of Metro Line One in Panama City.

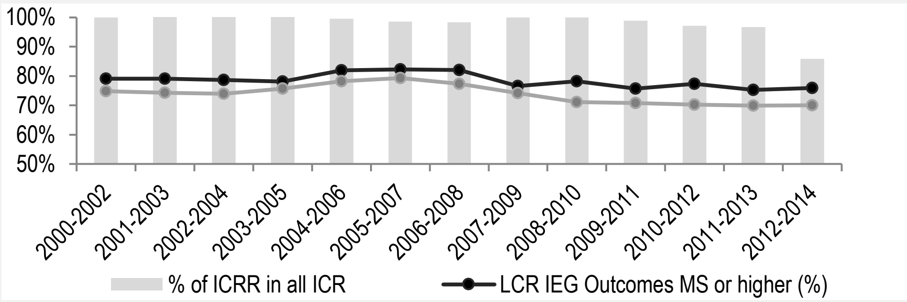
Country teams in Latin America and the Caribbean are not availing themselves of the opportunity to revise and update programs and results frameworks. Overall IEG finds that country teams have not been using progress reports to adjust program and results frameworks. For instance, Panama's CLR IEG validation notes, "changes in the program have to be reflected in the results framework" to facilitate a flexible approach. IEG notes further, "that although the progress report was expected to be a significant exercise, it appears to have been a missed opportunity to attempt to modify and strengthen key interventions."

It remains an issue how to access and incorporate ownership into program designs. Some CLR validations emphasize the need to go beyond the government commitment at entry and assess the likelihood of implementation. On Guatemala, IEG notes, "considering the likelihood of achieving results, attention should go beyond formal government commitment and consider the factors that may block achieving the results, such as the difficult political economy in Guatemala." In Mexico, IEG found that a demand-driven approach to strengthen ownership unnecessarily led to a weak statement of CPF objectives. It highlights, "a key deficiency of the CPF was the notion that a flexible and client-driven strategy would not benefit from an analysis of the Bank Group's comparative advantage and a clear articulation of the specific CPF objectives within the country's long-term strategy." In IEG's view, "the lack of clear CPF objectives deprived the Bank Group of a management tool for managing risks and accounting for results."

IEG CLR validations find that analytic and advisory activities (AAA) is often dispersed, not well disseminated and not well connected to the objectives of the program. On Paraguay, IEG notes, "the Bank's high-quality economic and sector work needs to be disseminated effectively to have impact and build much needed constituency for reform." On Costa Rica, IEG calls for "a strategic AAA with more impact."

IEG' evaluation of *World Bank Group Engagement in Resource-Rich Developing Countries* (2015) highlights in Bolivia the importance of adapting programs when the Bank Group view on development differs from the sovereign vision of a state-led economy. It questions the effectiveness of remaining engaged in the country in areas of limited traction, where the reputation of the Bank may be at risk, and, instead, calls for the use of analytic work to stay current. IEG's view is that IFC could have been more successful by taking a long-term engagement approach and adapting its products and processes to respond to the market demand of countries like Bolivia. Brazil's Country Program Evaluation (CPE) questioned whether the use of a few very large operations with high opportunity cost relative to the IBRD exposure limit was appropriate in view of the poor project performance.

Figure 1. IEG Development Outcome Ratings for Latin America and the Caribbean Operations Relative to World Bank Average, FY00–14



Source: Business Intelligence, IEG database (ICR Reviews)
Note: LCR=Latin America and the Caribbean Region; OCR=Implementation Completion Report; ICRR=Implementation Completion Report Review; IEG=Independent Evaluation Group; MS=moderately satisfactory.

Table 1. Latin America and the Caribbean Region: IEG Development Outcome Ratings by Global Practice for Operations (Closing FY12–14)

	Latin America and the Caribbean Region						World Bank					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher			MS or higher			MS or higher			MS or higher		
Global Practices	**No.**	**%**	**Total evaluated**	**Amount**	**%**	**Total evaluated**	**No.**	**%**	**Total evaluated**	**Amount**	**%**	**Total evaluated**
Agriculture	6	67	9	210	84	249	52	74	70	2,831	89	3,189
Education	14	82	17	1,162	96	1,215	57	67	85	6,130	81	7,579
Energy & Extractives	5	63	8	511	84	606	56	68	82	6,852	82	8,342
Environment & Natural Resources	9	69	13	424	85	496	29	54	54	1,419	82	1,741
Finance & Markets	6	86	7	2,099	100	2,109	40	73	55	5,352	93	5,780
Governance	8	62	13	873	94	932	33	52	64	2,362	57	4,168
Health, Nutrition & Population	6	75	8	1,931	98	1,967	54	76	71	5,279	84	6,269
Macro Economics & Fiscal Management	14	88	16	2,999	96	3,115	50	75	67	7,780	83	9,362
Poverty	1	100	1	500	100	500	2	40	5	542	83	656
Social Protection & Labor	7	88	8	3,845	99	3,867	36	90	40	6,699	96	6,969
Social, Urban, Rural and Resilience Global Practice	12	80	15	717	56	1,272	86	77	112	7,771	81	9,642
Transport & ICT	14	88	16	2,199	95	2,317	59	74	80	7,217	73	9,954
Water	5	50	10	628	46	1,353	43	66	65	3,745	71	5,263
Trade & Competitiveness							6	60	10	300	39	760
Other							0	0	1	0	0	34
Grand Total	**107**	**76**	**141**	**18,098**	**91**	**19,995**	**603**	**70**	**861**	**64,279**	**81**	**79,708**

Source: Business Warehouse.
Note: MS=moderately satisfactory. Figures for percentage of total commitment relate solely to IBRD/IDA funding and exclude projects funded through trust funds.

Table 2. Outcome Ratings of IFC Investment and MIGA Guarantee Operations in Latin America and the Caribbean Region and Overall, FY12–14

IFC	Latin America and the Caribbean						IFC Overall					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
IFC industry group	**No.**	**%**		**Amount**	**%**		**No.**	**%**		**Amount**	**%**	
Telecom, Media, Tech. & Venture Investing	5	71	7	104	83	125	16	42	38	505	54	940
Financial Institutions Group	11	61	18	441	79	557	43	61	70	1,265	66	1,904
Infrastructure & Natural resources	8	67	12	340	75	452	24	69	35	1,514	87	1,739
Manufacturing, Agribusiness & Services	13	65	20	315	70	449	48	59	82	1,254	64	1,958
Total	**37**	**65**	**57**	**1,199**	**76**	**1,583**	**131**	**58**	**225**	**4,538**	**69**	**6,542**

MIGA	Latin America and the Caribbean			MIGA Overall		
	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated
MIGA Total	**5**	**63**	**8**	**35**	**63**	**56**

Source: IEG database (XPSR, PES Evaluation Notes and PERs and PER Evaluation Notes for MIGA)
Note: MS = mostly successful. Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015

Table 3. IEG Ratings of IFC Advisory Projects: Latin America and the Caribbean Region and IFC Overall, FY12–14

	Latin American and Caribbean			IFC overall		
	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
Business Line	No.	%		No.	%	
Access to Finance	7	64	11	40	67	60
Investment Climate	4	67	6	29	71	41
Public-Private Partnership	2	100	2	12	50	24
Sustainable Business Advisory	5	56	9	36	61	59
Total	**18**	**64**	**28**	**117**	**64**	**184**

Source: IEG database (PCR Evaluation Notes).
Note: Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 4. Latin America and the Caribbean Region: IEG Development Outcome Ratings by Country (Closing FY12–14)

		World Bank projects			IFC Investment Services			IFC Advisory Services		
		MS or higher		Total evaluated	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
	Country	No.	%		No.	%		No.	%	
IBRD	Argentina	11	73	15	5	71	7			
	Brazil	10	48	21	9	60	15	3	75	4
	Chile	4	100	4	1	50	2			
	Colombia	9	90	10	9	90	10	4	100	4
	Costa Rica	1	33	3	0	0	1			
	Dominican Repub	6	100	6				2	100	2
	Ecuador	1	100	1	1	100	1			
	El Salvador	1	50	2				0	0	1
	Guatemala	2	67	3	1	100	1			
	Jamaica	3	75	4	0	0	1			
	Mexico	11	85	13	5	71	7	0	0	2
	Paraguay	1	100	1	0	0	1			
	Peru	6	86	7	1	33	3	3	50	6
	Uruguay	6	100	6				1	100	1
	Panama				0	0	1			
IBRD Total		**72**	**75**	**96**	**32**	**64**	**50**	**13**	**65**	**20**
Blend	Bolivia	3	60	5	1	100	1			
	Grenada	2	67	3						
	St. Lucia	2	100	2				0	0	1
	St. Vincent and	2	100	2						

		World Bank projects			IFC Investment Services			IFC Advisory Services		
		MS or higher		Total evaluated	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
	Country	No.	%		No.	%		No.	%	
Blend Total		**9**	**75**	**12**	**1**	**100**	**1**	**0**	**0**	**1**
IDA	Guyana	2	100	2						
	Haiti	7	64	11				1	100	1
	Honduras	3	50	6				3	100	3
	Nicaragua	5	100	5	2	100	2	1	50	2
IDA Total		**17**	**71**	**24**	**2**	**100**	**2**	**5**	**83**	**6**
Other	Andean Countries	1	100	1						
	Caribbean	2	100	2				0	0	1
	Central America	1	100	1	0	0	1			
	Latin America	3	100	3	2	67	3			
	OECS Countries	2	100	2						
Other Total		**9**	**100**	**9**	**1**	**33**	**3**	**0**	**0**	**1**
Grand Total		**107**	**76**	**141**	**37**	**65**	**57**	**18**	**64**	**28**

Source: IEG database (ICR Reviews, XPSR Evaluation Notes, PCR Evaluation Notes)
Notes: MS = moderately satisfactory. Success rate refers to projects rated as mostly successful or higher. Includes preliminary ratings *Source:* IEG database (XPSR Evaluation Notes, PCR Evaluation Notes).

Table 5. Latin America and the Caribbean Region: World Bank New Lending Commitments by Global Practice, FY11–15 (US$ millions)

Global Practice	2011	2012	2013	2014	2015
Agriculture	90	388	580	290	203
Education	39	626	290	523	751
Energy & Extractives	822	50	110	50	200
Environment & Natural Resources	75	710	-	-	59
Finance & Markets	755	100	-	-	-
Governance	134	128	1,100	286	60
Health, Nutrition & Population	1,107	80	220	10	410
Macro Economics & Fiscal Management	1,650	1,747	796	1,215	1,830
Poverty	50	500	-	623	-
Social Protection & Labor	2,178	75	615	72	875
Social, Urban, Rural and Resilience Global Practice	844	427	714	307	650
Trade & Competitiveness	32	480	20	350	50
Transport & ICT	949	1,015	701	932	730
Water	905	304	58	410	208
Grand Total	**9,629**	**6,629**	**5,204**	**5,068**	**6,024**

Source: Business Intelligence as of September 08, 2015
Note: The New World Bank Lending Commitments are the sum of IBRD and IDA commitments for PE projects approved between FY11–15.

Table 6. Latin America and the Caribbean Region: IEG Ratings of Project M&E Quality, FY12–14

	M&E quality substantial or higher		Total number of rated projects
	Number of projects	Percentage	
IBRD	35	36	98
IDA	5	16	31
Blend	2	13	15
Grand Total	42	29	144
Grand Total Bank-wide	**250**	**29**	**855**

Source: Business Intelligence as of September 08, 2015.

Table 7. Latin America and the Caribbean Region: World Bank Country Programs Outcome and Performance Ratings, FY13–15

FY of review	Country	CLR Review period	Outcome rating	Bank performance	IFC performance
2013	Guatemala	FY09–12	MS	MS	MS
	Nicaragua	FY08–12	MS	S	S
2014	Jamaica	FY10–13	MS	Good	NR
	Mexico	FY08–13	MS	MS	NR
2015	Argentina	FY10–14	MS	Fair	Good
	Cost Rica	FY12–15	MS	Fair	NR
	Dominican Repub	FY10–13	MS	Fair	Good
	El Salvador	FY10–14	MS	Good	NR
	OECS Countries	FY10–14	MS	Good	Fair
	Panama	FY11–14	MS	Fair	NR
	Paraguay	FY09–14	MU	Fair	NA

Source: IEG database (CLR Reviews).

Middle East and North Africa

REGIONAL CHALLENGES AND EVALUATION FINDINGS FROM WORLD BANK GROUP OPERATIONS IN THE REGION

The Middle East and North Africa Region's progress on the twin goal indicators has been good, but this masks the challenges of the Region's development model. Middle East and North Africa faces the triple challenges of severe macroeconomic imbalances, long-standing economic distortions, and fragility and conflict. In response, the Bank issued an update to its Middle East and North Africa Regional Strategy in 2013, with a focus on renewing the social contract in three areas: promoting opportunities through skills enhancement, improved business regulations, and greater inclusion; enhancing quality services through modernizing institutions, making them more accountable, and building on local success stories; and increasing citizen engagement through access to information, consensus building, and beneficiary feedback.

New World Bank lending commitments in the Region have steadily increased over the period from $1.5 billion in FY12 to $2.1 billion in FY13, $2.8 billion in FY14, and $3.5 billion in FY15 (table 5). New commitments for FY15 focus on Energy and Extractives; Social Protection and Labor; Social, Urban, Rural and Resilience; and Water, in line with the regional strategy.

The Bank's lending operations performed at a somewhat lower level in Middle East and North Africa than in other Regions, with 64 percent of projects that exited during FY12–14 rated moderately satisfactory or higher, compared to the Bank average of 70 percent (figure 1), but the difference is not statistically significant. The gap has continued to narrow since FY08–10.

By Global Practice, MNA portfolio performance is much lower than in the rest of the Bank in Macroeconomic and Fiscal Management, especially when considering net commitments; only one small project ($40 million) out of four evaluated projects totaling $910 million was rated moderately satisfactory or higher (table 1). Regional portfolio performance in Finance and Markets at 75 percent of the number of projects or 91 percent of net commitments rated moderately satisfactory or higher was not significantly different from the Bank average, respectively 73 percent and 93 percent. Performance in Education was significantly lower than Bank average (36 percent versus 67 percent Bank-wide). In Social, Urban and Rural Resilience one smaller project out of six did not perform well. Thus, in terms of net commitments, MNA portfolio performance is higher than Bank average (87 percent versus 81 percent).

Twenty-eight percent of projects that exited during FY12–FY14 had their monitoring and evaluation (M&E) quality rated substantial or higher, compared to a Bank average of 29 (table 6). The difference is not statistically significant.

Projects receiving favorable ratings had the following strengths:

- **In an emergency, project design should be kept simple and manageable.** Iraq Dokan and Derbandikhan Emergency Hydro Power had simple components, designed as the first stage of a longer-term rehabilitation effort of the identified hydropower plants. In addition, appropriate capacity should be ensured in the implementing agency, and physical proximity to the project site where possible.
- **Sustained coordination among state entities and donors is central to producing results.** Morocco's Solid Waste Sector DPL saw the creation of national institutions at central and municipal level to oversee the growth of the sector. Donors provided the training needed to ensure technical and financial management of the sector.
- **Effective implementation and supervision can mitigate the impact of initial design weaknesses and delays.** Yemen Groundwater and Soil Conservation used a systematic approach to move communities toward comprehensive reductions in water consumption and effective management of aquifer depletion.
- **Strong design can lead to high achievement despite high risks.** Djibouti Health Sector Development focused on specific areas that would have significant impact on the quality of health services, such as emergency obstetrics, expansion of the number of paramedics, and establishment of a drug fund. The activities were to be implemented in all urban health facilities, which were accessible to 80 percent of the population. While initially assigned a high risk rating, most risks did not materialize or were mitigated through government commitment and effective Bank supervision.
- **M&E can be an effective management tool to support effective implementation.** Tunisia's Export Development II found that that assisted firms had significantly higher annual export growth than control firms, based on two independent impact evaluations of the Second Export Market Access Fund supported by the operation. Conducting rigorous impact evaluations was possible even under the difficult circumstances of the 2010 revolution and its aftermath, circumstances that included many changes of heads of the implementing agencies.

Projects with unfavorable ratings had weaknesses such as the following:

- **Ambition should be in line with government implementation capacity.** Jordan Social Protection Enhancement did not accurately incorporate the views of the various agencies, who were unprepared for this type of project. In addition, the Bank's focus on means-tested targeting was not flexible and the Bank did not address the government's concerns with this method, hence reducing government ownership.
- **Outcome oriented M&E is crucial.** Iran Alborz Integrated Land and Water Management had several good indicators for monitoring impacts such as water quality and sediment yield, but not for assessing actions and impacts related to integrated water resources management. Not focusing on these results hindered achievement, already difficult because of sanctions on trade, and international flow of funds, and the halting of Bank missions.
- **Infrastructure reform needs enough time and supporting activities to address challenging political and social conditions.** Lebanon Ba'albeck Water and Wastewater underestimated weakness in the demand for connections to the new water supply network including a high prevalence of illegal connections to the old network, the collapse of civic controls as a result of instability, and distrust of government among the local population.

IFC AND MIGA OPERATIONS

In the case of the International Finance Corporation (IFC), the success rate in the MNA Region, by number of investment projects, was above IFC averages. For FY12–14, IEG validated 16 investment projects and assigned mostly successful or higher rating to 10 projects (63 percent), which was slightly higher than IFC average of 58 percent (table 2). By investment commitments, the Region's success rate was 42 percent, which was below IFC average success rate of 69 percent.

In this Region, where the middle class has remained stagnant and the refugee crisis had a spillover effect on many countries, two key IFC strategies to reduce infrastructure gaps were to focus on consumer affordability and to make the region more appealing to investors, both domestic and foreign. This was the main learning from an electricity distribution project in Jordan. Similarly, experience on a leasing investment in Algeria indicated that increasing access to finance requires partnering with a tried and tested sponsor *and* a careful review of the capacity of a financial institution to raise wholesale funding locally in sufficient amounts to fund its loan portfolio growth. In a conflict-affected territory, like West Bank and Gaza, IFC should always make conservative assumptions for financial forecasts as well as structure a transaction with sufficient grace period, appropriate covenants for financial ratios, and a contingent equity provisions for additional risks IFC assumed.

For IFC Advisory Services projects, during the review period, IEG validated 12 projects and assigned mostly successful or higher rating to 6 projects (50 percent), lower than IFC average for such projects (64 percent) (table 3).

To be successful in conflict-affected countries, IFC found the need to have locally-based staff with a strong network and local language proficiency over the length of the project for Advisory Services projects. Without local personnel providing introduction to key government and private sector representatives and some local insights on how to maneuver the local politics and internal workings of the government machinery, success eluded an IFC public-private partnership project in Yemen. The main lesson from IFC's housing finance projects in the Region was that project design should include post-implementation assessment of training and capacity building.

FINDINGS FROM THEMATIC, GLOBAL, AND CORPORATE EVALUATIONS

IEG's evaluation of *World Bank Group Support to Electricity Access, FY2000–2014* (2015) gives examples of analytic and advisory activities (AAA) that combine sound conceptual analysis with documentation of field-based evidence. An excellent example is from Yemen (World Bank 2011b). The paper presents a brief overview of the underlying theory and demonstrates its application with an econometric analysis using the database from a 3,000-household energy survey. The study found that household willingness to pay for electricity is closer to the price actually paid than had been assumed. Thus, electricity tariffs will either have to be enough to justify the cost new investments supported by the Bank, or there will have to be other benefits to justify a subsidy.

IEG's evaluation *The Poverty Focus of Country Programs: Lessons from World Bank Experience* (2015), includes Egypt as one of 10 country case studies. It points out that limited availability of the full data sets made it difficult to assess the quality of Egypt's poverty data, at least until the 2010 revolution, and thus difficult to design effective poverty reduction support. Compounded by the challenges in using the administrative price and the concentration of households at relatively low levels of consumption, Egypt poverty estimates were highly sensitive to the choice of poverty lines. Using estimates from the Central Agency for Public Mobilization and Statistics, some poverty diagnostics may have missed the increasing vulnerability of migrant workers in the informal sector in urban areas, even though the diagnostics correctly identified poor households in Upper Egypt. This prevented a robust signal to policymakers.

IEG's evaluation *The Big Business of Small Enterprises: Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-Size Enterprise, 2006-12* (2014) indicated the importance of targeting in the context of developing a financial institution. When an IFC client bank had three corporate goals of developing small and medium enterprise (SME) lending, mortgage lending, and regional lending, SME lending performance did not meet expectations because, without targets, the financial institution chose to do more corporate lending. Often, SME targeting in a financial institution has to be complemented by support of the SMEs. The IEG study also distilled the experience of IFC's West Bank and Gaza Olive Oil Supply Chain Development Project where performance of a group of SMEs that "lack knowledge of required skills and performance standards to operate effectively" was enhanced, by linking them to value chains involving large firms.

IEG's *Investment Climate Reforms: An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations* (2014) demonstrated the value of good targeting. In Morocco, IFC's Alternative Dispute Resolution (ADR) project awareness-raising campaigns and public outreach efforts employed a targeted approach to entice women to ADR. Not only was gender integrated in awareness-raising events, but commercial mediation and its implication on women business owners was the focal point of several events, such as a national conference. Also, IFC was able to train women mediators while at the same time supporting a mediation center.

EVALUATION FINDINGS FROM COUNTRY PROGRAM PERFORMANCE IN THE REGION

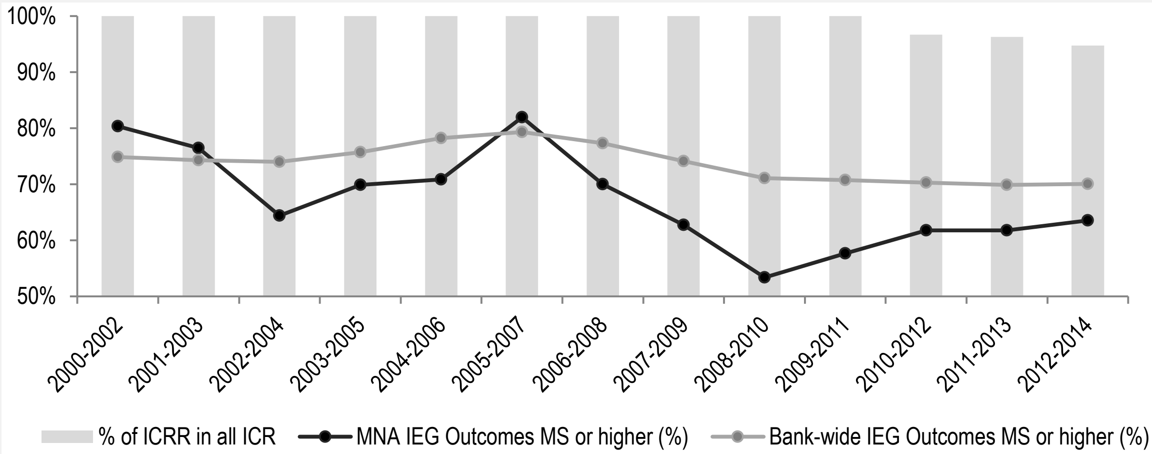
Only two CLRs were completed during the period (both in FY14), a small number due to regional instability and timing considerations (table 7). There was one Country Program Evaluation for Tunisia, FY05–13.

The Morocco Country Partnership Framework (CPS) outcome was rated moderately satisfactory. The Bank helped achieve results in many ways. For example, an analytical note recommended reforming subsidies, and an impact evaluation of a cash transfer pilot showed reduced drop-out rates by 57 percent. The results fed into a scaling up of the program at national level, supported by a DPL. In another example, the Bank Group's increased emphasis on inclusive civil society partnerships, made a significant contribution in reducing social exclusion in terms of participation, access, transparency and ownership. IFC stepped up its investment operations during the CPF to restore investor confidence for Morocco through equity investments and with additional resource mobilization from IFC's Asset Management Company. The IFC program contributed to the CPF Focus Area: Growth, competitiveness and employment, in particular, by establishing a credit infrastructure more conducive to SME finance. In other areas, such health, education, and transport sectors, IFC was unable to contribute as planned through PPP Advisory Services projects.

The Djibouti outcome was rated moderately unsatisfactory. Making headway on social inclusion and governance proved challenging in an environment surrounded by instability without a Bank office in Djibouti, and constrained by limited IDA resources. Lessons included: (a) when government ownership is unclear the likelihood of success is limited; (b) the absence of an effective supervision system prevents timely identification and solution of problems during implementation; (c) when there is a mismatch between objectives and interventions the program is likely to fail in achieving its objectives; (d) weak monitoring and evaluation compounds the problems of executing a program where the interventions are weakly linked to the objectives, as was the case with governance; (e) incorporating lessons from past programs and interventions is likely to lead to more realistic outcomes; and (f) complex results frameworks with multiple and unmeasurable indicators make it difficult to monitor the program and evaluate its impact.

The Tunisia Country Program Evaluation rated overall achievement prior to 2011 unsatisfactory and rated relevance and design for the post-2011 period satisfactory (FY15). It makes the following recommendations: (a) conduct political economy analysis to better manage risk in a volatile environment; risk mitigation scenarios are needed based on an ongoing analysis of risks associated with the political economy and conflict, complemented as necessary by specific political economy analysis of reforms in critical sectors; (b) galvanize broad public support for reform; this would help to enhance the capacity of stakeholders to raise awareness and gradually build ownership of the reform agenda, thereby helping overcome resistance to change from vested interest; (c) selectively and carefully sequence first-order policy reforms (based on the political economy analysis) in designing Bank Group strategy, taking into account capacity and other constraints inherent in the transition period; and, (d) build government ownership and capacity on how to roll out the reform agenda.

Figure 1. IEG Development Outcome Ratings for Middle East and North Africa Operations Relative to World Bank Average, FY00–14



Source: Business Intelligence, IEG database (ICR Reviews)
Note: MNA=Middle East and North Africa Region; OCR=Implementation Completion Report; ICRR=Implementation Completion Report Review; IEG=Independent Evaluation Group; MS=moderately satisfactory.

Table 1. Middle East and North Africa Region: IEG Development Outcome Ratings by Global Practice for Operations (Closing FY12–14)

	Middle East and North Africa Region						World Bank					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
Global Practices	No.	%		Amount	%		No.	%		Amount	%	
Agriculture	2	67	3	408	96	424	52	74	70	2,831	89	3,189
Education	4	36	11	161	30	540	57	67	85	6,130	81	7,579
Energy & Extractives	5	71	7	148	36	413	56	68	82	6,852	82	8,342
Environment & Natural Resources	5	100	5	43	100	43	29	54	54	1,419	82	1,741
Finance & Markets	6	75	8	805	91	883	40	73	55	5,352	93	5,780
Governance	3	75	4	73	88	83	33	52	64	2,362	57	4,168
Health, Nutrition & Population	3	100	3	34	100	34	54	76	71	5,279	84	6,269
Macro Economics & Fiscal Management	1	25	4	40	4	910	50	75	67	7,780	83	9,362
Poverty	0	0	1	0	0	5	2	40	5	542	83	656
Social Protection & Labor	5	83	6	177	99	179	36	90	40	6,699	96	6,969
Social, Urban, Rural and Resilience Global Practice	8	73	11	431	87	496	86	77	112	7,771	81	9,642
Transport & ICT	2	67	3	272	79	343	59	74	80	7,217	73	9,954
Water	3	38	8	140	35	396	43	66	65	3,745	71	5,263
Trade & Competitiveness							6	60	10	300	39	760
Other							0	0	1	0	0	34
Grand Total	**47**	**64**	**74**	**2,733**	**58**	**4,749**	**603**	**70**	**861**	**64,279**	**81**	**79,708**

Source: Business Warehouse.
Note: MS=moderately satisfactory. Figures for percentage of total commitment relate solely to IBRD and IDA funding and exclude projects funded through trust funds.

Table 2. Outcome Ratings of IFC Investment and MIGA Guarantee Operations in Middle East and North Africa Region and Overall, FY12–14

IFC	Middle East and North Africa						IFC Overall					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
IFC industry group	No.	%		Amount	%		No.	%		Amount	%	
Telecom, Media, Tech. & Venture Investing	0	0	1	0	0	30	16	42	38	505	54	940
Financial Institutions Group	6	75	8	77	42	186	43	61	70	1,265	66	1,904
Infrastructure & Natural resources	2	67	3	71	82	87	24	69	35	1,514	87	1,739
Manufacturing, Agribusiness & Services	2	57	4	20	19	103	48	59	82	1,254	64	1,958
Total	**10**	**63**	**16**	**168**	**42**	**405**	**131**	**58**	**225**	**4,538**	**69**	**6,542**

MIGA	Middle East and North Africa			MIGA Overall		
	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated
MIGA Total	**1**	**50**	**2**	**35**	**63**	**56**

Source: IEG database (XPSR, PES Evaluation Notes and PERs)
Notes: MS = mostly successful. IFC and World Bank Regions are not fully aligned. IFC projects in Afghanistan have been included in the South Asia region update to align with the World Bank. Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 3. IEG Ratings of IFC Advisory Projects: Middle East and North Africa Region and IFC Overall, FY12–14

	Middle East and North Africa			IFC Overall		
	Mostly successful or higher			Mostly successful or higher		
Business Line	No.	%	Total evaluated	No.	%	Total evaluated
Access to Finance	2	67	3	40	67	60
Investment Climate	2	50	4	29	71	41
Public-Private Partnership	0	0	2	12	50	24
Sustainable Business Advisory	2	67	3	36	61	59
Total	**6**	**50**	**12**	**117**	**64**	**184**

Source: IEG database (PCR Evaluation Notes)
Note: Success rate refers to projects rated as mostly successful or higher. IFC and World Bank Regions are not fully aligned. IFC projects in Afghanistan have been included in the South Asia region update to align with the World Bank. Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 4. Middle East and North Africa Region: IEG Development Outcome Ratings by Country (Closing FY12–14)

		World Bank projects			IFC Investment Services			IFC Advisory Services		
		MS or higher			Mostly successful or higher			Mostly successful or higher		
	Country	No.	%	Total evaluated	No.	%	Total evaluated	No.	%	Total evaluated
IBRD	Algeria				1	100	1			
	Egypt, Arab Rep	4	67	6	1	100	1			
	Iran, Islamic R	0	0	1						
	Iraq	7	54	13						
	Jordan	4	44	9	1	50	2			
	Lebanon	2	40	5	3	75	4			
	Morocco	9	90	10	0	0	1			
	Tunisia	4	50	8	1	50	2	1	100	1
	Saudi Arabia							1	50	2
	Syria							0	0	1
IBRD Total		**30**	**58**	**52**	**7**	**64**	**11**	**2**	**50**	**4**
Blend	West Bank and G	9	90	10	1	50	2	2	100	2
Blend Total		**9**	**90**	**10**	**1**	**50**	**2**	**2**	**100**	**2**
IDA	Djibouti	1	50	2						
	Yemen, Republic	7	70	10	0	0	1	2	40	5
IDA Total		**8**	**67**	**12**	**0**	**0**	**1**	**7**	**64**	**11**
Other	MNA Region				2	100	2	0	0	1
Other Total					**2**	**100**	**2**	**0**	**0**	**1**
Grand Total		**47**	**64**	**74**	**10**	**63**	**16**	**11**	**61**	**18**

Source: IEG database (ICR Reviews, XPSR Evaluation Notes, PCR Evaluation Notes)
Notes: MS = moderately satisfactory. Success rate refers to projects rated as mostly successful or higher. Includes preliminary ratings; One project in the region was rated No Opinion Possible for Development Outcome and is not included in the table.

Table 5. Middle East and North Africa Region: World Bank New Lending Commitments by Global Practice, FY11–15 (US$ millions)

Global Practice	2011	2012	2013	2014	2015
Agriculture	252	3	203	-	-
Education	40	6	166	-	3
Energy & Extractives	-	445	591	61	1,025
Environment & Natural Resources	-	-	-	300	15
Finance & Markets	-	100	100	720	550
Governance	12	16	5	205	-
Health, Nutrition & Population	35	-	7	10	100
Macro Economics & Fiscal Management	570	250	500	500	-
Social Protection & Labor	50	305	155	150	645
Social, Urban, Rural and Resilience Global Practice	139	388	130	14	480
Trade & Competitiveness	-	-	160	52	200
Transport & ICT	467	-	40	591	-
Water	500	-	-	185	474
Grand Total	**2,065**	**1,513**	**2,058**	**2,788**	**3,492**

Source: Business Intelligence as of September 08, 2015.
Note: The New World Bank Lending Commitments are the sum of IBRD and IDA commitments for PE projects approved between FY11–15.

Table 6. Middle East and North Africa Region: IEG Ratings of Project M&E Quality, FY12–14

	M&E quality substantial or higher		Total number of rated projects
	Number of projects	Percentage	
IBRD	6	24	25
IDA	4	31	13
Blend	11	31	36
Grand Total	21	28	74
Grand Total Bank-wide	**250**	**29**	**855**

Source: Business Intelligence as of September 08, 2015.

Table 7. Middle East and North Africa Region: World Bank Country Programs Outcome and Performance Ratings, FY13–15

FY of review	Country	CLR Review period	Outcome rating	Bank performance	IFC performance
2014	Djibouti	FY09–13	MU	MS	NR
	Morocco	FY10–13	MS	Good	NR

Source: IEG database (CLR Reviews).

South Asia

REGIONAL CHALLENGES AND EVALUATION FINDINGS FROM WORLD BANK GROUP OPERATIONS IN THE REGION

Real gross domestic product growth in the South Asia Region rose to an estimated 6.8 percent in 2014 from 5.0 percent in 2012 and 6.2 percent in 2013. It is expected to increase to 7 percent in 2015. This accelerating growth in South Asia contrasts with the overall deceleration of growth in developing countries. It is mostly driven by growth in Indian economy which is expected to be among the highest growth countries in 2015 (7.5 percent in India versus 7.1 percent in South Asia and 4.4 percent in developing countries). This growth is led by a cyclical recovery and supported by a gradual strengthening of demand in high-income countries. The decline in global oil prices has also benefitted the Region, driving improvements in fiscal and current accounts and facilitating the easing of monetary policy.

South Asia has experienced a long period of robust economic growth, averaging 6 percent a year over the past 20 years. This strong growth has translated into declining poverty and other improvements. However, since 1990 poverty reduction has been slower in South Asia than in other Regions and apart from Sub-Saharan Africa, South Asia remains home to the largest number of people living in extreme poverty; 34.5 percent of the extreme poor live in South Asia while only 25.7 percent of people living in developing countries, live in South Asia (PovcalNet, 2012).

Regional strategy supports three pillars: unleash the drivers of growth, enhance social inclusion, and mitigate and adapt to climate change, and two cross-cutting themes: enhance the effectiveness of governments and gender action (March 2015 Regional update; regional integration replaced by gender action partly under social inclusion). Based on favorable economic developments, the Bank is selectively scaling up its assistance from a low level in FY12–13 with a gradual transition toward supporting policy reforms and the launch of transformational projects. World Bank lending commitments amounted to $7.9 billion in FY15 against $10.5 billion in FY14, which is more in line with the FY10–15 average of $8.5 billion (table 5). Compared to previous years, commitments amounts increased substantially for social, urban and rural resilience, agriculture, finance, and macroeconomics. They dropped significantly for infrastructure (energy, transport, and water) and were negligible for environment and natural resources.

The performance of Bank operations in the Region has been higher than the Bank average over the last few years and the gap has been somewhat increasing. Seventy nine percent of project exiting in FY12–14 were rated moderately satisfactory or higher compared to 70 percent Bank-wide (figure 1). South Asia regional portfolio performance has improved from the FY13 baseline (FY10–12) of 70 percent and is now exceeding the FY17 target of 75 percent while Bank-wide portfolio performance declined from 71.2 percent in FY13 to 70 percent in FY15.

Project performance in education, social protection, transport, and water, which account for 40 percent of FY12–14 commitments, was strong compared to Bank-wide sector average (table 1) and above the FY17 corporate target of 75 percent. In addition, performance of South Asia energy projects improved from 67 percent to 75 percent in FY14 and 100 percent of agriculture projects that exited the portfolio in FY14 were rated moderately satisfactory or above. Governance and finance performance improved but remained much below the regional average and below respective GP Bank average.

Project performance drivers are not different in the Region compared to the rest of the World Bank (table 4).

Quality at entry is strongly associated with successful project outcomes. For instance, satisfactory quality at entry in Nepal Rural Water II included: (i) taking into account lessons from predecessor project and from experience elsewhere; (ii) emphasis on community decision-making in all stages; (iii) a detailed M&E framework and means to implement it; and (iv) attention to disadvantaged populations which accounted for 54 percent of project beneficiaries. India Power System Development IV, a repeater project, is another example of satisfactory quality at entry based on the deep knowledge of India power sector, the Bank team accumulated through a series of three similar projects the Bank supported since 1993 (a fifth project is now under implementation) and strong partnership developed with sector authorities and the Indian transmission utility, now one of the world's largest.

Quality at entry of unsuccessful operations was often unsatisfactory with lessons of experience elsewhere not taken into consideration (Maldives Mobile phone banking), risk assessment (political, fiduciary and governance, institutional capacity) and identification of risk mitigation measures were too weak (Maldives Mobile phone banking and Pakistan Trade and transport facilitation). Assessing political risk (government ownership and commitment) and institutional capacity risks are particularly important for first-time projects or pilot projects. Also for this type of projects, incremental approaches are highly recommended as it allows "learning by doing" as well as a simple design (Bangladesh Local Governance Development).

Good supervision is also essential and, in some examples, may have compensated for shortcomings at entry (Bangladesh Local Governance Development). Good supervision includes regular thorough supervision missions and technical support from relevant Bank experts for sub-project components (India National Agriculture Innovation an India Uttar Watershed). Shortcomings in supervision are related to inability to engage effectively with government counterparts, poor responsiveness to project implementation challenges, slow follow-up on issues, and lack of continuity in task team leadership (Pakistan Trade and transport facilitation).

Political risk (government ownership and commitment) is often underestimated. While it may be difficult to incorporate political risk mitigation in the project design, it is important for the project team to remain proactive in managing government commitment and adjust the project in due course.

The quality of the results framework and M&E system design, implementation and use are essential. The share of project M&E rated substantial or higher remained above the Bank average (38 percent for South Asia compared to 29 percent Bank-wide over FY12–14) but declined from 41 percent in FY11–13 (table 6). M&E shortcomings in South Asia are not different from those in the rest of the Bank. Outcome objectives and targets are not always realistic and measurable over the project lifetime. Other frequent shortcomings include: (i) missing, incomplete, or delays in setting up a project monitoring information system; delays in conducting baseline surveys; weak or inexistent feedback loops between the project monitoring information system, sector-wide M&E, and project management.

IFC success rate in the Region, by number of investment projects, was above average. For FY12–14, IEG validated 32 investment projects and assigned mostly successful or higher ratings to 20 projects (63 percent), which was above the IFC average of 58 percent (table 2). By investment commitments, the Region's success rate was also above the average success rate (78 percent versus 69 percent).

The key lesson from IFC equity investments is the importance of down-side protection, in particular for volatile markets. IFC's experience in India's manufacturing sector demonstrated the importance of detailed analysis of all derivative exposures and due consideration of worst case scenarios. For investment in an early stage technology company, due diligence has to be extensive and thorough to look at the all aspect of the business from management, products, markets, pricing, stability of customer base, marketing strategy, to the estimation of the end user adoption. When working with a willing sponsor, IFC was able to advise on gender issues and support the development of a "women employee friendly" manufacturing plant.

During the review period, 21 of 30 reviewed Advisory Services projects were rated mostly successful or higher (70 percent), which was above the IFC average of 64 percent (table 3).

Collaborative approaches with relevant partners was key to the success of Advisory Services projects. For example, in India energy efficiency public-private partnership (PPP) projects (Bhubaneswar Street Lighting and Rajasthan Public Street Lighting), extensive consultations with investors and stakeholders at an early stage of preparation identified that the project was not viable without additional revenues. Based on sound and thorough financial analysis conducted by IFC, the municipal authority was convinced to provide the needed additional funding. Consultations also helped to build a broad base of support, market the project to investors, and design clauses for the bid documents that were key in achieving a commercial success.

One operation from Multilateral Investment Guarantee Agency (MIGA) over FY09–14 has been evaluated and validated and rated satisfactory or higher.

FINDINGS FROM THEMATIC, GLOBAL, AND CORPORATE EVALUATIONS

IEG's *The Poverty Focus of Country Programs: Lessons from World Bank Experience (2015)* assessed the quality of data, diagnosis, focus of country program design and implementation and feedback loops between these four links in the causal chain over the past two decades. Bangladesh is a good example of how these elements worked reasonably well in the Bank's contributions to Bangladesh's poverty reduction and how it could have worked better. Bank support to the various survey rounds of Household Income Expenditure Survey (HIES; every five years) over a 20-year period created a strong database and effective partnership, which could have expanded earlier to include other key surveys (such as labor force surveys) and more capacity building at the Bangladesh Bureau of Statistics. The Bank could have devoted more attention to the challenge of poverty monitoring between the five-year HIES rounds, especially for impact monitoring of poverty programs and short-term interventions as well as targeting. Poverty assessments closely followed the HIES rounds with strong analytic and research links and consistent messages; a programmatic approach to them might have provided more timely inputs into strategy formulation. The alignment of the Country Assistance Strategies (CASs) with the Bangladesh Poverty Reduction Support Papers (PRSPs) facilitated a strong poverty focus. The recommendations of poverty diagnosis had an increasing policy impact over time as reflected for example in the increased and substantial Bank support to the social safety nets program. However, the analytical base weakened somewhat as linkages with policy-based lending and government dialogue weakened during FY2011–14 CAS, culminating with the 2012 cancellation of the Padma Bridge Project, which clearly addressed the issue of regional integration highlighted in 2008 poverty assessment as well as of the potential Poverty Reduction Support Credits. The World Bank succeeded in preserving a poverty focus to its program following the cancellation, but this episode suggests that the Bank's reputational risk assessment could have been more effectively managed so as not to sacrifice impact on key development outcomes and poverty reduction.

South Asia and Sub-Saharan Africa are where the largest share of people do not have access to electricity or inadequate or unreliable service, affecting negatively progress in human welfare and quality of life, hampering economic productivity and growth and adversely affecting business performance and productivity. IEG's *World Bank Group Support to Electricity Access, FY2000–2014* (2015) identified a number of good practice national access scale-up experiences, some with significant World Bank Group support. Bangladesh off-grid experience is one of these, although most of its success resulted from the stalled grid expansion when ideally, grid and off-grid rollout should be undertaken simultaneously in a coordinated manner nationwide. In any case, the Bangladesh experience shows that off-grid solutions—mainly solar home systems and mini/micro-grids—are a fast way to provide energy services to rural and remote areas. Unfortunately, Bank Group support to off-grid electrification in the past 15 years has only been a small part of its electricity portfolio (1.5 percent of its FY2000–14 portfolio).

The sustained benefits of early childhood interventions and contribution to reduce poverty and breaking the intergenerational transmission of poverty are well established. IEG's *World Bank Support to Early Childhood Development* (2014) highlights the misalignment between the Bank's engagement and country needs in this area. In the specific area of nutrition, South Asia and Sub-Saharan Africa, which have the highest stunting rates, attention has been below what would be needed. Bangladesh and Nepal are notable exceptions, in those two countries, maternal and child care, and primary education including preschool have been long-standing priorities of the government supported by the World Bank and development partners through successful successive sector-wide programs. Moreover, interventions were targeting to disadvantaged populations, mostly in rural areas. Still the focus on children is addressed on a sector-by-sector basis with a limited impact on critical multisectoral issues such as nutrition. In Bangladesh, there has been little improvement in the nutritional status over 2004–2011 and IEG assesses that the World Bank has made little or no contribution to reducing child malnutrition (PPAR Bangladesh Health projects, IEG 2014). More recently, the World Bank Social Protection and Labor team has carried out pilots and evaluations of cash transfer systems that improved the nutritional status of children in Bangladesh (see coverage in current CAS).

In Nepal, the World Bank has been actively involved in country dialogue on nutrition and the Bank's analytical work focuses heavily on nutrition. Following the Bank's recommendation to attacking malnutrition with a multisector approach, the government has approved a multisector nutrition plan and set up appropriate coordinating institutions, but it is too early to assess results.

IEG's *World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States* (2013) highlights the critical role of effective coordination and synergies among Bank Group institutions in the success of Bank Group support to microfinance in Afghanistan. IFC supported the First Microfinance Bank of Afghanistan, which has been highly successful in extending microloans. MIGA also supported another microfinance institution (MFI) in Afghanistan. Both MFIs started off as implementing partners of Microfinance Investment Support Facility for Afghanistan. The Bank complemented support to MFIs with knowledge and advisory projects.

IEG's *Investment Climate Reforms: An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations* (2014) notes that IFC's major programmatic approach through the Bangladesh Investment Climate Fund was key in overcoming country political risk. A programmatic approach allowed the Bangladesh Investment Climate Facility (BICF) to re-engage with the line ministries at all levels to push a program forward after a change in government. In addition, the BICF promoted a Good Practice Gender Framework for Special Economic Zones (SEZ), which will be rolled out in all future IFC-sponsored SEZ projects and a global study on gender in SEZs (World Bank and IFC 2011), and implemented a pilot project in Bangladesh focusing on initiatives to increase opportunities for leadership, upward mobility, and financial inclusion for female workers.

IEG's *The Big Business of Small Enterprises – Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-Size Businesses (2006–2012)* (2014) shows that IFC's SME Toolkit was an effective instrument to build the capacity of banks to assess SME credit requests and manage risks related to new SME lending. For example, a project in Sri Lanka supported a commercial bank to: (i) analyze profiles of potential SME clients and develop a new SME loan business; (ii) build up the its capacity in due diligence and risk management of the new SME lending; (iii) identify gaps in organization structure to deal with SMEs; (iv) develop a risk rating system. The project also advised on loan pricing and assisted in developing key performance indicators of new SME operation.

EVALUATION FINDINGS FROM COUNTRY PROGRAM PERFORMANCE IN THE REGION

Over the past 3 years, IEG has reviewed CLRs for India and Bhutan, for which country program outcomes were rated moderately satisfactory, and Pakistan, which was rated moderately unsatisfactory (table 7). IEG also published a full Country Program Evaluation for Afghanistan that rated program outcome moderately satisfactory.

Country programs were mostly successful on growth drivers and social inclusion. The outcomes of pillars related to growth drivers were rated moderately satisfactory in all countries except for Pakistan (rated moderately unsatisfactory). Outcome of pillars addressing human development and social inclusion were all rated moderately satisfactory. Only Afghanistan and Pakistan programs had a specific pillar on government effectiveness and outcomes were rated moderately satisfactory and unsatisfactory respectively.

Although a main pillar under the regional strategy, climate change mitigation, environment, sustainable development, and disaster management were not prominent in any of the reviewed country programs except India the outcome of which was rated moderately unsatisfactory. The Bhutan program included a subcomponent on disaster management under the integrated sustainable rural-urban development pillar and all objectives were achieved. One objective in the Pakistan country program was related to sustainable development under Pillar III on improving infrastructure to support growth, its outcome was rated moderately unsatisfactory.

Country programs were mostly successful on growth drivers. In India, the Bank Group's work on inclusive growth delivered on its main commitments and contributed to the outstanding national outcomes through catalytic effects in some areas, such as community development in rural areas. Good progress was achieved in the power sector as reflected in improved access and strengthened institutions, as well as in the education and rural water and sanitation sectors, where the World Bank maintained a long-term engagement. The Bank Group's work on improving agricultural productivity contributed to the good national outcomes, although engagement with the low-income states in agriculture was limited while work in agribusiness was just starting. Progress was also made in the transport sector. The Bank Group scaled up its microfinance program and the transfer of resources to India during the crisis, but did not meet the policy objectives in the financial sector. The Bank Group's work on skills development produced localized results, but had little impact on addressing skill shortages more broadly.

In Bhutan, all objectives were achieved or mostly achieved, including improving regulatory environment, the formulation of new policies in licensing, PPP, financial inclusion and increasing access to credit but Bhutan ranking in Doing Business declined, new policies were not adopted and the increase in lending to banks mostly financed real estate and consumption rather than productive investment. While the IFC program correctly identified key challenges, such as business licensing, attracting private investments, and availability of credit to support the local private sector, when designing interventions, such as the PPPs and facilitating access to credit, IFC appears to have underestimated the constraints imposed by Bhutan macroeconomic fragility on economic growth and prevailing incentives for commercial lending, hence the bleak medium-term private sector development.

The World Bank Group was less successful in Pakistan. Except in urban development (urban and municipal infrastructure and services), most outcome objectives were not achieved or partially achieved, including those related to increasing power provision and efficiency and reliability of energy supply and the strengthening of irrigation infrastructure and agricultural competitiveness. In Afghanistan, impressive results have been achieved in the development of microfinance and telecommunications and Bank assistance has been critical in developing the mining sector as a potential engine of growth. However, progress in agriculture and private sector development has been limited while power supply remains a major constraint.

The outcome of pillars addressing human development and social inclusion were rated moderately satisfactory in all four countries. Strong results have been achieved in social safety nets (India, Pakistan, and Afghanistan), microfinance (India), improving rural communities' access to social and productive infrastructure and livelihoods (Pakistan, Bhutan, Afghanistan) but sustainability and community-level governance remain a challenge and objectives in rural communities' access to water and sanitation were not achieved in Bhutan. Results were mixed in health and nutrition in India and weak in Pakistan but satisfactory in Afghanistan. Weak support and a fragmented approach to child malnutrition in the India program was arguably the weakest element of the World Bank strategy given the severity of the problem. In the Bhutan program, national awareness of issues and policy options in nutrition was raised through analytic work; the government's Eleventh Five-Year Plan highlights issues in nutrition very prominently; the attention from government and media has been high in response to the findings of the Bank's analytic work on nutrition indicating the gravity of issues related to stunting and malnutrition, and the ongoing programs that can be used to address them, with suitable modifications. Implementation of follow-up policy actions is reported to have since begun.

Progress in government effectiveness has been limited in India and Pakistan but more encouraging in Bhutan and Afghanistan. The India program delivered little turnaround in governance both at central and local levels where there is a need for sustained long-term engagement. In Pakistan, all the related objective were either partially or not achieved, including in strengthening macroeconomic management, tax policy and administration, public expenditure, financial and public procurement management, and capacity and accountability in public sector management. World Bank support was more successful in Bhutan and Afghanistan. In Bhutan, significant progress was made in modernizing public budgeting and monitoring while service standards were established for public services. Yet much remains to be done to address equity and efficiency issues in education, health, and nutrition as identified in World Bank analytical work. In Afghanistan, substantial progress was made in public financial management but progress was much more limited in civil service.

World Bank engagement and performance on issues related to climate change mitigation, environment, sustainable development, and disaster management in South Asia seems still sparse and uneven. In India, supported by ample AAA, a substantive program emerged to address environmental and climate change issues, although concrete results were still scarce. In Pakistan, the objectives of strengthening sustainability for better health outcomes and improved competitiveness were supported by substantial analytical work and environmental work under important projects. This support has likely contributed to raising awareness and translated into the National Climate Change Policy launched in early 2013, but implementation has yet to start. All the objectives of Bhutan's program related to disaster risk management were achieved, including passing a national Disaster Management Act, strengthening disaster management capacity and preparing a plan for schools and hospitals.

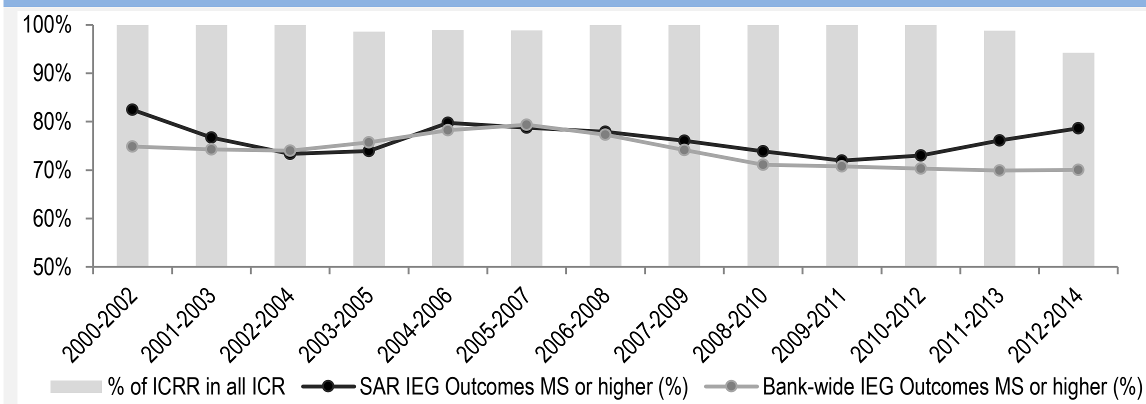
All four country programs highlight the importance of clear, realistic results frameworks and sound M&E systems proactively managed and used. India's complex and dynamic development environment calls for cultivating a collaborative and receptive partnership with government and executing agencies. It also highlights the collaborative challenges such as multisectoral approaches in sectors such as urban development, nutrition, and water resource management and World Bank–IFC collaboration. While World Bank–IFC collaboration did improve markedly, it still fell well short of potential and of the expectations of key stakeholders, not least the Indian authorities. In contrast, when both organizations are aligned to common strategic objectives (such as capacity building in low-income states, increased investment in climate change adaptation) and collaboration follows each institution's relative operational strengths, achievements exceed what each agency could achieve independently. PPPs are one area in which experience demonstrated clearly differing institutional strengths with IFC's transaction and business climate experience complementing the policy orientation of the World Bank.

Pakistan experience demonstrates the importance of donor coordination on long-term issues such as energy development. It also highlights the pay-off that persistent engagement in key activities, even during difficult times, can have results. It underlines that development results would likely be improved if the World Bank probed more systematically on political economy considerations to select support programs with fair chance of being implemented. For countries in transition, such as Bhutan, experience shows the importance of budget support for policy dialogue and reforms. Among the lessons from the Afghanistan, some are relevant beyond fragile and conflict situations: (i) gender mainstreaming is feasible even in fragile and conflict contexts with cultural constraints if addressed systematically and can deliver substantial results in terms of service delivery and increase economic and social opportunities for women when addressing gender issues is an integral part of the country program; (ii) World Bank Group analytical work plays a critical role in filling knowledge gaps in key sectors and the underlying drivers of political economy.

World Bank performance was satisfactory or good for the India, Bhutan, and Afghanistan programs and fair for Pakistan. The World Bank Group program in India showed considerable flexibility and high responsiveness to government increased demand for funding and scale-up of engagement in priority areas. Portfolio performance was good and the knowledge agenda was generally supportive of the program. Collaboration between the World Bank and IFC increased in several areas and cooperation with other development partners supported program implementation. However, a number of design and implementation issues need to be addressed, including: (i) a clearer differentiation between areas of mature engagement and areas of advocacy or exploration where results are uncertain; (ii) the results framework suffered from various deficiencies; (iii) the support for advancing the agenda to reduce child malnutrition was too weak; and (iv) fiduciary concerns remained an issue throughout the Country Partnership Framework period.

Limitations in Bhutan relate to : (i) delays due to weak technical and implementation capacity not reflected enough in the design, which was ambitious for private sector and urban development; (ii) constraints imposed by Bhutan macroeconomic fragility on economic growth and by prevailing incentives for commercial bank lending on private sector development in the medium term were not fully appreciated and reflected in the program design; and (iii) the results framework was weak in the choice of indicators and the weight given to process and outputs. In Afghanistan program, World Bank Group performance was good; internal drivers of success included the quality of AAA (in some sectors), customization of design to the country context, and staff capacity. World Bank performance was rated fair in Pakistan because both the results framework and M&E were weak, the program contribution to the CPF objectives was uneven with weaknesses in several areas, and actual collaboration with IFC was also weak.

Figure 1. IEG Development Outcome Ratings for South Asia Operations Relative to World Bank Average, FY00–14



Source: Business Intelligence, IEG database (ICR Reviews)
Note: SAR=South Asia Region; OCR=Implementation Completion Report; ICRR=Implementation Completion Report Review; IEG=Independent Evaluation Group; MS=moderately satisfactory.

Table 1. South Asia Region: IEG Development Outcome Ratings by Global Practice for Operations (Closing FY12–14)

	South Asia Region						World Bank					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
Global Practices	**No.**	**%**		**Amount**	**%**		**No.**	**%**		**Amount**	**%**	
Agriculture	8	100	8	585	100	585	52	74	70	2,831	89	3,189
Education	7	100	7	2,334	100	2,334	57	67	85	6,130	81	7,579
Energy & Extractives	6	75	8	1,545	95	1,628	56	68	82	6,852	82	8,342
Environment & Natural Resources	3	100	3	288	100	288	29	54	54	1,419	82	1,741
Finance & Markets	6	55	11	1,033	93	1,106	40	73	55	5,352	93	5,780
Governance	4	50	8	321	61	526	33	52	64	2,362	57	4,168
Health, Nutrition & Population	8	80	10	1,961	84	2,347	54	76	71	5,279	84	6,269
Macro Economics & Fiscal Management	0	0	1	0	0	7	50	75	67	7,780	83	9,362
Social Protection & Labor	4	100	4	500	100	500	36	90	40	6,699	96	6,969
Social, Urban, Rural and Resilience Global Practice	9	82	11	1,272	88	1,444	86	77	112	7,771	81	9,642
Transport & ICT	8	80	10	1,762	74	2,388	59	74	80	7,217	73	9,954
Water	7	88	8	978	100	981	43	66	65	3,745	71	5,263
Poverty							2	40	5	542	83	656
Trade & Competitiveness							6	60	10	300	39	760
Other							0	0	1	0	0	34
Grand Total	**70**	**79**	**89**	**12,579**	**89**	**14,135**	**603**	**70**	**861**	**64,279**	**81**	**79,708**

Source: Business Intelligence
Note: MS=moderately satisfactory. Figures for percentage of total commitment relate solely to IBRD/IDA funding and exclude projects funded through trust funds.

Table 2. Outcome Ratings of IFC Investment and MIGA Guarantee Operations in South Asia Region and Overall, FY12–14

IFC	South Asia						IFC Overall					
	Number of projects			Net commitment (US$ million)			Number of projects			Net commitment (US$ million)		
	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated	MS or higher		Total evaluated
IFC Cluster	No.	%		Amount	%		No.	%		Amount	%	
Telecom, Media, Tech. & Venture Investing	2	33	6	159	82	195	16	42	38	505	54	940
Financial Institutions Group	1	33	3	12	13	90	43	61	70	1,265	66	1,904
Infrastructure & Natural resources	6	75	8	241	90	269	24	69	35	1,514	87	1,739
Manufacturing, Agribusiness & Services	11	73	15	414	81	513	48	59	82	1,254	64	1,958
Total	**20**	**63**	**32**	**825**	**78**	**1,064**	**131**	**58**	**225**	**4,538**	**69**	**6,542**

MIGA	South Asia			MIGA Overall		
	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated	PERs rated satisfactory or higher	Success rate (%)	Number of MIGA projects rated
MIGA Total	**1**	**100**	**1**	**35**	**63**	**56**

Source: IEG database (XPSR, PES Evaluation Notes and PERs and PER Evaluation Notes for MIGA)
Notes: MS = mostly successful. IFC and World Bank Regions are not fully aligned. IFC projects in Afghanistan and Pakistan have been included in the South Asia region update to align with the World Bank. Success rate refers to projects rated as mostly successful or higher. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 3. IEG Ratings of IFC Advisory Projects: South Asia Region and IFC Overall, FY12–14

	South Asia			IFC Overall		
	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
Business Line	No.	%		No.	%	
Access to Finance	5	71	7	40	67	60
Investment Climate	4	80	5	29	71	41
Public-Private Partnership	5	56	9	12	50	24
Sustainable Business Advisory	7	78	9	36	61	59
Total	**21**	**70**	**30**	**117**	**64**	**184**

Source: IEG database (PCR Evaluation Notes)
Note: Success rate refers to projects rated as mostly successful or higher. IFC and World Bank Regions are not fully aligned. IFC projects in Afghanistan and Pakistan have been included in the South Asia region update to align with the World Bank. MIGA ratings are for the FY09–14 period. MIGA's rating criteria follow a four-point rating scale: excellent; satisfactory; partly unsatisfactory; and unsatisfactory. Data includes project ratings finalized up to September 30, 2015.

Table 4. South Asia Region: IEG Development Outcome Ratings by Country (Closing FY12–14)

		World Bank projects			IFC Investment Services			IFC Advisory Services		
		MS or higher		Total evaluated	Mostly successful or higher		Total evaluated	Mostly successful or higher		Total evaluated
	Country	No.	%		No.	%		No.	%	
Blend	India	23	85	27	15	63	24	7	64	12
	Pakistan	7	70	10	3	60	5			
	Sri Lanka	6	86	7				4	80	5
Blend Total		**36**	**82**	**44**	**18**	**62**	**29**	**11**	**65**	**17**
IDA	Afghanistan	15	71	21	1	100	1			
	Bangladesh	8	73	11				4	100	4
	Bhutan	4	100	4				0	0	1
	Maldives	0	0	1	1	100	1	1	50	2
	Nepal	7	88	8	0	0	1			
IDA Total		**34**	**76**	**45**	**2**	**67**	**3**	**5**	**71**	**7**
Grand Total		**70**	**79**	**89**	**20**	**63**	**32**	**16**	**67**	**24**

Source: IEG database (ICR Reviews, XPSR Evaluation Notes, PCR Evaluation Notes)
Notes: MS = moderately satisfactory. Success rate refers to projects rated as mostly successful or higher. Includes preliminary ratings.

Table 5. South Asia Region: World Bank New Lending Commitments by Global Practice, FY11–15 (US$ millions)

Global Practice	2011	2012	2013	2014	2015
Agriculture	490	1,991	226	381	968
Education	471	1,250	595	1,498	1,115
Energy & Extractives	837	1,212	221	2,869	176
Environment & Natural Resources	357	-	100	-	3
Finance & Markets	57	30	130	57	900
Governance	370	-	119	117	50
Health, Nutrition & Population	400	192	855	100	36
Macro Economics & Fiscal Management	25	-	36	450	520
Social Protection & Labor	537	150	613	84	300
Social, Urban, Rural and Resilience Global Practice	560	592	831	1,433	2,081
Trade & Competitiveness	142	-	-	200	22
Transport & ICT	4,594	505	749	2,142	950
Water	1,291	523	-	1,204	739
Grand Total	**10,130**	**6,446**	**4,474**	**10,535**	**7,860**

Source: Business Intelligence as of September 08, 2015
Note: The New World Bank Lending Commitments are the sum of IBRD and IDA commitments for PE projects approved between FY11–15.

Table 6. South Asia Region: IEG Ratings of Project M&E Quality, FY12–14

	M&E quality substantial or higher		Total number of rated projects
	Number of projects	Percentage	
IBRD	5	38	13
IDA	25	39	64
Blend	2	25	8
Grand Total	32	38	85
Grand Total Bank-wide	**250**	**29**	**855**

Source: Business Intelligence as of September 08, 2015.

Table 7. South Asia Region: World Bank Country Programs Outcome and Performance Ratings, FY13–15

FY of review	Country	CLR Review period	Outcome rating	Bank performance	IFC performance
2013	India	FY09–12	MS	S	NA
2014	Pakistan	FY10–14	MU	Fair	NR
2015	Bhutan	FY11–14	MS	Good	Fair

Source: IEG database (CLR Reviews)

Appendix F. Global Practice Cluster Updates

Equitable Growth, Finance, and Institutions Global Practice Cluster

The Equitable Growth, Finance, and Institutions (EFI) Cluster consists of the following five Global Practices:

- **Finance and Markets:** seeks to develop resilient, efficient, and transparent financial systems to help mobilize capital needed for investments in country development priorities
- **Governance:** develops innovative, integrated solutions to pernicious institutional problems using a problem-driven, diagnostic approach that combines knowledge of reform successes and failures with a keen understanding of institutional challenges and opportunities in developing countries
- **Macroeconomics and Fiscal Management:** provides integrative development strategies, policy-based lending, macro data, global perspectives, real-time policy analysis, country risk assessments, and innovative projection tools
- **Poverty and Equity:** seeks to deliver advice and integrated knowledge to identify key policies and multisectoral solutions that effectively reduce poverty and benefit the less well-off, and to help better understand the relationship between growth, poverty, and inequality
- **Trade and Competitiveness:** helps countries develop more dynamic and integrated economies by boosting trade, enhancing the investment climate, improving competiveness in sectors, and fostering innovation and entrepreneurship.

EFI is the World Bank's second largest cluster, with commitments of $11 billion in FY15 amounting to 26 percent of the total Bank lending[1] (table 3). In comparison, total commitments for the largest cluster—Sustainable Development were $22 billion, (52 percent of the total Bank lending). The commitments for the Human Development cluster were $9.3 billion (22 percent of the total Bank lending).

PERFORMANCE TRENDS

During FY05–14 the percentage of the EFI cluster's investment projects that were rated moderately satisfactory or higher (MS+) was consistently lower than those of the Human Development and Sustainable Development clusters (figure 1). The spread widened for FY12–14: 71 percent of Human Development and Sustainable Development projects were rated MS+ compared with 58 percent for EFI projects (as recent as FY11 and FY12).

A specific look at DPOs, however, shows a different trend from FY05–13 (figure 2). DPOs in the EFI cluster consistently had a high percentage of DPOs rated MS+ compared with the Human Development and Sustainable Development clusters. The exception is FY12–14, when 89 percent of Human Development and Sustainable Development DPOs were rated MS+ compared with 74 percent in the EFI cluster.

Regarding financing source, IBRD-financed projects in the EFI cluster had consistently better ratings than IDA projects during FY05–14, measured as the percentage (on a three-year moving average) of all closed projects that were rated MS+ (figure 3). There was a significant and consistent spread of as much as 20 percent between IBRD and IDA project ratings from FY10–14.

During FY12–14, 71 percent of the investment projects in the Finance and Markets Global Practice were rated MS+ or higher, compared to 50 percent for Governance Global Practice. The remaining Global Practices had less than 10 projects each (table 1).

Disaggregated by Regions from FY12–14, 82 percent of the investment projects in Europe and Central Asia Region were rated MS+. All other Bank Regions ranged from 50 percent to 67 percent—Latin America and Caribbean and the Middle East and North Africa Region (67 percent each); Africa and South Asia Regions (51 percent and 50 percent, respectively). East Asia and Pacific Region was the lowest with 42 percent rated moderately satisfactory or higher (table 2).

Regarding monitoring and evaluation (M&E) quality for EFI projects that closed FY11–14, only the Macroeconomic and Fiscal Management Global Practice had 40 percent of projects rated as substantial (figure 4). The other Global Practices ranged from 18 percent to 29 percent, with Trade and Competitiveness rating the lowest in achieving M&E quality ratings of substantial or higher.

MAIN EVALUATION FINDINGS AND LESSONS

This section summarizes key findings and lessons from IEG's major evaluations, learning products, and Project Performance Assessment Reports (PPARs) completed during FY12–15 and relevant to the EFI cluster.[2]

Major Evaluations and Learning Products

IEG's **Poverty Evaluation** (IEG 2015g) used country case studies, surveys, focus group meetings, systematic reviews of Bank products, and other instruments, to examine the consistency of poverty focus in each of four links in a causal chain: data, diagnostics, strategy formulation, and strategy implementation through lending and nonlending instruments. The study reviewed the adequacy of the information base and usefulness of the analytical underpinnings that support country strategy formulation and implementation. It also evaluated the consistency of the poverty focus throughout the evaluation chain and the strength and weakness of feedback loops. The evaluation found that the Bank's work on data and diagnostics was generally robust, but with significant gaps in coverage and timeliness. Areas that require attention include improving country coverage and data capacity, reflecting the findings of the diagnostics in country strategy formulation, enhancing the consistency of the poverty focus in strategy implementation, and strengthening monitoring and feedback loops. Three main findings emerge:

- **Creating knowledge**: The World Bank provides an important public good in supporting and reporting global poverty data, and producing high-quality poverty diagnostics. The Bank can better perform this role by investing more in sustainable data collection and by adopting data reporting standards as a part of its mission. On diagnostics, it should strengthen analysis of institutional issues and sociopolitical constraints, and make policy recommendations more actionable.
- **Understanding context**: The Bank operates in a complex environment, and the choice of portfolio is conditioned by the strategic focus of a government client as well as the Bank's comparative advantage. The government commitment to poverty reduction is a key factor in the fidelity between implementation and the formulated country strategy. When a country is not fully committed to poverty reduction, the Bank often faces a tough choice between disengaging from significant lending or engagement in areas that may be only tangentially related to poverty reduction. High-quality and timely diagnostics, policy dialogue, and technical assistance should help identify entry points and lay the groundwork for greater impact.
- **Leveraging Resources**: Given the small size of Bank resources relative to the economies it seeks to influence, the effectiveness of Bank interventions in helping clients reduce poverty will increasingly depend on how it uses instruments as pilots and as catalysts to leverage resources from development partners and other stakeholders. Strengthening the complementarity among diagnostic work, technical assistance, and lending instruments, and among policy and investment lending instruments, can help to scale up efforts and achieve more sustainable, long-term impact.

IEG's major evaluation of the **World Bank Group's support for innovation and entrepreneurship** (IEG 2013g) found that although investment in these areas has been substantial ($18.7 billion) over the past decade, its effectiveness can be enhanced through broad, systemic efforts on the following set of complementary actions. At the corporate level, the Bank Group has to articulate a clear vision of how innovation can be transformed into workable solutions to address major development problems. Urgent action is required to enhance coordination, consultation, or linkages on innovation and entrepreneurship initiatives across the Global Practices, as well as across the Bank Group institutions. Practical solutions are needed for people who earn less than $2 a day, which are not restricted to low-income countries since middle-income countries also have large population segments living in poverty. Sustained efforts are required to experiment with different mechanisms and implementation arrangements, complemented by monitoring and evaluation systems to facilitate the scale-up of promising interventions and share knowledge across the Bank.

Another major IEG evaluation analyzed **IFC's Global Trade Finance Program** (GTFP; IEG 2013c). The evaluation found that the GTFP significantly improved IFC's engagement in trade finance by introducing an open, global network of banks and a quick and flexible response platform to support the supply of trade finance. The GTFP has high additionality among high-risk countries and banks, where the supply of trade finance and availability of alternate risk mitigation instruments are lower. IEG made the following recommendations for IFC:

- Continue to strengthen the GTFP's focus in areas where additionality is high, and increase the share of the program in high-risk markets and where the supply of trade finance and alternate risk mitigation instruments are less available
- Adopt additional methods of reporting volume that can reflect the distinct nature of trade finance guarantees
- Refine the means by which GTFP profitability is monitored and reported
- Review the costs and benefits of the current M&E framework
- Ensure that a transparent process is in place to govern cases of covenant breach
- Enhance the program's ability to meet the demand for coverage of longer-term trade finance tenors.

IEG's major evaluation on investment climate reforms, **An Independent Evaluation of World Bank Group Support to Reforms of Business Regulations** (IEG 2014a), showed that the World Bank Group has been providing extensive support to investment climate reforms, including 819 projects with investment climate interventions in 119 countries for a total estimated value of $3.7 billion during FY07–13 period. IEG found that the World Bank Group supported a comprehensive menu of investment climate reforms in the right countries and generally in the right areas of the regulatory environment. The World Bank Group relied on a variety of investment climate diagnostic tools, but their coverage is incomplete. Intervention and country case analysis shows that within the limits of the available measures of investment climate indicators, the World Bank Group was successful in improving investment climate in client countries, as measured by number of laws enacted, streamlining of processes and time, or simple cost savings for private firms. However, the impact on investment, jobs, business formation, and growth is not straightforward, and the social value of regulatory reforms; that is, their implications for inclusion and shared prosperity, as reflected in effects on a range of stakeholders, was not properly included in the design of reforms and assessment of their impact.

Although regulatory reforms need to be designed and implemented with both economic and social costs and benefits in mind (in practice), World Bank Group support focuses predominantly on reducing costs to businesses. Simplicity of design and good risk assessment play a special role in achieving satisfactory outcomes. Political instability and lack of political commitment remain major problems, limiting the effectiveness of investment climate reforms. In supporting investment climate reforms, the World Bank and IFC use two distinct but complementary business models. IEG recommended the following to the World Bank Group:

- Expand the coverage of current diagnostic tools and integrate them to produce comparable indicators so they can capture the areas of the business environment not yet covered by existing tools
- Develop a differentiated approach to identify the social effects of regulatory reforms on all groups expected to be affected by them beyond the business community
- Ensure that the World Bank Group takes advantage of the complementarity and strengths of the World Bank and IFC business models when designing the new Trade and Competitiveness Global Practice.

In its evaluation **World Bank Group Support to Public-Private Partnerships: Lessons from Experience in Client Countries, FY02–12** (IEG 2014h) IEG found that designing, structuring, and implementing PPPs remains a challenging and complex effort. The study generated several important findings:

- The World Bank's upstream policy reform and institution building reaches the right countries, but the sector reform work failed in almost half of the cases because of the complexity and political implications of the reform processes. Advice on how to manage fiscal implications from PPPs is rarely given.
- The World Bank Group significantly contributed to capacity building for PPPs, but a lack of local skills and resources for the preparation of a PPP pipeline and bankable PPP projects poses a serious limitation across most World Bank–supported countries. IFC Advisory Services achieved important impacts in advising on PPP structuring, although only about half of the projects result in a contract award, mostly because of volatile government commitment. IFC also added value when investing in PPPs during due diligence and implementation,

but a higher share of its PPP portfolio could be in countries and markets with less developed PPP frameworks. MIGA increased investor confidence and effectively implemented PPPs in countries about to develop their PPP frameworks.

- Public-private partnerships supported by the World Bank Group are largely successful in achieving their development outcomes, but data are scarce on the effects on the poor. The World Bank Group institutions deploy their respective comparative advantages well, but their approach should be more strategic and better tailored to countries.

To further improve the World Bank Group's PPP ambitions as stated in its latest strategy, the IEG evaluation recommends the following actions:

- Translate the World Bank Group's strategic PPP intentions into an operational framework
- Better assist governments in making strategic decisions regarding the level and type of private sector participation, and in assessing fiscal implications
- Identify avenues to increase IFC investments in PPPs in countries and markets that do not have a well-developed enabling environment
- Ensure broad stakeholder consultation and government commitment in IFC's advisory work
- Provide authoritative guidance to staff on how to handle unsolicited PPP proposals
- Define principles for monitoring PPPs in the long run to capture all vital performance aspects, including user aspects where relevant.

IEG's evaluation on small and medium enterprises, **The Big Business of Small Enterprises: An Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-Size Enterprises, 2006–2012** (IEG 2014f), highlights the importance of causal chains. Based on a portfolio averaging about $3 billion a year in commitments, expenditures, and gross exposure during 2006–12, IEG found that a critical challenge is to root the many small and medium enterprise (SME) activities in a clear understanding of the characteristics and dynamics of SMEs, their role in the broader economy, and their actual and potential contribution to jobs, growth, and shared prosperity. A closely related challenge is to formulate clear strategies that connect interventions to intended outcomes, through solid measurement systems that provide evidence of results and allow learning. As the World Bank Group continues to support SMEs, the IEG evaluation concludes that the World Bank Group could be more effective by doing several things:

- Clarify its approach to targeted SME support by harmonizing SME approaches, and by making clear objectives and analytic justification for targeted SME support, how it relates to systemic reform, where it is appropriate, what main forms it will take, and how it will be monitored and evaluated
- Enhance relevance and additionality by shifting benefits from better-served firms and markets to frontier states (those with underdeveloped financial systems, especially low-income and fragile and conflict-affected countries), frontier regions, and underserved segments
- Institute a tailored research agenda
- Strengthen guidance and quality control so that World Bank Group project documents targeting SMEs define and justify the specification of the beneficiary group, provide specific targeting mechanisms, and include impact indicators in its results and M&E evaluation frameworks
- Reform MIGA's Small Investment Program, considering either a merger with its regular program or a fundamental redesign to improve performance.

IEG also conducted an internal review of **The World Bank Group's Experience with Lines of Credit to Support SMEs, FY06–12** (IEG 2014f). The review covers a portfolio of World Bank and IFC lines of credits on-lent to SMEs and focuses on 10 World Bank lines of credit, 29 IFC lines of credit, and the findings of two field visits conducted for IEG's evaluation of targeted support to SMEs. Findings of the review include:

- World Bank Group lines of credit were concentrated in upper middle-income countries, influenced by the global financial crisis during part of the evaluation period
- World Bank and IFC lines of credit often included parallel technical assistance, and the projects generally achieved superior development effectiveness rating and additionality
- The division of work between the World Bank and IFC was not uniformly consistent with prevailing strategy, policy, and guidance notes
- M&E was weak, and the impact of the loans at the financial intermediary and SME level was mostly unrecorded.

IEG's learning product on **Macro Framework in DPOs** (IEG 2015h) found that, overall, the macro-fiscal frameworks presented in DPO desk reviews of a number of case studies are broadly adequate. Basic macro frameworks in most cases are consistent, credible, and sustainable as presented in the program document as well as in related evidence, for example, International Monetary Fund (IMF) reports detailed debt sustainability analysis. Some weaknesses in the quality of macro frameworks are identified in a few operations: (i) ambitiousness of macro-fiscal frameworks in some stand-alone operations and links between objectives and fiscal measures; (ii) credibility of the framework considering the track record, political economy factors, treatment of risks, or institutional fiscal rules; and (iii) robustness of the debt sustainability analysis. In cases with no IMF program or substantial collaboration with the IMF, and where a track record is lacking, there appeared to be more weaknesses in some elements of the macro-fiscal frameworks. Greater attention is needed to ensuring the quality of macro-fiscal frameworks in the absence of IMF programs and in the presence of weak track records. The length of the time horizon of the operation (stand-alone or programmatic) affects the capacity to link substantive prior actions to significant, longer-term fiscal and macroeconomic stability results. Stand-alone operations showed specific weaknesses in the completeness and overall quality of macro-fiscal frameworks.

IEG's learning product on **Results Framework in DPOs** (Mkrtchyan, Sundberg, York, and Heider 2015) found that the presentation of the results frameworks has changed substantially in recent years with mixed results. The review notes that for the Bank's streamlined and simplified results framework model to be effective, it is critical to ensure (i) clarity of presentation of objectives and outcomes, (ii) high quality of prior actions, and (iii) comprehensive reporting of results and their attribution to the Bank's inputs at completion. Some findings and recommendations are:

- Some DPOs suffer from lack of clear statements of objectives and outcomes. This shortcoming is present in some newly approved DPOs that follow the modified template of Operations Policy and Country Services (OPCS). Their results frameworks lack explicitly stated outcomes, while result indicators in many cases fall short of meaningfully measuring a the outcomes of a DPO.
- The quality of prior actions is critical for the robustness of the results frameworks of DPOs. The review highlights recent improvements in prior actions and suggests further steps to improve their quality: Avoid actions that do not support significant policy changes such as draft regulations at early stages of preparation (before approval by governments), agency-level actions with little or no tangible implication for overall policy, statements of intentions, repeated prior actions on recurrent government functions that lack additionality, and "pilot" actions without a clearly defined strategy for scaling up. Avoid policy actions unrelated to Bank engagement with the client country, which is contrary to the Bank's approach to budget support and undermines the additionality of DPOs. The report suggests formulating guidance and standards on prior actions to improve the results orientation of DPOs.
- Excessive use of flexibility in a programmatic series can compromise a DPO's focus on results. Dropping essential triggers or accepting partially met triggers that do not capture the true essence of intended reforms may substantially undermine the quality of results frameworks. Although maintaining flexibility in DPOs is important, in many cases a better balance between flexibility and rigor

would improve a DPO's focus on results. The review also notes that recent changes in the presentation of medium-term reform programs in a programmatic series have improved the clarity of results frameworks.

- The Implementation and Completion Results Report (ICRs) of DPOs need to focus more on the quality of prior actions and provide a more comprehensive account of policy changes triggered by them. To enhance the quality of reporting on results, ICRs should reconstruct and document the implicit results chain leading from prior actions to program results. The review finds that the extension of time allocated to ICR preparation from 6 months to 12 months may enhance the quality of reporting and a DPO's evaluability. It also effectively expands a DPO's time horizon. To ensure sustainability of reform, the long-term monitoring of reform areas supported by DPOs can be integrated into the monitoring systems of both Country Assistance Strategies and Country Partnership Strategies.

PROJECT PERFORMANCE ASSESSMENT REPORT

IEG prepared a cluster PPAR covering three series for **Vietnam: Poverty Reduction Support Credits, Public Investment Reforms, and Support to P-135 Program for Community Development.** Eight key lessons were identified:

- Dialogue between the government and the Bank on macroeconomic and fiscal issues assumes greater importance in the absence of an IMF program, especially during periods of macroeconomic risk. In Vietnam, this warrants a rethinking of how macroeconomic stability can best be supported through DPOs. The approach during the past decade has not been effective.
- Fragmentation of macroeconomic dialogue among multiple, parallel DPOs tends to weaken both dialogue and operational content.
- Responding to macroeconomic crises at the same time as promoting long-standing institutional reforms in a single operation or series may reduce effectiveness, especially when risks that reforms may not be implemented are high and macro-stabilization issues are not specifically addressed by the DPOs.
- Excessive flexibility regarding the policy content of a programmatic series weakens the program. Although flexibility is an important feature of Bank policy lending, there is room for striking a better balance between flexibility and rigor. Inclusion of partially met triggers as prior actions should be considered with particular caution.
- Greater willingness on the part of the Bank and other external partners to withdraw their support for weakly implemented reform programs and unproductive policy dialogue can strengthen the content and outcome of future operations. The delays in the second operations of P-135 and PIR, and Poverty

Reduction Support Credits (PRSC) 10 appear to have reflected concerns with program quality, which, however, were only adequately resolved in P135. Arguments for budget predictability under the Paris Declaration are less relevant in Vietnam due to relatively small share of budget support in public expenditures.

- A strong knowledge base is of critical importance for upstream design of reforms and parallel technical assistance to support their implementation. Selectivity helps to promptly adapt knowledge products and technical assistance to the most pressing needs.
- The design and implementation of M&E for DPOs remain a challenge, and the adequacy of the M&E framework needs to be reconsidered each time a new operation within a series is launched. Logical links need to be thought through carefully and institutional responsibilities clearly delineated. Impact evaluations, whenever feasible, should be an integral part of M&E.
- Use of budget support instruments for financing programs such as P135 (community development) may entail considerable risks. The state of decentralization and capacities and capabilities of subnational governments need to be taken into account in the design and implementation of targeted poverty programs.

The main lessons of from IEG's PPAR: **Uganda Poverty Reduction Support Credits (PRSCs)** are as follows:

- Lack of clear, concrete objectives impedes both implementation and evaluation of DPOs. Framing objectives in relation to broad support of government policies (as in PRSC5–7) is best avoided.
- Focus and selectivity in policy areas is critical to DPO implementation and outcomes. The Bank, the donors, and the government have jointly adopted an overambitious and extensive policy agenda under the PRSC5–7, which diluted focus and undermined effectiveness in implementation.
- Adequately considering political economy factors in the design of major reforms is an essential requisite of the design of a successful DPO series. For example, the failure to increase revenue mobilization over a long time was directly related to the political economy of political patronage and large, entrenched tax exemptions and culture of noncompliance. Another example is the relatively strong upstream governance institutions but weak enforcement, including for offenses by government officials. Lack of policy focus on these areas undermined the quality of PRSC design and their implementation and outcomes.
- Pressures to extend budget support within the broader donor support framework without hard conditionality to raise domestic revenues can undermine incentives for domestic revenue mobilization. This, in turn, can

undercut macroeconomic adjustment needed for sustainable fiscal policy as well as the adequacy of funding for basic services.

- Implementation and evaluation are also facilitated when objectives are tightly linked to prior actions and there is a measurable and relevant results framework, with unambiguous outcome indicators and targets incorporating an explicit and convincing theory of change. DPOs strongly benefit from active incorporation of lessons from the past operations and from knowledge products (such as Country Economic Memoranda and Public Expenditure Reviews).

IEG prepared a PPAR for **Tanzania: Eight Poverty Reduction Support Credits (PRSCs),** which were implemented as two program series between 2003 and 2011. IEG rated the outcome of the first series (PRSCs 1–3) as moderately satisfactory and the outcome of the second series (PRSC 4–8) as moderately unsatisfactory. The following lessons can be drawn from this assessment:

- Direct and sustained focus and clarity of vision over the entire course of implementation of PRSC is required to facilitate lasting reforms, particularly with regard to public sector governance.
- PRSCs can make little progress without a foundation of trust between the World Bank and the government, and among development partners at the institutional and individual levels.
- PRSC programs risk becoming irrelevant if the design, scale, and scope are not adjusted as conditions change.
- The lack of well-defined and realistic objectives and a fully developed results framework adjusts to changing circumstances difficult.
- Regular reporting on key outcome indicators is essential so that data can drive adjustments to the PRSC program.
- Transitioning to the use of PRSCs as the primary instrument for resource transfer is only likely to be successful when strong central ministries can fully pursue a sector-inclusive dialogue representing the perspectives of key players throughout government.
- Elevating to the national dialogue sector-specific structural reforms that stalled at the sector level does not guarantee their implementation.

IEG's PPAR for the **Tanzania: Public Sector Reform Project** found that an excessive focus on form rather than function in public service reform is counterproductive. Political windows of opportunity may span years but rarely decades, and reform programs that aim at improving service delivery need to show some short-term results to citizens to build support in public opinion. Capacity building cannot be seen as an effort that can show results in improved services only in the medium term. The consequences of failing to address policy reversals early can be serious, and the risks of unfocused public service reform projects in low capacity environments are high, even when political commitment is strong.

IEG's PPAR for the **Rwanda: Decentralization and Community Development Project** yielded important lessons relevant to the EFI cluster. First, in a post-conflict environment with a history of highly centralized structures and dominant central government, decentralization can be fostered by well-designed participatory processes to promote demand-side governance and empower communities, along with intensive institutional and capacity building at central and local levels. In Rwanda, the project provided the building blocks for fostering community participation and local accountability and enhanced social cohesion through financing of sub-projects identified by communities through a participatory planning process that feed into the Annual Action Plans for the districts. Second, decentralization and capacity building is a long-term process and needs sustained government and Bank engagement. Sustained government commitment to build local capacity and institutions for planning, financing and revenue generation to improve local service delivery is fundamental to advancing decentralization. The project facilitated institutional capacity building for central and local government structures including providing training and technical assistance for priority setting, project planning, financial management, M&E, and local development planning and budgeting.

The three key lessons from IEG's PPAR on the **Jamaica: Fiscal and Debt Sustainability DPL** are as follows:

- It is essential for the Bank to work in close collaboration with the IMF and other development partners in DPL operations to ensure complementarities and increase the likelihood of success of the overall program.
- A single DPL can be a useful entry point to address an emergency, and to engage with a country where the Bank had no ongoing macroeconomic policy dialogue for an extended period. Notably, a country such as Jamaica that undergoes a systemic crisis needs a medium-term programmatic approach.
- The Bank is often called upon to make difficult choices in its policy-based lending which can involve high-risk and high-reward strategic issues. In this case, it was clear from the beginning that the program would be subject to high macroeconomic risks and the success was not guaranteed. The Bank proceeded to support government's reform program that was conceptually sound but the risk of failures was high due to the size of the problem facing the country. Under such conditions, the Bank might alternatively focus its early efforts more on institutional strengthening such as through advisory services to build capacity and to participate with significant funding in a broader reform program

supported by IMF and other international financial institutions. The subsequent program was part of such a broader package.

From IEG's PPAR on the **St. Lucia Economic and Social Development Credit**, the key lessons identified were:

- Policy reversals can cause serious damage to otherwise significant project outcomes, and are difficult to counter. District proliferation or reduction in un-earmarked funding, or local governments' rights to raise revenues, need to be monitored closely as these could be early signals of policy reversal.
- Monitoring should be focused on outcome indicators as well as process indicators; moreover, indicators are best unified across sectors.
- Decentralization is not a sector, while it was treated as such in Uganda with a Sector Working Group, a Sector Investment Plan, and specific donor support. Decentralization of service delivery affects all economic sectors and should be supported in a harmonized way across sectors and donor programs.
- Many conditional grants to local governments are funded through donor programs. A fully decentralized sector allocation, supported through government budgets, however, requires changes to ways of donor fund allocations across sectors, given that such allocations cannot be determined a priori. This is even more important if local governments and communities have authority to do so, while, on the other hand, incompatibilities exist in this regard, such as those related to development cooperation frameworks or to sector-specific earmarking of funds by teams.

IEG's PPAR on the **Dominican Republic Public Finance and Social Development DPL** yielded five key lessons:

- The imperative to respond at a time of crisis can conflict with starting a dialogue on requirements for longer-term reform.
- An overly complex design without short-term indicators that can be monitored can detract from efficacy.
- In light of the previous two lessons, a Development Policy Loan may be the wrong instrument to support a country in a financial crisis.
- The lack of updated political economy analysis can hamper reforms and value added by the World Bank.
- A critical mass of Bank interventions in a country can act as a "shock absorber" for shortcomings in individual operations and help deliver results at times of crisis.

The following lessons from IEG's PPAR on the **Nigeria Community-Based Poverty Reduction Project (CPRP)** are relevant to the EFI cluster:

- Community-based initiatives need to be integrated and coordinated with government's broader poverty reduction strategy to effectively tackle poverty reduction. The CPRP was overall successful in increasing access of poor rural communities to water, education, and other social and economic infrastructure. However, to achieve profound and lasting impacts on poverty reduction, key elements include greater collaboration and partnership of communities with local government authorities, as well as active support of by relevant sectoral ministries.
- For micro-projects to be sustainable in the long run, the community-based development approach needs to engender and nurture a strong relationship between local communities and government at all levels.
- Development projects—including community development projects—need to be coherent and complementary. This complementarity can originate within the project itself through harmonization across different projects, or coordination between the community-driven development approach and the government provision.
- The monitoring and evaluation (M&E) framework is especially crucial for community-based development projects. The CPRP is an example of a project that was likely more successful than the M&E data can possibly tell. However, very little was collected on targeting, the participatory process, and impacts on the well-being of the communities.
- There is limited evidence that women's needs were properly represented in the selection of the CPRP micro-projects. A constant effort was made to ensure that women were included in community decision-making and women's associations were encouraged to present proposals of their own. Moreover, the type of projects allowed for funding by the CPRP was especially pro-poor and generally managed in an inclusive way.

The lessons from IEG's PPAR on the **Mozambique Public Sector Reform Project** are:

- Public sector reform operations need to consider sustainability of leadership commitment. Political commitment is multi-dimensional comprising several elements, such as clear enabling policies, time-bound implementation strategies, adequate resourcing, and inclusive citizen participation.
- The reform program's ambition must fit the country's capacity and technical assistance needs. In Mozambique, part of the program was well designed to focus on quick wins that would visibly generate public support, help sustain commitment, and can help motivate service providers. However, the legal

reform element was too complex and lacked adequate technical assistance to keep it on track.

- In contexts where there is joint donor support, the Bank should aim to also provide its support through this fund. Using the same processes for accessing funding from the Bank as for other funding reduces transaction costs for government, and helps ensure that the Bank's resources are promptly disbursed.
- Both leadership commitment and capacity have implications for M&E. In situations of low commitment and capacity, the Bank needs to spend extra effort to select and link measurable indicators to objectives, and obtain baseline data at the outset. M&E needs to be owned by project managers to support real-time adjustment to projects through the use of feedback mechanisms, and to ensure that results are broadly understood, and used to widen support for reform.

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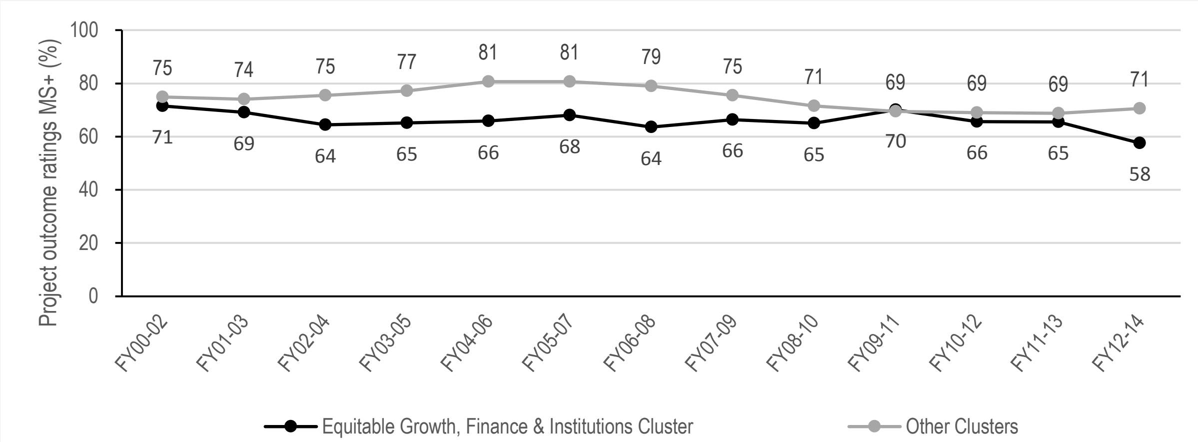
[1] This section focuses on the World Bank's portfolio, while some Global Practices may be jointly managed by World Bank and IFC. Lessons from IFC operations relevant to this cluster are summarized under the Main Evaluation Findings and Lessons section.

[2] Findings and lessons related to PPP, IFC, and MIGA operations relevant to the EFI cluster have been included in this section even though they may not be under the direct responsibility of the EFI cluster.

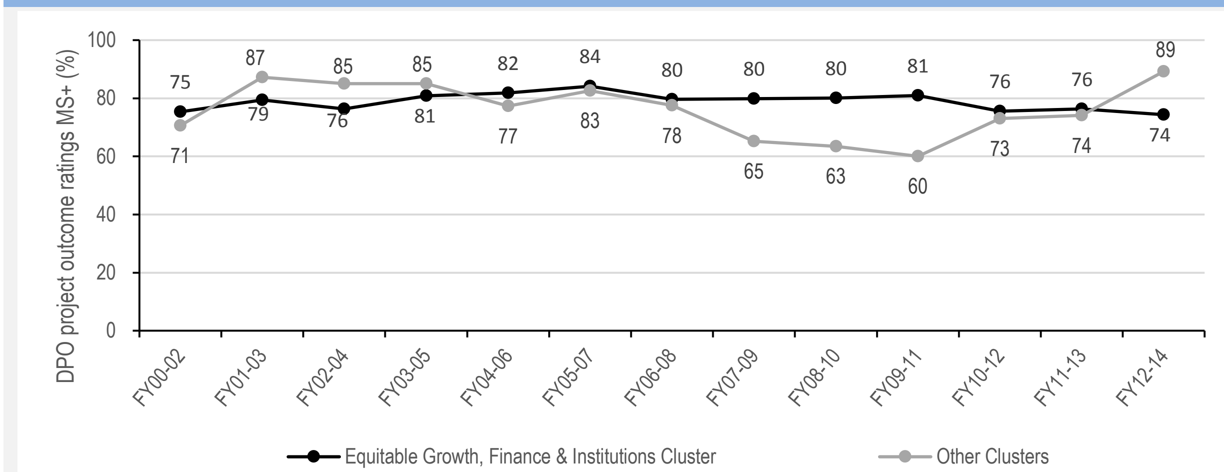
Equitable Growth, Finance, and Institutions Tables and Figures

Figure 1. Comparison of Project Outcome Ratings for Investment Project: Equitable Growth, Finance, and Institutions Cluster versus Other Clusters (Three-Year Moving Average)



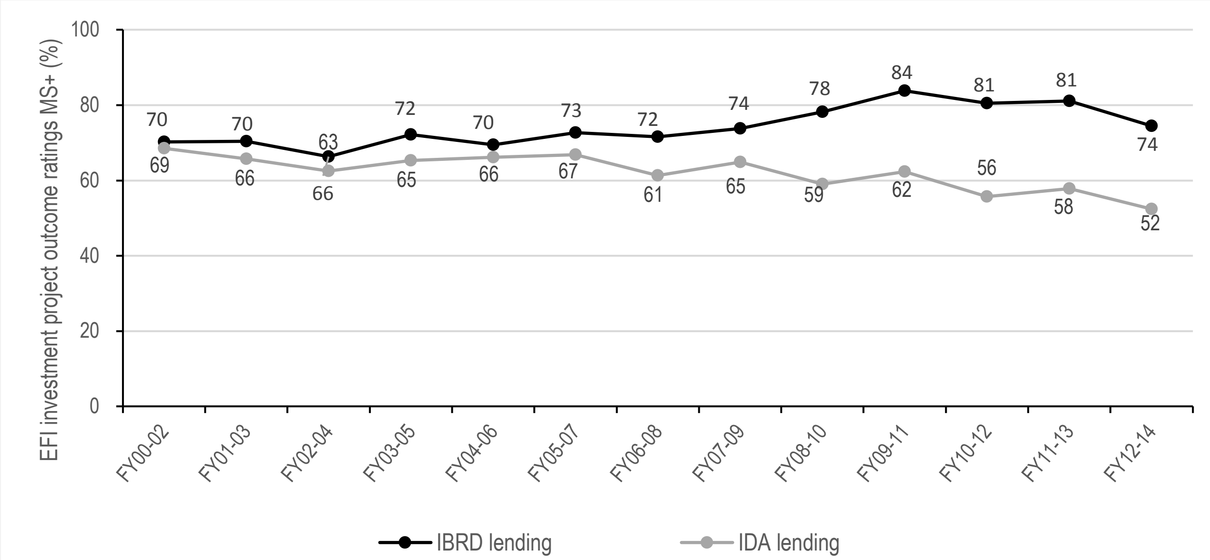
Source: IEG.
Note: MS+ = moderately satisfactory or higher.

Figure 2. Comparison of Project Outcome Ratings for DPO Projects: Equitable Growth, Finance, and Institutions Cluster versus Other Clusters (Three-Year Moving Average)



Source: IEG.
Note: DPO = development policy operation; MS+ = moderately satisfactory or higher.

Figure 3. IEG Project Outcome Ratings for Equitable Growth, Finance, and Institutions Investment Projects by IBRD and IDA (Three-Year Moving Average)



Source: IEG.
Note: EFI = Equitable Growth, Finance, and Institutions; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; MS+ = moderately satisfactory or higher.

Table 1. IEG Project Outcome Ratings of Equitable Growth, Finance, and Institutions Cluster Investment Projects (Closing FY12–14)

Global Practice and Cluster	By number of projects		By net commitment (US$ million)	
	No.	Rated MS+ (%)	Amount	Rated MS+ (%)
Finance and Markets	48	71	4,294	92
Governance	54	50	1,831	77
Macroeconomics and Fiscal Management	7	43	247	88
Poverty and Equity	3	33	56	74
Trade and Competitiveness	8	75	362	83
Equitable Growth, Finance and Institutions Cluster	**120**	**59**	**6,790**	**87**
Other Clusters	**769**	**69**	**59,231**	**82**

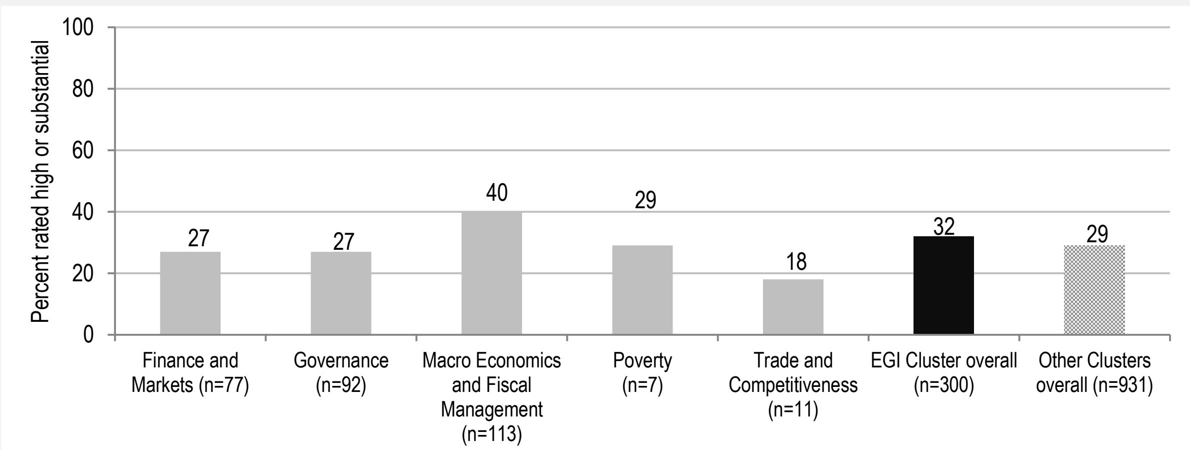
Source: IEG
Note: EFI = Equitable Growth, Finance, and Institutions; MS+ = moderately satisfactory or higher.

Table 2. IEG Project Outcome Ratings of Equitable Growth, Finance, and Institutions Cluster, by Investment Projects by Region (Closing FY12–14)

World Bank Region	EGFI Cluster		Non-EGFI Cluster	
	Projects evaluated	Rated MS+ (%)	Projects evaluated	Rated MS+ (%)
Africa	41	51	204	67
East Asia and Pacific	12	42	119	67
Europe and Central Asia	22	82	109	72
Latin America and the Caribbean	18	67	97	73
Middle East and North Africa	9	67	53	60
South Asia	18	50	67	87
All Regions	**120**	**59**	**649**	**70**

Source: IEG
Note: EFI = Equitable Growth, Finance, and Institutions; MS+ = moderately satisfactory or higher.

Figure 4. IEG Ratings for M&E Quality by Global Practice (Closing FY11–14)



Source: IEG.
Note: EFI = Equitable Growth, Finance, and Institutions.

Table 3A.3. IBRD and IDA Lending Commitments in the of Equitable Growth, Finance, and Institutions cluster, FY11–15

EFI Cluster	2011 Commitments		2012 Commitments		2013 Commitments		2014 Commitments		2015 Commitments	
Global Practice	$, million	% of Cluster total	$, million	% of Cluster total	$, million	% of Cluster total	$, million	% of Cluster total	$, million	% of Cluster total
Finance and Markets	1,712	16	757	7	1,037	11	1,427	13	3,322	30
Governance	1,296	12	591	5	1,882	21	1,454	13	432	4
Macroeconomics and Fiscal Management	6,596	63	8,698	77	5,446	60	6,218	56	6,638	59
Poverty	315	3	630	6	10	0	628	6	9	0
Trade and Competitiveness	619	6	575	5	647	7	1,312	12	855	8
EFI Cluster	**10,538**	**n.a.**	**11,251**	**n.a.**	**9,022**	**n.a.**	**11,038**	**n.a.**	**11,255**	**n.a.**
Non-EFI Cluster	32,468	75	24,084	68	22,525	71	29,805	73	31,240	74
EFI Cluster (% of total IBRD and IDA lending)	**25**		**32**		**29**		**27**		**26**	

Source: IEG
Note: EFI = Equitable Growth, Finance, and Institutions; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; n.a. = not applicable.

Human Development Global Practice Cluster

The Human Development cluster consists of the following three Global Practices:

- **Education:** seeks to build more relevant skills for productivity and employment, better health and more education for future generations, and better citizenship and stewardship of natural resources (guided by the Education Global Practice strategy Learning for All, and capitalizing on the World Bank Group's leadership role in building evidence for a systems approach to reforms and investments)
- **Health, Nutrition, and Population:** aims to accelerate progress toward universal health coverage to ensure that by 2030, the poorest 40 percent of the population will have access to essential health, nutrition, and population services, and that people will not fall into or stay in poverty because of health care expenditures
- **Social Protection and Labor:** seeks to help individuals and families manage risk, cope with chronic or transitional poverty, and gain access to better livelihoods and jobs.

The Human Development cluster is the World Bank's smallest Global Practice cluster by commitments. Commitments in FY15 were $9.3 billion, which is 22 percent of the total Bank lending (table 3). In comparison, total commitments for the largest cluster—Sustainable Development were $22 billion, (52 percent of the total Bank lending). The commitments for Equitable Growth, Finance, and Institutions cluster were $11 billion (26 percent of the total Bank lending).

PERFORMANCE TRENDS

During FY12–14, ratings for 73 percent of those 192 closed investment projects were moderately satisfactory or higher (MS+), compared to 68 percent for other clusters (figure 1). During FY05–13, the Human Development cluster's percentage of its total number of projects that were rated as MS+ have been consistently lower than those of the Equitable Growth, Finance and Institutions and Social Development clusters. The spread was widest in FY08 and FY09 at about 20 percent, but have almost equalized in recent years. In FY14, the trend was reversed, with 73 percent of Human Development projects rated MS+, compared to 68 percent for the Equitable Growth, Finance and Institutions and Social Development projects.

A specific look at development policy operations show a similar trend (figure 2). DPOs in the Human Development cluster consistently had a lower percentage of its total number of DPOs being rated as MS+ compared to the Equitable Growth, Finance and Institutions and Social Development clusters taken together. As from FY10–12, however, the trend was reversed: the Human Development cluster's DPOs showed larger percentages each year (on a three-year moving average) with ratings MS+

compared to the DPOs of the Equitable Growth, Finance and Institutions and Social Development clusters, that is, 81, 87 percent in FY11–13, and 96 percent in FY12–14.

Regarding financing source, IBRD-financed investment projects in the Human Development cluster performed better than IDA projects from FY05–07 (figure 3). In FY07–09, the trend was reversed.

During FY12–14, over 90 percent of the investment projects in the Social Protection and Labor Global Practice were rated MS+, compared to 74 percent for Health, Nutrition, and Population Global Practice, and 65 percent for Education Global Practice (table 1).

Disaggregated by Regions from FY12–14, more than two-thirds of Human Development projects in all Bank Regions except one were rated MS+, ranging from 62 percent in Europe and Central Asia, to about 80 percent in both the East Asia and Pacific and Latin America and Caribbean Regions, to a high of 90 percent in the South Asia Region (the figure for Middle East and North Africa Region is 58 percent) (table 2).

Regarding monitoring and evaluation (M&E) quality for Human Development projects that closed FY11–14, only the Social Protection and Labor Global Practice had 54 percent of projects rated as substantial. The Education and Health and Nutrition GPs showed low levels of 25 percent and 27 percent of their respective total projects rated as substantial for M&E quality. Overall, for Human Development projects taken together, only 32 percent were rated as substantial for M&E quality.

MAIN EVALUATION FINDINGS AND LESSONS

This section summarizes key findings and lessons from IEG's major evaluations, learning products, and Project Performance Assessment Reports (PPARs) completed during FY12–15 and relevant to the Human Development cluster.

MAJOR EVALUATIONS AND LEARNING PRODUCTS

Education

IEG is in the process of evaluating the World Bank Group's support for higher education. The evaluation will focus on both public and private sector investments, knowledge products, and advisory services (FY04–15). The evaluation will start by analyzing the consistency and articulation of the Bank Group's support, focusing on how operation are designed and coordinated. The evaluation will also analyze the Bank Group's contribution to strengthening the higher education system, including its impact on the public and private sector development and quality assurance as well as its contribution to improving internal efficiency in universities. Finally, it will evaluate the

Bank Group's contribution to social and economic outcomes through higher education. This includes its impact on poverty, gender equality, and disadvantaged groups.

Health, Nutrition, and Population

IEG's **World Bank Support for Early Childhood Development** (IEG 2015j) examined the Bank's design and implementation of operations (FY00–FY14) that support interventions for young children and their families. The evaluation found that the Bank has produced analytical work devoted to topics such as maternal and child health, nutrition, and early childhood development (ECD), which causes and underpins subsequent lending. Country experience reveals the importance of the Bank's policy dialogue, suggesting that it can be leveraged in countries where the Bank has limited financial involvement, and help to promote understanding of the contribution of ECD to breaking the intergenerational transmission of poverty. The Bank invests heavily in maternal and child health interventions to improve both survival rates and physical development. But to break the cycle of poverty children must also have the cognitive, linguistic, and socio-emotional maturity to be able to succeed in school and in the workforce. Impact evaluation evidence shows that child stimulation in the first three years of life, childcare, parenting education and support, screening and treatment for disabilities, and reduction of maternal depression are important and effective interventions in many contexts. However, these are largely overlooked by the Bank and other development partners. The challenge for the Bank and its partners will be to go beyond a focus on health and survival to ensure that health, nutrition, and social protection systems give parents the tools they need for optimal parent-child interactions. The evaluation recommends that the Bank adopt arrangements that will provide a well-coordinated and strategic framework for ECD; use analytic work on ECD in the preparation of Systematic Country Diagnostics to determine need; increase knowledge to address key ECD operational challenges; and improve the monitoring and evaluation of ECD intervention.

For its learning product on **Maternal and Child Health** (IEG 2013b), IEG reviewed 68 Bank and non-Bank interventions from any sector in a low- or middle-income country with an impact evaluation completed between 1995 and 2012 that reported effects on at least one of five maternal and child health outcomes—skilled birth attendance or maternal, neonatal, infant, or under-five mortality. The review found that appropriately designed interventions are more likely to yield significant results in countries with a larger burden such as lower skilled birth attendance rates or higher mortality. Lower socioeconomic status households realized larger benefits from these interventions, but utilization among the poor remains a challenge.

IEG assessed the World Bank's **Support for Health Financing Reform** (IEG 2014g). Over FY03–12 the World Bank supported health financing reforms through 188 operations in 68 countries. Health financing interventions were in about 40 percent of the Bank's Health, Nutrition, and Population portfolio. Accompanying Bank lending operations is a large body of analytical and advisory work, knowledge products, technical assistance, and training programs. Five key findings and recommendations emerge. First, technical capacity and government commitment greatly facilitate reform. The report recommends that the Bank continues to support government commitment and build technical and information capacity in countries. Second, the poverty and equity effects of health financing need more attention. Analysis should address health financing as a cross-cutting issue, consistent with the aim of promoting universal health coverage. Third, health financing requires a different skill set. IEG advises that Global Practices expand staff technical capacity and focus on health financing as a comparative advantage. Fourth, collaboration across public sector and health teams, as well as between the Bank and IFC has been limited. An integrated approach that links health financing with public sector reforms is likely to be more effective than single-issue interventions. Finally, the quality of monitoring and evaluation is weak in Bank and IFC operations. It needs to be strengthened to better analyze the impact of Bank and IFC operations on final outcomes.

For its learning product on **Impacts of Interventions during Early Childhood on Later Outcomes** (IEG 2015c), IEG reviewed causal evidence from 54 studies to investigate the post-early childhood effect of early childhood interventions in low- and middle-income countries to determine whether benefits persist into school age and beyond. The review found that early childhood interventions can, but do not always, lead to benefits later in life in the areas of cognition, language, education, and the labor market. Evaluated interventions have not shown consistent long-term advantages for physical development, although these outcomes are less salient to adult welfare. To take advantage of the window of opportunity from conception to the child's second birthday and achieve sustained effects beyond early childhood, nutrition interventions may need to be in place throughout and beyond these first 1,000 days. Sizeable knowledge gaps persist but can be closed with careful planning and design.

Social Protection and Labor

For its learning product on **Social Safety Nets (SSNs) and Gender** (IEG 2014e), IEG conducted a systematic review to analyze impact evaluation evidence on the effect of SSNs on gender-related results such as increasing women's bargaining power and decision-making, improving education outcomes of boys and girls, and promoting maternal and child health. The review also analyzed gender integration in the World Bank's portfolio of SSN interventions. It found that men and women respond to and benefit from safety nets in different ways and not everybody in the household benefits equally from SSN, since men and women and boys and girls have different roles, responsibilities, and constraints and typically respond differently to incentives. The evaluation highlights the need at preparation to identify expected and desired gender results and address them in the project. This may imply targeting explicitly girls, setting up a different payments for boys and girls, or to use a conditional cash transfer instead of an unconditional one. Projects also need to collect more gender-disaggregated data in project M&E. This would ensure tracking gender issues identified at the design stage and permit a better understanding of the project's impact, and potentially correct what would otherwise have been unintended differential impacts.

PROJECT PERFORMANCE ASSESSMENT REPORTS

Education

IEG has carried out a number of PPARs focusing on higher education to inform an ongoing major evaluation of the World Bank Group activities in this subsector.

In **Indonesia-Managing Higher Education for Relevance and Efficiency Project**, the Bank supported an ongoing reform of the higher education system through a combination of IBRD and IDA funding. The project sought to promote efforts to improve quality, relevance, efficiency, and equity in the higher education system. The PPAR found that while the project was largely successful in supporting the government at the central level, it proved more difficult to monitor the impact at the university level. There were many challenges in implementing the grant programs successfully and many universities lacked the capacity to comply with the Bank's procurement guidelines. The Bank's experience highlighted the importance of properly incorporating political risk in project design, monitoring and evaluation, and decentralized training early in the project.

IEG's PPAR for **Vietnam-Higher Education Project II** found that the project was successful in increasing the relevance of participating universities, supporting many high-quality research projects, and increasing the capacity of researchers and instructors. Graduates also benefitted and were also more likely to work in their chosen professions or attend post-graduate study both domestically and internationally. Overall, the project was administered efficiently with very proactive support from the government and the Bank. It took full advantage of a strong M&E system to reallocate resources as needed. The project provided a good example of (i) how the Bank can use an investment project within the context of a larger reform program and multiple Bank interventions, and (ii) how a well-designed M&E framework can contribute to implementation.

In **Nicaragua Education Project**, the Bank provided support to basic education. As originally designed, the project focused on the government's reform program, which promoted the development of autonomous schools. IEG's PPAR found that while the original project design was not adequate to meet the original ambitious objective, the restructuring gave the project a more realistic set of objectives while better organizing the activities. The project was particularly instrumental in improving donor coordination and strengthening the capacity of the Ministry, in particular the quality and timeliness of the M&E system. Although the project contributed to the development of learning assessments, data on learning remains elusive. The project's contribution to improving governance and accountability, was limited. The project's experience highlights the importance of flexibility in the face of political changes.

IEG's PPAR for **Nigeria State Education Sector Project,** whose objective was to improve basic education quality and girls' participation in Kano, Kaduna, and Kwara, found several weaknesses. Aspects to improve education quality and learning outcomes—such as addressing the unequal distribution of teachers among schools particularly rural ones—were ignored. There were few targeted activities to increase the participation of girls. The conditional cash transfer pilot implemented in Kano only supported the first grant payment to girls. The pilot continued with the support of the UK Department for International Development and the Kano State Ministry of Education, but its future was uncertain. The project's experience highlights several lessons. Learning and sustainability of pilot activities are limited when there is an absence of clear design, an explicit evaluation mechanism, and a sufficient implementation time frame. Improving inputs into learning (facilities, textbooks, and the like) needs to be accompanied by defining and addressing quality requirements in terms of minimum standards for student learning.

In **Dominican Republic Early Childhood Education Project**, the Bank provided support to increase access and quality of the ECD services for all children ages zero to five. IEG's PPAR found that teacher training was provided to 3,931 teachers, there were reductions in repetition rates in grades three and four, and 19,500 new spaces for pre-primary students were created. However, there was only a modest increase in enrollment and an underutilization of classrooms in Model Centers. The project's lessons are:

- Lack of attention to country context in project design can lead to considerable delays and inefficiencies.
- Greater proximity to pre-primary education is necessary but not sufficient for poor parents to enroll their children.
- Under-enrollment of 5-year-olds in the new capacity suggests that significant constraints remain for poor parents to enroll their 5-year olds in pre-primary

education, which points to the importance of understanding the most critical constraints affecting pre-primary enrollment.

The World Bank took part in a sector-wide approach (SWAp) for the **Bangladesh Primary Education Development Program II**, which was carried out with the support of 10 development partners, coordinated by the Asian Development Bank. IEG's PPAR found that coverage improved, particularly for poor students, students with disabilities, and ethnic minorities. The program also focused on education quality and contributed to the increase in learning assessment results. However, there are still significant differences between regions and socioeconomic groups. The program made a major contribution to strengthening the sector-wide M&E capacity.

Health, Nutrition, and Population

IEG's PPAR for the **Albania-Health System Modernization Project** made the key finding that attempts to simplify indicators during the project restructuring weakened the M&E design. The Bank's support was to improve access to high-quality primary health care services, capacity to formulate and implement health policies and reforms, and hospital governance and management. Special emphasis was placed on the poor and underserviced areas, and on the reduction of unnecessary use of hospitals through improved primary health care services. In the original design, the results chain was largely supportive of the achievement of project objectives. However, M&E implementation fell short of expectations because of the lack of timely, reliable data and ill-defined indicators. Even though project M&E did not generate reliable data for decision-making, the performance data developed under the Health Insurance Institute performance-based bonuses for primary health care had a positive effect on the use of data for decision-making, but the use was limited to the financing of bonuses. There was no use of data at district, regional or central levels to assess overall trends or to use them to enhance progress toward the project objectives.

The **Bangladesh Health, Nutrition, and Population Sector Program (HNPSP**) was the second in a series of SWAps in the health sector since 1997. HNPSP provided support to most aspects of the sector, ranging from support to hospital and clinics, vertical programs, family planning, and nutrition interventions. IEG's PPAR found that HNPSP was largely successful in achieving its goal, particularly in lowering the fertility rate and supporting disease-specific programs. Although the mortality rate decreased, there was little or no impact on nutrition outcomes. Experience from the program showed the negative consequences of having overambitious objectives and an inconsistent results framework.

IEG's PPAR for **FYR Macedonia-Health Sector Management Project** highlighted the importance of closely coordinating policy and investment lending to facilitate achievement of reforms. The Bank's support upgraded the capacity of the ministry of health and the Health Insurance Fund to formulate and effectively implement health policies, and to develop and implement an efficient scheme of restructuring of hospital services, with an emphasis on developing day-care services and shifting to primary care. The PPAR found that the institutional capacities of the ministry of health and the Health Insurance Fund improved only modestly, but restructuring hospital services was substantially achieved. Economic analyses show that the project's net benefits far outweighed its costs in the areas of revenue collection and expenditure management, indicating substantial efficiency. Project design was strong, but it did not wholly anticipate potential difficulties with political and institutional arrangements that later proved problematic. Intensive supervision was required, particularly to guide a difficult process of procurement, testing, and delivery of information technology equipment before closing.

IEG prepared a cluster PPAR for **Indonesia Provincial Health I, Provincial Health II**, and Health Workforce and Service Projects, in which the Bank supported decentralization within the health sector by developing leadership and setting standards in the ministry of health, strengthening technical support and quality control functions in selected provinces, and building local planning and implementation capacity at the district level. IEG's PPAR found that the projects did not achieve their objectives. Decentralization did not proceed as expected. A large measure of authority was retained at the center; provinces essentially became extensions of the central ministry; and although districts did cut loose from the center as accountability refocused on district authorities and local populations, their control over resources was circumscribed. The project highlights the importance of client ownership of reforms. Successful introduction of new institutions requires that clients (the ministry of health and subnational governments) understand the changes sought, believe they are feasible, support them, and are ready to pursue them. This requires collaborative project development and continuous socialization of the project among participants to ensure that the client understands what is going on, supports it, and ultimately owns it.

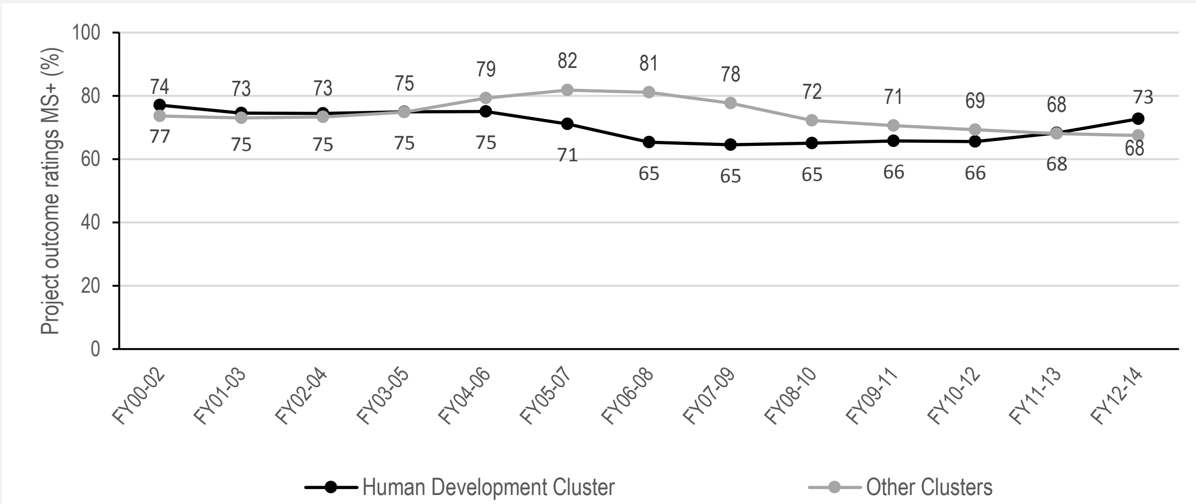
Social Protection and Labor

IEG's PPAR for **Nigeria Community Development Project** highlighted the importance of integrating community-based initiatives into the broader poverty reduction strategy, and creating relationships between local communities and governments at all levels to sustain micro-projects. The project's objectives were to improve access of the poor to social and economic infrastructure, and increase the availability and management of development resources at the community level. Most of the funding supported community-based initiatives to build and restructure basic social and economic infrastructure by creating independent state-level social funds for micro-projects that met specific selection criteria, such as broad community participation in project selection and a matching contribution from communities. IEG's PPAR found that although the project succeeded in increasing the ability of poor communities to control and manage funds for their own development activities, it did not create strong and lasting linkages between government and local communities. There is only limited evidence of an increased number of federally supported programs using community-based initiatives or an increased number and quality of community-based activities undertaken by states, which raises doubts about the approach being fully embraced at the institutional level.

The **Albania-Social Sector Reform Development Policy Loan** supported policies to improve the administration of social assistance programs and promote the use of systematic formulas to allocate resources in selected social programs and services. IEG's PPAR found that the objective to support policy changes to improve the effectiveness of social safety nets was substantially achieved. The government established a sound legislative framework for improving the effectiveness of social safety nets. While improved equity of health spending and other ambitious outcome indicators established under the DPL have not yet been achieved, strong government commitment and good implementation progress provide strong indication that they are likely to be achieved. The experience of this operation shows that one-tranche DPLs can be transformative and support reform momentum if they build on solid analytic work, effectively use critical policy change that may not gain sufficient traction through sector dialogue alone, and are supported by continuity in the sector policy dialogue and lending after the DPL closes.

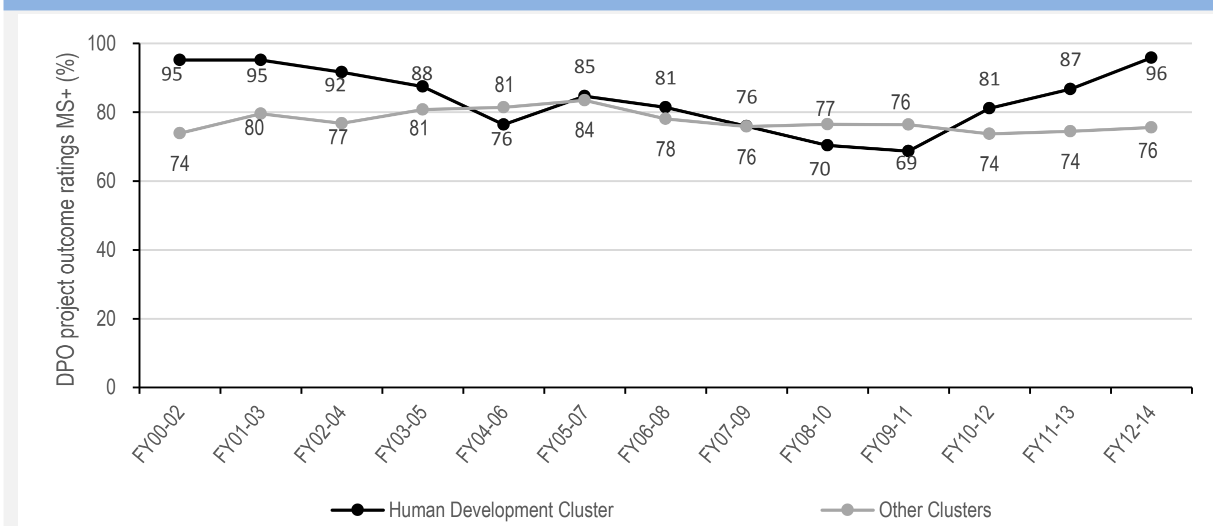
Human Development Tables and Figures

Figure 1. Comparison of Project Outcome Ratings for Investment Projects: Human Development Cluster versus Other Clusters (Three-Year Moving Average)



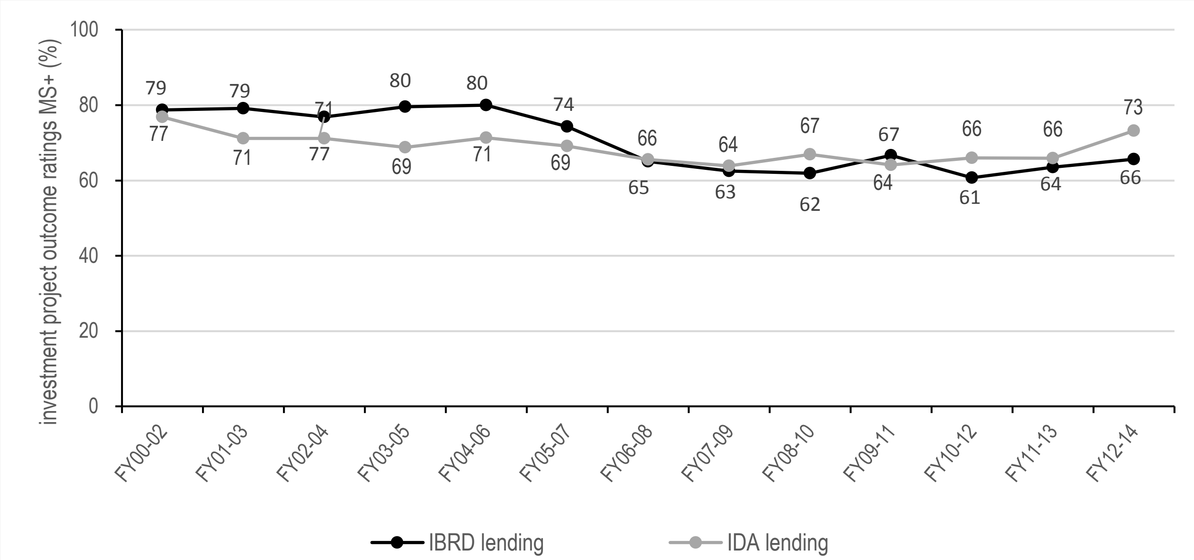
Source: IEG.
Note: MS+ = moderately satisfactory or higher.

Figure 2. Comparison of Project Outcome Ratings for DPO Projects—Human Development Cluster versus Other Clusters (Three-Year Moving Average)



Source: IEG.
Note: DPO = development policy operation; MS+ = moderately satisfactory or higher.

Figure 3. IEG Project Outcome Ratings for Human Development Investment Projects by IBRD and IDA (Three-Year Moving Average)



Source: IEG.
Note: HD = Human Development; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; MS+ = moderately satisfactory or higher.

Table 1. IEG Project Outcome Ratings of Human Development Cluster, Investment Projects (Closing FY12–14)

	By number of projects		By net commitment (US$ million)	
Global Practice and Cluster	**Number**	**Rated MS+ (%)**	**Amount**	**Rated MS+ (%)**
Education	84	65	7,285	81
Health, Nutrition, and Population	76	74	5,997	83
Social Protection and Labor	32	91	6,177	98
Human Development Cluster	**192**	**73**	**19,459**	**87**
Other Clusters	**577**	**68**	**39,772**	**79**

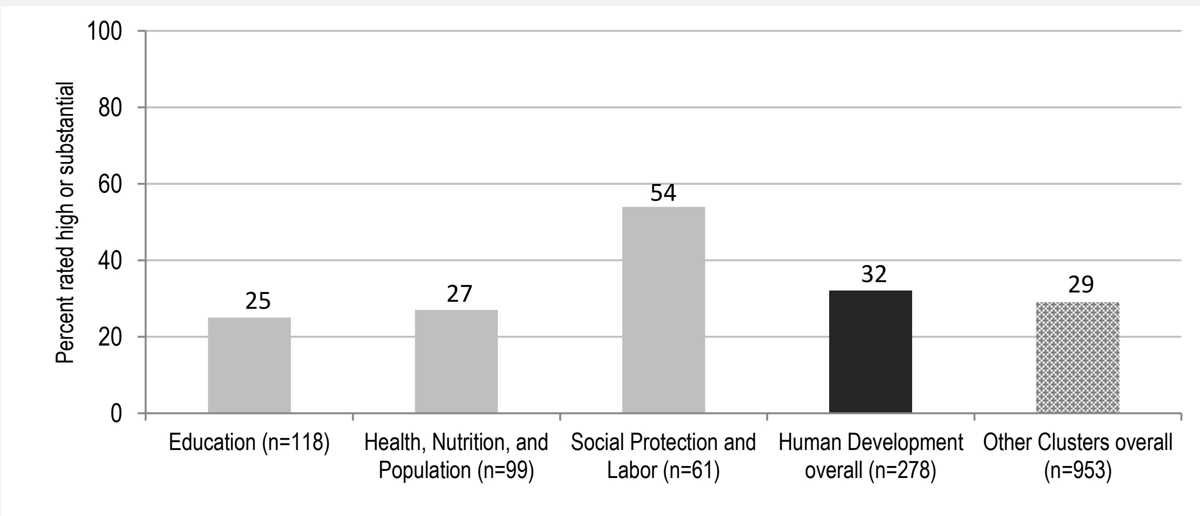
Source: IEG.
Note: MS+ = moderately satisfactory or higher.

Table 2. IEG Project Outcome Ratings of Human Development Cluster Investment Projects by Region (Closing FY12–14)

World Bank Region	Human Development Cluster		Other Clusters	
	Projects evaluated	Rated MS+ (%)	Projects evaluated	Rated MS+ (%)
Africa	71	70	174	62
East Asia and Pacific	25	80	106	61
Europe and Central Asia	26	62	105	76
Latin America and the Caribbean	31	81	84	69
Middle East and North Africa	19	58	43	63
South Asia	20	90	65	75
All Regions	**192**	**73**	**577**	**67**

Source: IEG.
Note: MS+ = moderately satisfactory or higher.

Figure 4. IEG Ratings for M&E Quality by Global Practice (Closing FY11–14)



Source: IEG.
Note: M&E = monitoring and evaluation.

Table 3. IBRD and IDA Lending Commitments in Human Development (HD) Cluster, by Global Practice, FY11–15

	2011 Commitments		2012 Commitments		2013 Commitments		2014 Commitments		2015 Commitments	
Global Practice	**$, million**	**% of Cluster total**	**$, million**	**% of Cluster total**	**$, million**	**% of Cluster total**	**$, million**	**% of Cluster total**	**$, million**	**% of Cluster total**
Education	951	13	2,076	48	1,743	28	3,217	57	3,024	33
Health, Nutrition, and Population	2,231	3	916	21	1,731	28	1,252	22	2,978	32
Social Protection and Labor	4,204	57	1,332	31	2,807	45	1,211	21	3,257	35
HD Cluster	**7,386**	**n.a.**	**4,324**	**n.a.**	**6,280**	**n.a.**	**5,680**	**n.a.**	**9,259**	**n.a.**
Non-HD Cluster	35,620	83	31,012	88	25,268	80	35,164	86	33,236	78
HD Cluster (% of total IBRD and IDA Lending)	**17**		**12**		**20**		**14**		**22**	

Source: IEG
Note: HD = human development; IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; n.a. = not applicable

Sustainable Development Global Practice Cluster

The Sustainable Development cluster consists of the following six Global Practices:

- **Agriculture:** aims to link farmers to markets to increase food availability and stimulate general economic growth using a value chain approach, including on-farm inputs, land, water, financial services, and post/harvest agro-processing
- **Energy and Extractives:** sets priorities for improving the energy investment climate by promoting sector reform and governance, strengthening utilities, enhancing investment frameworks, encouraging private participation, and rationalizing subsidies
- **Environment and Natural Resources:** seeks to promote a green, clean, and resilient world in which natural resources are managed to support livelihoods and strong economies; and to share prosperity by transferring wealth from downstream beneficiaries of ecosystem services to upstream communities that carry the opportunity costs of protecting nature
- **Social, Urban, Rural, and Resilience:** gives priority to ensuring that marginalized and vulnerable populations have a voice in defining the growth of cities, human settlements, and rural areas, which have local and global implications for sustainability and climate change
- **Transport and Information and Communication Technologies (ICT)**: seeks to improve connectivity and competitiveness by facilitating the movement of people, goods, and information to enhance food security; and to increase access to jobs, health, and education services
- **Water:** aims to ensure that water is a reliable foundation for poverty reduction and shared prosperity by delivering public water goods coupled with private initiatives to add value to water services throughout the water cycle.

The Sustainable Development cluster is the World Bank's largest Global Practice cluster by commitments. Commitments in FY15 were $22 billion, which is 52 percent of the total Bank lending (table 3). In comparison, total commitments for the Equitable Growth, Finance, and Institutions cluster were $11 billion (26 percent of the total Bank lending) and $9.3 billion for Human Development cluster (22 percent of the total Bank lending).

PERFORMANCE TRENDS

During the three-year period FY12–14, ratings for 70 percent of the 456 closed investment projects in the Sustainable Development cluster were moderately satisfactory or higher (MS+), which is comparable to the 67 percent for non-Social Development clusters (figure 1). During FY05–14, the percentage of the cluster's total number of projects rated MS+ was consistently higher than that of the Equitable Growth, Finance, and Institutions and Human Development clusters. During FY07–09, the difference was the largest, in the range of 15 to 20 percent. However, those percentages narrowed considerably since FY11.

DPOs, however, show the opposite trend from FY05–13—the percentage of DPOs rated MS+ in the Sustainable Development cluster was lower than in the Equitable Growth, Finance, and Institutions and Human Development clusters[1] (figure 2).

Investment projects in the cluster financed by IBRD from FY06 to FY09 were consistently rated better than IDA projects (90 percent versus 82 percent, respectively), measured as the percentage (on a three-year moving average) of total projects rated MS+ (figure 3). The percentages were almost equal for IBRD and IDA during FY10 and FY11 (72 percent). However, the trend reversed since FY12. The percentage of all closed IDA-financed projects in the cluster was higher than IBRD projects, and the gap is widening (in FY12–14, 77 percent for IDA projects and 64 percent for IBRD projects).

Investment projects in three Global Practices were rated about 75 percent MS+ or higher—Social, Urban, Rural, and Resilience, Agriculture and Transport, Information and Communications The other Global Practices ranged from 50 percent to 68 percent—Energy and Extractive Industries (68 percent), Water (64 percent), and Environment and Natural Resources (51 percent) (table 1).

Disaggregated by World Bank Regions during FY12–14, Sustainable Development investment projects rated MS+ were 85 percent for the South Asia Region, 75 percent for Europe and Central Asia, and 70 percent for Latin America and Caribbean (table 2) (the other three Regions were at about 66 percent).

Regarding monitoring and evaluation (M&E) quality ratings for cluster projects that closed in FY11–14, the Energy and Extractives Global Practice had 44 percent of projects rated as substantial or higher, while the M&E ratings for the other five Global Practices ranged from 19 percent to 30 percent, with the Water Global Practice rating lowest in achieving M&E Quality ratings of substantial or higher (figure 4).

MAIN EVALUATION FINDINGS AND LESSONS

This section summarizes key findings and lessons from IEG's major evaluations, learning products, and Project Performance Assessment Reports (PPARs) completed during FY12–15 and relevant to the Sustainable Development cluster.

MAJOR EVALUATIONS AND LEARNING PRODUCTS

Energy and Extractives

IEG completed a major evaluation on **The World Bank Group's Support to Electricity Access** (IEG 2015i). Closing the electricity access gap is essential to achieving the World Bank Group's goals of increasing shared prosperity and ending extreme poverty by 2030, and to its commitment (with the UN) to the Sustainable Energy for All (SE4All) initiative. This evaluation examined to what extent the Bank Group has been effective in supporting electricity access, and how well it is equipped to help its country clients progress toward achieving universal access to adequate, affordable, and reliable electricity. The study found that the development outcomes of the Bank Group's assistance were generally favorable compared with other infrastructure sectors, though there were significant gaps in the Bank Group's coverage of low-access countries, mostly in Sub-Saharan Africa. The study also found several good practice national access scale-up experiences worldwide, some with significant Bank Group involvement. Based on these findings, the evaluation recommends that the Bank Group decisively and intensely engage with low-access countries (mostly in Sub-Saharan Africa); move from a largely project-by-project approach to a sector-wide organizing framework and process for implementing rapid access scale-up; design an engagement strategy to enable low-access countries to mobilize sector-level investment financing on the scale required; and improve the evidence base related to electricity access.

Agriculture, and Environment and Natural Resources

IEG's evaluation of **World Bank Group assistance to more than two dozen low-income fragile and conflict states (FCS)** (IEG 2013f) examined the links between conflict, fragility, and the management of high value natural resources. The attitude and perceptions of resource-affected communities are important for maintaining peace and stability in FCS where a failure to share the benefits of resource-related rents fueled conflict. World Bank–supported mining laws include community development clauses, but lack the means to empower local citizens and oversee implementation. IEG found that the Bank can be more effective in the following ways:

- Systematically building analysis of local social dynamics and historical grievances about land and resource use into the design of operations
- Tending to issues of elite capture and intergroup dynamics in local benefit-sharing arrangements
- Purposively including women and youth—often excluded from decision-making processes—in benefit-sharing deals

- More effort is needed to ensure that extractive industries support sustainable local and regional development. The evaluation also notes the need in FCS for greater collaboration across sectors and among the Bank, IFC, and MIGA.

IEG conducted a **Cluster Country Program Evaluation (CPE) in resource-rich Kazakhstan, Mongolia, and Zambia** (IEG 2015i) through the lens of the Extractive Industry Transparency Initiative, which has been an important multi-donor initiative in which the Bank helped to improve institutions and governance. All three countries became fully compliant by 2013. In Kazakhstan, the Bank's technical assistance built local capacity and encouraged citizen participation in governance discussions. In Zambia, the Bank's support to the Extractive Industry Transparency Initiative strengthened public access to information on mining revenues and the demand for reforms by building a coalition of local nongovernmental organizations (NGOs). However, IEG found that the benefits of the engagement are less than expected. Inadequate ownership of reforms is constraining the full use and enforcement of the newly created technical capabilities. Stimulating local demand for stronger government accountability was a particular weakness in the Bank programs IEG reviewed.

IEG produced a series of **Learning Products on Aspects of Development Policy Financing**, which examined results frameworks, macro-fiscal frameworks, and public expenditure reviews. A fourth product (forthcoming) examined how the Bank undertakes environmental and social risk management in its policy lending operations, as required under Operational Policy OP 8.60. This report conducted desk reviews on a random sample of development policy operations from 2005 to 2014 and found that although most policy actions did not pose risks, IEG identified significantly more risks than were noted by task teams. Risks were not confined to operations mapped to sectors such as energy, agriculture, and environment. Although some type of mitigation measure was usually included when task teams identified a risk, analytic work assessing these risks was not always performed, and capacity assessments of the ability of country systems to manage risks were often perfunctory. Completion reports rarely reported on whether negative effects occurred or whether mitigation measures were implemented. The main reasons for these findings include unclear guidance on key concepts, variation in user-friendliness of guidance, the lack of formal procedures for review, and staff incentives focused on rapid delivery. The report offers a number of suggestions for improving the risk management system. IEG will produce more learning products on political economy analysis and poverty and social impact analysis in FY16.

IEG produced a Learning Product on the **World Bank Experience with Avian Influenza**, which drew on a series of Project Performance Assessment Reports (PPARs) on avian influenza control projects in Albania, Armenia, Nepal, Nigeria, Romania, and

Tajikistan, and used these and additional analysis to draw a number of strategic and technical lessons. The experience showed the Bank's strengths in its ability to use its convening power, raise funds, work with partners, and rapidly prepare and supervise a global investment program—even in an area where the Bank once lacked expertise and experience. It also shows how the Bank can fail to continue supporting important global agendas once the spotlight has moved on, particularly for issues that do not fit neatly into existing institutional structures, strategies, and constituencies.

Transport and ICT

IEG conducted a study on **Making Roads Safer: Learning from the World Bank's Experience** (IEG 2014b), a pioneering learning product produced in cooperation with the Bank's transport operational staff and the Global Road Safety Facility. IEG found that governments in several countries such as Argentina, China, Colombia, Nigeria and Vietnam have taken affirmative steps in road safety, with Bank support, although considerable challenges remain—in these countries, and Bank-wide. The study's key lessons conclude that road safety needs government commitment at the highest level, the support of local champions, and a strong coordinating entity—all of which can make a substantial difference for success and sustainability. The coordinating entity must be empowered to take decisions, have sufficient budget and staff capacity, and a clear mandate to coordinate road safety matters across numerous departments and agencies. In IEG's assessment, the Bank should be realistic about what it can achieve with its existing resources and how long the change process will take, given that historically only an average of 3 percent of transport project funding was committed to road safety activities.

IEG prepared a Learning Note on **Additional Financing for Transport and Information and Communication Technology** (IEG 2015f), which has important implications for the efficiency of service delivery, particularly on cost overruns. The Note covered 99 additional financing projects, including a more detailed review of 32 closed additional financing operations. The review found that projects with additional financing had better overall outcome ratings compared with the rest of the portfolio. However, not all projects maintained their performance after getting the additional financing resources, with 13 percent rated as moderately unsatisfactory or below (MU-) for overall outcomes at project closure. Because of substantial cost or time overruns, or both, 20 out of the 32 projects were rated modest for project efficiency. The M&E frameworks of 27 projects were also rated modest, suggesting that the additional financing stage was not fully used to improve the projects' results frameworks. IEG's main lessons on additional financing conclude that focusing on the engineering design at the preparation stage is important to avoid substantial cost overruns and the transaction costs of processing the additional financing, and that more caution is needed when using additional financing to scale up complex projects or projects experiencing implementation issues. Furthermore, the Bank project team should use the additional financing stage to refine the project results framework.

PROJECT PERFORMANCE ASSESSMENT REPORTS

Agriculture

In **China**, IEG prepared PPARs for three Bank-supported projects—**Irrigated Agricultural Intensification III (IAIL3), Mainstreaming Climate Change Adaptation (MCCA),** and **Hai Basin Integrated Water and Environment Management (HBP).** Northern China faces severe and increasing water stress. Groundwater is unsustainably drawn down because demand from agriculture (the main user) is increasing while rainfall is declining. Climate change will bring further stresses. Meanwhile, pollution loads exceed tolerable levels. IEG's PPAR found that the projects successfully introduced innovations to improve water use sustainability. At the farm level, IAIL3 promoted engineering, agronomic, and management techniques that boosted land and water productivity. The associated MCCA mainstreamed techniques that increase cropping resilience to climate shocks, now and in the future. HBP introduced the crucial idea of capping total evapotranspiration (consumptive water use); supported design and implementation of county and basin-wide integrated water use plans; and developed a sophisticated remote-sensing methodology for tracking evapotranspiration. Together these projects offer generalizable lessons on water management and climate adaptation.

IEG evaluated three projects on **Tunisia agricultural support services and natural resource management.** The Tunisia Agricultural Services Project aimed to address the need for better quality agricultural services that are relevant to the challenges of market-driven agriculture. In the past, government policies and agricultural services focused exclusively on maximizing production volume, but new trade agreements created a need to increase the quality and competitiveness of products to take advantage of potential new markets and to compete with new imports. The project also aimed to support a more demand-driven approach in providing agricultural services. The project improved quality standards for some agricultural products and led to greater understanding of international market demands; laboratory upgrades enhanced the ability to meet international quality standards, and agricultural research was made more responsive to stakeholder demand. The project was less successful at promoting private sector participation in providing extension services. Additionally, the benefits of working through producer associations were not realized since the associations lacked buy-in and ownership of their members. The lack of complementary policy reforms to improve incentives hampered the overall impact of project achievements.

The **Tunisia Natural Resources Management and Northwest Mountains and Forest Areas Projects** aimed to address land degradation and enhance local socioeconomic conditions. Both projects combined support for the construction of soil and water conservation works, financing for agriculture and non-farm income-generating activities, and the construction of basic rural infrastructure. Both used an integrated participatory approach to engage communities in the local development planning process. One lesson shared by both projects is that weaknesses in the structures used to integrate communities into the development process can undermine long-term community collaboration. Community organizations need sufficient legal standing to ensure their legitimacy in representing community priorities to government agencies; communities must view the leaders of such organizations as legitimate; and all segments of the population should be represented. Both projects also included alternative income generation activities that yielded limited results because support was limited to training and technical support for production issues. Insufficient attention to markets and ensuring the availability of credit also limited results. The assessments also highlighted the need for greater attention to improving project M&E. Despite three decades of World Bank support to integrated rural development projects with significant investments in soil and water conservation, no assessment was made to determine the impacts of these interventions on erosion, soil fertility, groundwater recharge, or dam siltation.

IEG assessed two sustainable fisheries management projects in **Senegal** aimed at improving the governance and management of marine and coastal resources. The first project "**Integrated Marine and Coastal Resources Management Project**" was designed to apply a coordinated ecosystem approach to the management of the fisheries sector under the jurisdiction of two separate ministries that would bring together stakeholders concerned with fisheries management and those involved with biodiversity conservation. The coordinated approach proved unworkable, and ultimately the two agendas were implemented separately. The project's ecosystem management activities resulted in a temporary boost in protected areas management capacity, but few activities continued beyond the project's closure. A second parallel operation, **Sustainable Management of Fish Resources Project**, further promoted the fisheries management agenda. The projects' main achievement was successfully piloting the use of legally recognized co-management agreements with local communities that allow them to regulate a designated fishery. The targeted fisheries showed some signs of recovery and the government adopted co-management as an official tool for implementing fisheries sector policy. Further support to strengthen and expand this co-management model is under the ongoing West Africa Regional Fisheries Program. The assessment highlights the importance of a long-term approach to tackling a politically sensitive and inherently slow reform process, the challenge of working across institutional and ministerial boundaries, and the importance of adequate enforcement rights.

IEG piloted a series of participatory performance assessments of community-driven development and rural livelihood projects in Sri Lanka, Nigeria, and India in the past fiscal year and will continue to roll out this approach in the Lao People's Democratic Republic (Lao PDR), Ethiopia, and Mozambique this year. The pilots are part of an effort to increase citizen participation in evaluation (especially for projects implemented directly by local stakeholders), and to strengthen evaluation capacity within the communities in which the Bank is working.

In **Nigeria**, IEG evaluated the **second phase of the Fadama program** using a Social Capital Integrated Questionnaire to learn how the project's empowerment aims contributed to welfare gains. The evaluation found that the objective of fostering cooperation between competing resource users was highly relevant; however, gains skewed in favor of one type of group (farmers) over others, and enhanced technical assistance was needed to improve the profitability and sustainability of the project's income-generating activities. The program lacked a sustained, institutional approach; by the end of the second phase, the program had not adequately addressed the critical issue of strengthening local government capacity.

In **Sri Lanka**, IEG revisited the **Gemi Diriya villages** support five years after project closing. A survey of 500 households found that the Gemi Diriya institutions showed high resilience, but the national rural poverty reduction program (which absorbed the current phase) did not adopt many of the effective instruments used to alleviate poverty (such as targeting and social accountability). The program implemented many effective and innovative features such as participatory poverty mapping and village scorecards, which projects outside the region have since replicated.

In **India**, IEG's assessment of the **Andhra Pradesh Rural Livelihoods Programs** found that the programs helped more than 10 million women fulfill their most critical social and economic needs. Participation in project-supported self-help groups connected the poorest of the poor to key social entitlements and provided a collective voice for women to contest practices that blocked these entitlements. Participants gained access to significant savings and, in many cases, linkages to the formal banking system. However, loan waiver promises made during an election cycle after project close jeopardized the financial sustainability of the built system and threatened to undermine the credit discipline achieved. Going forward, the quality of technical assistance to support more profitable and sustainable investments in rural productive enterprises needs more attention.

Energy (Electricity Access)

IEG has carried out several PPARs related to electricity access. IEG assessed the **Bangladesh Rural Electrification and Renewable Energy Development Project**, which targeted rural areas. An innovative output was the installation of about 1.24 million solar home system units, which far exceeded original targets and any other effort of this kind worldwide. A key lesson was that off-grid household electrification could cost-effectively accelerate the benefits of lighting to populations that face uncertain waiting periods for grid-based electricity or that are unlikely to obtain grid-based electricity due to remote or inaccessible locations.

In **Vietnam**, IEG conducted a cluster PPAR for the **Transmission, Distribution and Disaster Reconstruction Project, the Rural Energy Project,** and **the System Efficiency Improvement, Equitization, and Renewables Project**. These projects addressed the triple challenge faced by Vietnam's rapidly growing economy during the last two decades: ensuring universal electricity access while also strengthening the reliability and efficiency of the transmission and distribution network, and reforming the sector's institutional and regulatory frameworks. Lessons from IEG's assessment include:

- The Bank should emphasize broader institutional and policy measures for cost recovery to support a move toward long-term financial viability and fiscal sustainability.
- By contrast, specific target-oriented and time-bound measures such as tariffs or financial performance covenants carry excessive political implementation risks and are prone to noncompliance by the borrower.
- Rapid growth in electrification can be accompanied by suboptimal electricity use, especially in cases of low or subsidized tariffs, which call for early and serious policy attention to improving energy efficiency.

Inclusion of remote communities was the objective of some projects that IEG evaluated. The **Sri Lanka Renewable Energy for Rural Economic Development Project** used off-grid renewable energy technologies to provide energy services to remote communities. IEG's PPAR drew the following important lessons:

- Local participation and involvement, suitably incentivized, is crucial to promoting distributed power generation activities.
- Involving the private sector effectively in a decentralized developmental effort requires flexibility in implementation arrangements and space for adapting to market conditions.

- Investments in off-grid electrification could be underused or even abandoned if the electricity grid arrives sooner than expected. To mitigate this, grid expansion should be suitably coordinated with off-grid investments.

Social inclusion was also pursued in the electricity sector of **Bangladesh**, where IEG evaluated a cluster of three projects that addressed priority needs in the energy sector with the overall goal of raising levels of social development and economic growth. The **Technical Assistance Project** sought to improve the government's capacity for formulating power sector policies, and the **Development Policy Credit** focused on enhanced governance and accountability, and on financial stability in the sector that would lead to better and more sustainable service provision. The key lesson for these projects was that one-off technical assistance or credit support operations should be highly strategic, selective and practical in supporting policy and institutional issues of a complex nature. The **Rural Electrification and Renewable Energy Project** showed that a public-private partnership model can efficiently deliver large-scale and dispersed off-grid electricity services, by deploying public funding through private sector stakeholders.

IEG prepared a cluster PPAR for three projects in **Croatia**—the **Energy Efficiency Project**, the **Renewable Energy Resources Project**, and the **District Heating Project**. These projects aimed at reducing emissions of greenhouse gases, by promoting energy efficiency and developing renewable sources of energy. A key lesson from IEG's PPAR is that a supportive regulatory environment is crucial for: (i) overcoming risk aversion to adopting new financing instruments for energy efficiency projects; (ii) creating a level playing field for a competitive energy services company market; and (iii) establishing reliable means for verifying energy savings to provide a clear basis for sharing the resulting gains between the beneficiary and the financing source, thus incentivizing energy efficiency efforts. Also, the government needs to play a role in coordinating its various ministries to provide common technical and other support services, and to mitigate risks for investors and consumers in renewable energy efforts.

Environment and Natural Resources

a. *Environmental Development Policy Loans (DPLs)*

IEG prepared a cluster PPAR for a programmatic DPL, **the Ghana First, Second and Third Natural Resources and Environmental Governance Projects**, which addressed policy issues in the forestry, mining, and environmental management sectors. Progress was made on increasing revenue collection by the forestry agency, changing royalties to increase revenue collection from large-scale mining, improving relationships and interaction between government and civil society on governance, and incremental improvements on environmental impact assessment and strategic environmental assessment. However, a planned increases in forestry royalty rates were not implemented by the government following industry lobbying. Also the wood tracking system was not completed. Though the program improved transparency of fee payments and aimed to address social conflict issues, it did little to address informal forestry or small-scale mining, and forest degradation continues. The program highlights some of the advantages and perils of harmonized budget support: it can help to provide a unified platform for sector reform, but can reduce the flexibility of programs, and differences in rules and expectations across agencies pose significant challenges. It also showed the need for complementary technical assistance and support for reform efforts, and the challenges of single year operations in a programmatic DPL series for complex reforms that take time to implement.

In **Turkey**, the Bank's **programmatic DPL series** to support electricity sector policy reforms was later restructured and expanded to include environmental and climate change pillars and objectives and broader energy sector goals. IEG's PPAR found that the electricity pillar was well designed; it was based on a long history of investment lending and engagement with the shared parties and solid analytic work, and featured a coherent design of mutually reinforcing policy actions. In this sector, the Bank's DPL helped the government to set priorities for and sequence its reforms, and its involvement and reputation added credibility to the reform process for private sector investors. As a consequence, the electricity sector was very successful, and contributed to high levels of investment in electricity generation including renewable energy, and to a general avoidance of supply-demand imbalance. However, the environmental pillars added into the program were less successful. The selection of policy actions was less strong, and the Bank's DPL was not a major influence on policy reforms, which were motivated primarily by EU harmonization goals. A DPL may not have been the best instrument for environmental engagement, as the main barriers to improved environmental management were in implementation and enforcement capacity of environmental agencies, rather than weaknesses in policies or regulations.

IEG evaluated two **Brazil** DPLs—the **First Programmatic Reform Loan for Environmental Sustainability (2004), and the First Programmatic Development Policy Loan for Sustainable Environmental Management (2010).** The operation was designed as a programmatic series, aiming to increase the effectiveness and efficiency of environmental management systems, and to mainstream environmental sustainability in sector policies and programs. The DPL was based on solid analytical work, and was praised for in-depth engagement with government counterparts and extensive stakeholder consultations. The programmatic series was not continued after the first operation. But despite this, the DPL contributed to significant environmental policy reforms that led to positive outcomes—such as raising the profile of the environmental agenda in the Brazilian Federal Government and substantially reducing deforestation in the Amazon. However, no Implementation Completion Report was produced for the program, which meant an important learning opportunity was missed.

The **Brazil Sustainable Environmental Management DPL** (2010) aimed to strengthen environmental management in Brazil, and included prior actions that targeted a number of key environmental sub-sectors. IEG's PPAR found that the SEM DPL was hastily prepared, with little time for engagement, a disjointed design, and gaps in analysis. A number of the prior actions in the operation had either been carried out before the preparation of the DPL began or were similar to those in the previous series, calling into question the contribution of the loan to the objectives. While Brazil has made substantial progress in improving environmental management in some areas, there is little evidence that this was related to the Bank's DPL. One important goal of the DPL had been to strengthen environmental and social safeguards of the Brazilian National Bank for Economic and Social Development (BNDES) to which the funds were on-lent by the government, but there has been little discernible improvement in the performance of its environmental management systems. Bank Management and the borrower disagreed with many of these findings, and so the evaluation includes a substantial management response and comments from the borrower.

b. Ecosystems Management

IEG assessed two sustainable land management projects in South Eastern **Brazil**. The objectives of the **São Paulo Restoration of Riparian Forests Project** were to arrest and reverse land degradation processes in riparian ecosystems and adjacent agro-ecosystems by increasing on-the-ground investments and strengthening the policy, regulatory, economic, and institutional incentive framework to encourage sustainable land management. The project generated studies, reference materials and tools to support riparian forest restoration, and these studies contributed to positive changes in public policies. But there is spotty evidence on the application or use of the project's tools and reference materials and there is no systematic evidence of outcome level achievements. The project was also expected to contribute to the application and multiplication of restoration practices by working through NGOs at the grassroots level. The capacity of some participating NGOs was strengthened and some NGOs that took part in the project continued to use the approaches piloted under the project while there has been no continuity by others. There was little evidence that land degradation was arrested or reversed. The **Rio de Janeiro Sustainable Integrated Ecosystem Management in Production Landscapes of North-Northwestern Fluminense Project** supported implementation of the Rio Rural program which promotes sustainable development in rural areas of the State of Rio de Janeiro by using a participatory approach to promote integrated ecosystem management. The project succeeded in putting in place a system to enhance stakeholders' organizational capacity for sustainable land use planning, which in turn has encouraged the adoption of sustainable land management practices by beneficiary land holders. It also contributed to strengthening the policy environment in support of sustainable land management practices by catalyzing the signing of a decree that obligates the State to financially support a Payment for Environmental Services system within the State's Water Resources Management Policy. However, at the time of the assessment mission, which was conducted one year after project closure, there was little evidence to show that the sustainable land management interventions financed by the project have generated the global environmental benefits that the project set out to achieve. Both projects faced similar design and implementation challenges. Each had inconsistencies between their formal stated objective and the scale of investments. In each case they were originally designed to be larger operations but were scaled back to pilot operations but with scaling back their ambitious objectives. The design of both projects was complex and involved multiple implementation agencies but neither formalized institutional these partnerships with clearly defined common targets and timetables. Each faced difficulties in measuring the projects biophysical impacts.

c. Land Administration Projects

IEG conducted a series of project evaluations on land administration and titling projects. In **Ghana**, the Bank-supported **Land Administration Project** aimed to build on the government's National Land Policy, which aimed to "harmonize" statutory laws and customary interests bearing on land. The objective of the project was "to develop a sustainable and well-functioning land administration on system that is fair, efficient, cost effective, decentralized, and that enhances land tenure security." The project's biggest achievement was to open deeds offices in eight regions, thereby removing the need for people in these localities to travel great distances to register land. The IEG review found that land tenure reform requires a long-term commitment by the government and its development partners. The commitment may be facilitated by a programmatic lending instrument but the commitment must precede the choice of instrument—the instrument will not by itself create the necessary commitment. The Bank's good practice guidelines indicate that the efficiency of land administration services tends to be higher when they are handled by a single agency, but in practice, consolidating land agencies will not by itself ensure improved efficiency. This project also shows the risks with having multiple co-financiers: if each donor insists on imposing its own procurement and disbursement procedures, then implementation may be delayed. Divergence in the strategic priorities of the financiers may hinder the ability to achieve agreed-upon outcomes.

IEG prepared a PPAR for the **Lao PDR Second Land Titling Project**. In a country like Lao PDR, where there is little or no transparency in reviewing the status of land rights and limited enforcement of these rights, the security offered by land titles will always be qualified and the scope for expropriation is likely to be substantial. If the government is not willing to commit to a long-term program of land administration and to allocate the necessary budget, the benefits from land titling projects may not be achieved or sustained. Preparation of a long-term government program of land administration on was an explicit aim of the first Bank-funded titling project implemented over 1996–2005, but when the second project was approved in 2003 the government had still not developed such a program. Meeting or exceeding titling targets does not necessarily mean that the process achieved full coverage of parcels eligible for systematic titling. Even though the government still says it will title all the estimated 1.6 million parcels by 2020, the promise of a land administration program remains unrealized, and about 1 million parcels remain without title. It may prove more effective for policy reforms and regulatory changes to be completed before a campaign of systematic land titling is launched. Systematic land titling does not necessarily ensure a significant and sustained increase in tenure security without impartial and efficient enforcement of the new land titles.

The original objective of the **Malawi Community-Based Rural Land Development Project** was to increase the incomes of 15,000 poor rural families through the implementation on of a decentralized, voluntary, community-based land reform pilot program. IEG's PPAR found the project successfully settled 15,142 poor rural families and provided each with a two-hectare plot. Two separate impact evaluations found that the increase in incomes, farm output, and agricultural productivity of beneficiaries largely exceeded comparable results achieved by matched control groups. However, the boost to agricultural productivity was largest in the year after resettlement, tapering off after beneficiaries had used up their resettlement grant. A key lesson is that the willing buyer/willing seller approach to land redistribution on can be made to work—but the institutional framework needed for success is demanding. The design details of this model of land reform are critical to its success, and giving the rural poor the option of homesteading remains a valid objective. Land redistribution is, however, but one part of a successful land reform project. Contract farming to help land reform beneficiaries shift from subsistence cultivation to cash cropping also merits closer investigation.

In **Indonesia**, the legal framework for land rights is more complex than in other countries in East Asia, and the formalization of land tenure has made less headway. IEG's PPAR for the **Land Management and Policy Development project** found that the project design largely neglected the geographic and thematic areas where tenure insecurity was most pronounced. Progress on increasing land tenure security was hindered by the absence of legal reforms and the patchiness of systematic titling.

Despite capacity-building activities, progress on increasing efficiency and transparency in local government land management functions was hampered by weak interagency coordination, both within provinces, and between the provinces and the central government. The evaluation noted three lessons. First, when the institutions bearing on land rights are poorly defined and not transparently administered, the priority needs to be championing legal and policy reform. Second, the gains from a program of systematic land titling may not be sustained if the cost of registering subsequent land transactions is high; and if the state often does not respect the private interest in land that has been formally registered. And third, the decentralization of land management may be compromised if transfers from central government are erratic and insufficient.

Social, Urban, Rural, and Resilience

The Bank's **Indonesia Second Urban Poverty Project** (UPP2) expanded on the preceding UPP1, focused on alleviating urban poverty and fostering greater involvement of the urban poor in decision-making. IEG's PPAR found that participatory processes expanded the program's popularity, as shown by the peoples' willingness to (i) take part in the allocation of small grants for community development priorities, (ii) provide voluntary labor for the projects, and (iii) freely give up parcels of land for the communal good.

The Indonesia three-project Urban Poverty series was the primary vehicle to help mainstream the government urban poverty reduction program. Together, using combined IBRD and IDA financing of $473 million and government financing of $345 million, more than 5,000 kilometers of access roads were constructed, 1,700 kilometers of drainage systems and nearly 30,000 houses were rehabilitated, and a transparent management information system was established. IEG's PPAR, however, found some shortcomings, including insufficient evidence of project efficiency, inadequate maintenance arrangements, and revolving credit facilities that performed weaker than expected. The PPAR highlighted the need for greater attention to maintenance—by strengthening the technical capacity of communities to enable them to operate and maintain the facilities established, and to harmonize planned new investments with appropriate maintenance programs and budgets. The importance of maintenance needs to be stressed when Community Development Plans are drawn up.

In **China**, both the **Second Tianjin Urban Development and Environment Project** ($150 million) and the **Chongqing Small Cities Infrastructure Improvement Project** ($180 million) addressed how to improve urban services for a rapidly growing population. Both projects provided the needed infrastructure services, increased area coverage, and in some cases promoted local economic development. IEG's PPAR found, however, that the infrastructure under the Chongqing project was not as high standard, and was less well maintained than in Tianjin, thus posing risks to the sustainability of outcomes. Key lessons from the IEG PPAR are: (i) the achievement of a results-focused Bank operation requires a well-defined and clearly stated project development objective, and a comprehensive M&E framework; and (ii) the Bank can increase the effectiveness of its support by tailoring the Bank's services and instruments to the more localized needs and capacity of the borrower.

In **West Bank and Gaza**, IEG conducted a cluster PPAR on municipal development projects. The two projects Second Emergency Municipal Services Rehabilitation Project, and the Municipal Development Program—Phase I are part of a series of projects funded by the World Bank and development partners that aims to improve municipal management in provision of municipal services. The **Second Emergency Municipal Services Rehabilitation Project**, undertook rehabilitation activities to avoid deterioration of infrastructure such as roads and water supply. According to the beneficiary satisfaction survey, citizens were fairly satisfied with the services provided by municipalities. Had these sub-project investments not been undertaken to improve solid waste services and rehabilitate buildings, roads, water, and sanitation lines, this infrastructure would have further deteriorated and services to communities would have been downgraded. The project assisted in the creation of job opportunities at the local level. Labor intensive activities were used in several municipal small projects, including digging culverts, construction of retaining walls, roads and drainage.

The **Municipal Development Program—Phase I** financed municipal infrastructure investments such as roads, water, wastewater, solid waste, and public buildings in order to improve services. Capacity building supported municipalities in their reform efforts and strengthened national institutions (Ministry of Local Government and the Municipal Development and Lending Fund) as well as local institutions (municipalities and local communities) in the conduct of their operations and development of projects and policies. About 96 percent of the municipalities have graduated to a higher performance level based on the performance criteria developed under the project. About 70 percent of the municipalities are applying at least two public disclosure methods such as municipal budgets, strategic development plans, or external audits.

Water

In **Senegal**, IEG conducted a cluster PPAR for the **Long-Term Water Sector Project** and the Access to Onsite Sanitation Services Output-based Aid Scheme that yielded useful lessons on inclusive growth and risks to development outcomes. Targets were well exceeded. New water connections had reached 690,000 people in the secondary cities in addition to 725,000 people in Dakar. Investments in social connections increased access to water supply for low-income households from 50,000 in 2001 to 150,000 in 2009, and further to 250,000 by the end of 2012. The project has contributed to increasing the water supply coverage from 91 percent in 2004 to 97 percent of urban population at project closure in 2009, and to 99 percent at end-2013. Most of the targets set at appraisal were met also for sanitation. With the extension of the sewerage networks, sewerage connections reached about 144,000 more people, 92,000 of whom were in Dakar and 52,000 were in secondary urban areas. However, the long-term sustainability of outcomes is questionable. The public utilities have weak financial viability due primarily to the low water tariff for private connections, and lack of proper mechanisms to ensure maintenance of the sanitation system. IEG's PPAR yielded the following important lessons:

- Premature cessation of donor engagement could lead to a loss of momentum for major sector reform.
- Benefits of water investments may not be realized without adequate attention to sanitation.
- Raising tariffs only for one customer group is not effective for ensuring long-term sustainability.
- Determining the right threshold of the beneficiary contribution is vital for the successful delivery of peri-urban sanitation services.
- Complex management and institutional arrangements lead to implementation delays.

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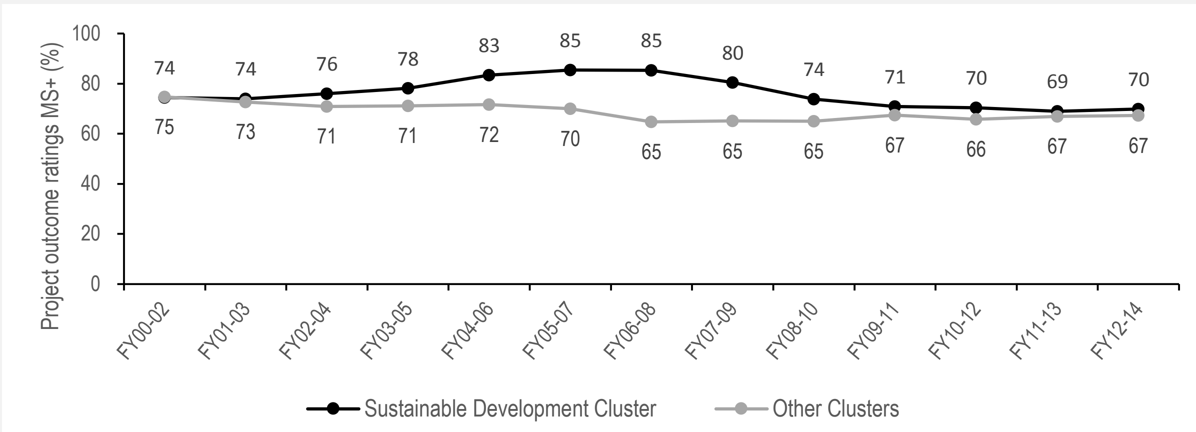
[1] The Sustainable Development Cluster had 18 development policy loans in FY12–14 compared with 87 in the Human Development and Equitable Growth, Finance, and Institutions Clusters.

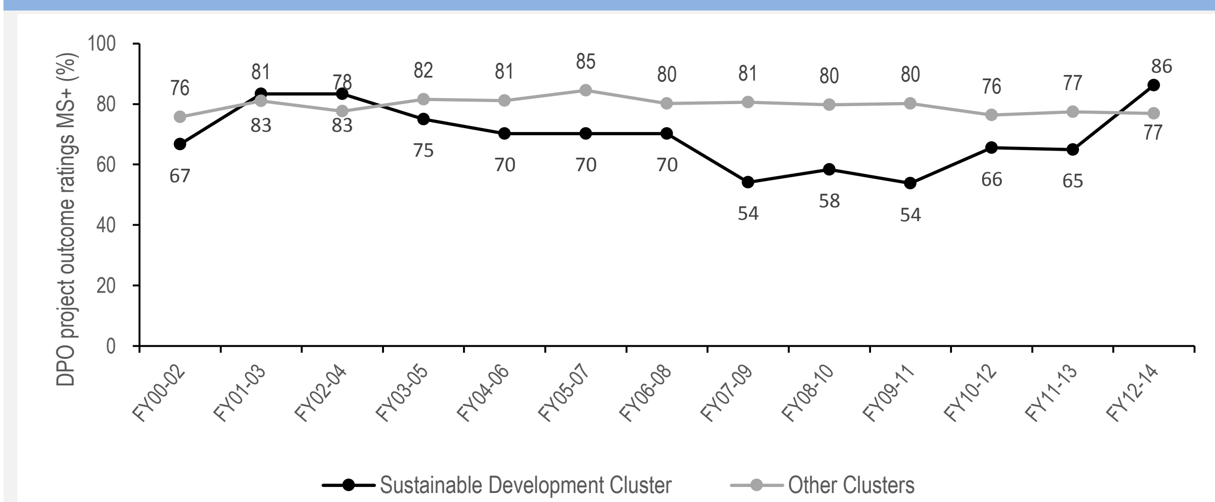
Sustainable Development Cluster Tables and Figures

Figure 1. Comparison of Project Outcome Ratings for Investment Projects: Sustainable Development Cluster versus Other Clusters (Three-year Moving Average)



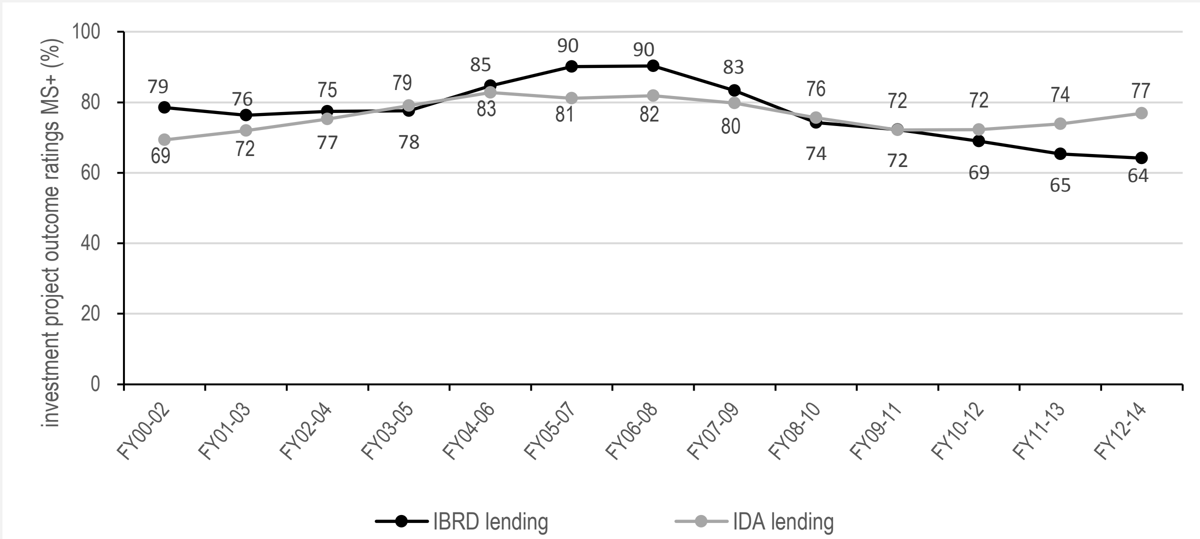
Source: IEG.
Note: MS+ = moderately satisfactory or higher.

Figure 1. Comparison of Project Outcome Ratings for DPO Projects: Sustainable Development Cluster versus Other Clusters (Three-year Moving Average)



Source: IEG.
Note: DPO = development policy operation; MS+ = moderately satisfactory or higher.

Figure 2. IEG Project Outcome Ratings for Sustainable Development Investment Projects by IBRD and IDA (Three-Year Moving Average)



Source: IEG.
Note: IBRD = International Bank for Reconstruction and Development; IDA = International Development Association; MS+ = moderately satisfactory or higher.

Table 1. IEG Project Outcome Ratings of Sustainable Development Cluster Investment Projects (Closing FY12–14)

	By number of projects		By net commitment (US$ million)	
Global Practice and Cluster	**Number**	**Rated MS+ (%)**	**Amount**	**Rated MS+ (%)**
Agriculture	63	75	2,654	87
Energy and Extractives	81	68	5,620	78
Environment and Natural Resources	55	51	1,437	74
Social, Urban, Rural, and Resilience	112	76	8,884	85
Transport and ICT	78	74	9,414	73
Water	67	64	4,939	68
Sustainable Development Cluster	**456**	**70**	**32,948**	**78**
Other Clusters	**313**	**67**	**26,283**	**87**

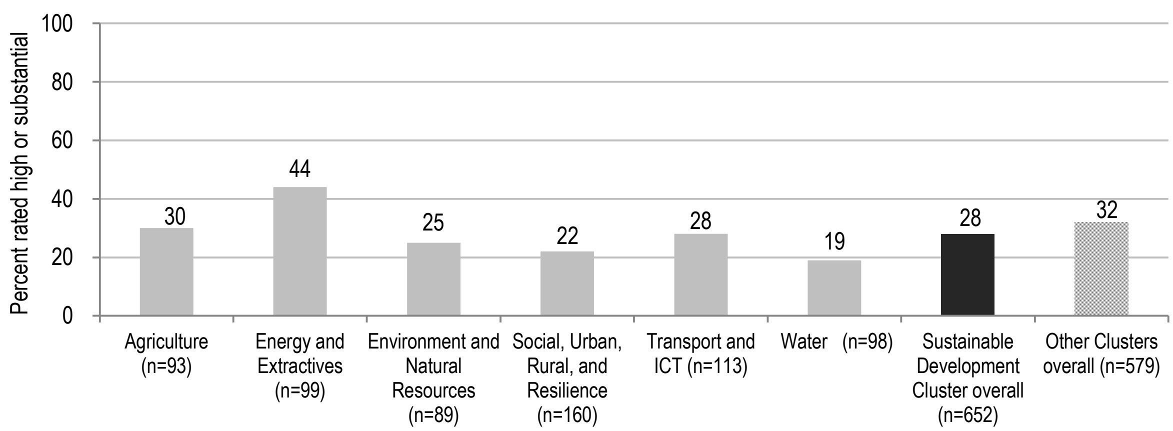
Source: IEG.
Note: ICT = information and communication technologies; MS+ = moderately satisfactory or higher.

Table 2. IEG Project Outcome Ratings of Sustainable Development Cluster Investment Projects by Region (Closing FY12–14)

	Sustainable Development Cluster		Non-Sustainable Development Cluster	
World Bank Region	**Projects evaluated**	**Rated MS+ (%)**	**Projects evaluated**	**Rated MS+ (%)**
Africa	132	66	113	63
East Asia and Pacific	94	64	37	68
Europe and Central Asia	83	75	48	71
Latin America and the Caribbean	66	70	49	76
Middle East and North Africa	34	62	28	61
South Asia	47	85	38	71
All Regions	**456**	**70**	**313**	**67**

Source: IEG.
Note: MS+= moderately satisfactory or higher.

Figure 3. IEG Ratings for M&E Quality by Global Practice (Closing FY11–14)



Source: IEG.
Note: ICT = information and communication technologies; M&E = monitoring and evaluation.

Table 3. IBRD and IDA Lending Commitments in the Sustainable Development (SD) Cluster, by Global Practice, FY11–15

	2011 Commitments		2012 Commitments		2013 Commitment		2014 Commitments		2015 Commitments	
Global Practice	$, million	% of Cluster total	$, million	% of Cluster total	$, million	% of Cluster total	$, million	% of luster total	$, million	% of Cluster total
Agriculture	1,453	6	2,897	15	1,989	12	2,377	10	3,551	16
Energy and Extractives	6,050	24	4,958	25	3,122	19	6,414	27	4,320	20
Environment and Natural Resources	743	3	1,550	8	420	3	566	2	567	3
Social, Urban, Rural, and Resilience	3,151	13	4,142	21	4,383	27	4,437	18	5,163	23
Transport and ICT	9,129	36	3,870	20	4,784	29	6,722	28	5,035	23
Water	4,556	18	2,344	12	1,547	10	3,609	15	3,346	15
SD Cluster	**25,082**	**n.a.**	**19,761**	**n.a.**	**16,246**	**n.a.**	**24,125**	**n.a.**	**21,981**	**n.a.**
Non-SD Cluster	17,924	42	15,575	44	15,302	49	16,718	41	20,514	48
Total	**43,006**	**n.a.**	**35,335**	**n.a.**	**31,547**	**n.a.**	**40,843**	**n.a.**	**42,495**	**n.a.**
SD Cluster (% of total IBRD and IDA Lending)	**58**		**56**		**51**		**53**		**52**	

Source: World Bank.
Note: IBRD = International Bank for Reconstruction and Development; ICT = information and communication technologies; IDA = International Development Association; n.a. = not applicable; SD = sustainable development

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