Monitoring and Evaluation: Making Headway

A recent OED study* examines the Bank's record on the monitoring and evaluation (M&E) of operations in progress. It finds that guidelines and directives on M&E have been given inadequate attention, both at appraisal and in practice, but that this situation is changing. Action to incorporate viable performance indicators and other M&E elements into project design has accelerated in response to the recommendations of a 1992 Task Force on Portfolio Management. Other trends—relating to project quality, participation, and the learning culture—suggest that the Bank's growing interest in M&E may be part of a broader shift in behavior, motivated by the reorientation of the Bank's portfolio towards "results on the ground".

Since the mid-1970s, the Bank has promoted the monitoring and evaluation of operations it supports (Box 1). The M&E tradition originated in agriculture and rural development, and gradually spread to other sectors with a social dimension. Many of the infrastructure sectors do not use the term M&E, and focus their efforts on monitoring.

Project M&E at appraisal

Plans for M&E are meant to be included in all Bank-funded projects and analyzed no later than the appraisal stage. Yet the appraisal records examined showed little evidence of plans for monitoring and evaluation. Only 9 percent of "old" projects and 30 percent of "new" projects (Box 2) displayed adequate or substantial levels of M&E. Interviews confirmed the trend: Bank staff usually have paid little attention to M&E during appraisal.

M&E is more prevalent in some sectors than others. Monitoring and evaluation spread rapidly in agriculture in the early 1980s. But agriculture's lead has begun to slip; M&E activity has caught up in education, population, health, and nutrition, and water supply and sanitation, as well as in agriculture. Telecommunications, ports, and highways and pavement operations were especially amenable to the use of physical indicators. The most frequently used indicators, across all sectors, were those reporting on the financial health of project agencies.

Despite low rates of compliance, M&E and indicator content in staff appraisal reports (SARs) appears to have increased in the decade between approval of the two sets of projects. Only 10 percent of the old projects, but 36 percent of the new, had substantial M&E content, while those with substantial indicator content rose from 12 percent to 36 percent.

* "An Overview of Monitoring and Evaluation in the World Bank," Report No. 13247, June 30, 1994, by E. B. Rice and McDonald Benjamin. OED reports are available to Bank executive directors and staff from the Internal Documents Unit and from Regional Information Services Centers.
Box 1: Definitions

*What is monitoring and evaluation?*

Monitoring is the continuous assessment of project implementation in relation to agreed schedules, and of the use of inputs, infrastructure, and services by project beneficiaries. Monitoring:

- Provides continuous feedback on implementation.
- Identifies actual or potential successes and problems as early as possible to facilitate timely adjustments to project operation.

Evaluation is the periodic assessment of a project's relevance, performance, efficiency, and impact (both expected and unexpected) in relation to stated objectives.

- Interim evaluations are undertaken by project management during implementation as a first review of progress and a prognosis of a project's likely effects. They are intended to identify project design problems. The use especially of mid-term reviews has spread quickly in the last decade.
- Terminal evaluations, conducted at the end of a project, are required for project completion reports. They include an assessment of a project's effects and their potential sustainability.

The most important observation from the new set of appraisal reports is that those with the highest M&E and indicator content are the product of spontaneous action by individual Bank staff. This spontaneous action is occurring in all of the social program sectors, and in some of the infrastructure sectors as well. Division chiefs appear to have little to do with its emergence, though they encourage the innovators to continue.

The more elaborate M&E operations planned in the new set of appraisal reports may not succeed. Few of the SARs give any sense of government "ownership" of M&E, although interviews reveal a high level of participation by government and beneficiaries in most of these M&E designs. Bank staff assertions of country ownership are convincing. But considering the very low levels of ownership during the 1980s, the real test will come when present plans are put into action. The Bank faces a dilemma, insisting on stronger M&E while recognizing that incentives and capacities in borrower countries are only slowly being put in place.

**Project M&E in practice**

The Bank's record on implementing M&E is worse than its M&E record at appraisal.

Evidence of monitoring and evaluation activity in the old set of projects was scarce—only 28 percent of projects had modest or effective monitoring and evaluation activity. Again, staff interviews were revealing. Staff who had not paid much attention to M&E earlier remembered little later. The use of mid-term reviews is spreading, but fills only part of this gap.

Though the study revealed a positive relationship between substantial M&E design at appraisal and good M&E performance, case studies of seven old, continuing agricultural programs with substantial M&E components suggest otherwise. The studies indicated that even if M&E is adequately planned, the results in terms of data quality, useful conclusions, and management impact—the ultimate goal—may still be disappointing.

Completion reports confirmed a weak but discernable positive relationship between M&E performance and overall project ratings during supervision and at completion.

The Bank's disappointing record on monitoring and evaluation is consistent with the findings of recent academic literature addressing the problems of M&E. It also echoes the experience of the International Fund for Agricultural Development (IFAD), another development agency with a long and intense history of trying to establish M&E services at the project level.

**Reasons for poor performance**

Three factors seem best to explain poor M&E performance at the project level:

- Governments', and especially project management's, lack of a sense of ownership of M&E programs.
- Lack of sustained attention by the Bank to M&E after appraisal and the initial start-up period.

Box 2: Sources

For this study, OED analyzed 172 "old" and "new" projects. The 89 "old" projects, approved in the early 1980s, were those most recently completed. The 83 "new" projects were those most recently approved, and thus still in the initial phase of implementation. The sampling gave extra weight to sectors where a prevalence of monitoring and especially evaluation activities was expected, such as agriculture and education. Staff interviews in all sectors, and selected case studies in agriculture, followed the desk review.

The study examined staff appraisal reports to determine the characteristics of M&E design at appraisal. These reports, however, do not always accurately reflect a project's plans for M&E. Several reports in the new set of projects, for example, said little about M&E and the performance indicators to be used. Yet subsequent interviews revealed that plans had been discussed and sometimes described in background and other working papers.

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• Deficient appointment and retention of qualified nationals to M&E units.

The first two of these factors suggest a low demand for information from M&E. IFAD contends that another reason for poor M&E performance is the lack of incentives for all actors—agency operators, project managers, and personnel—to concern themselves with errors and lessons, and to expose themselves to the consequences of reporting generally unimpressive project results.

Conclusions

Though the record on monitoring and evaluation is dismal, encouraging exceptions are emerging in all sectors and regions. Efforts to improve portfolio performance, spurred by the Next Steps action program (the Bank's response to the Portfolio Management Task Force Report), will accelerate this trend.

The threat to these rising expectations is the lack of institutional capability—within the Bank, borrower countries, and projects—to support M&E with professional advice. M&E is skill intensive and difficult to implement effectively, but task managers who want to strengthen monitoring and evaluation at the appraisal stage, or assess the form and quality of M&E during supervision, have nowhere to turn for guidance or training.

Recommendations

Provide professional and institutional support for M&E in the Bank. Good M&E cannot be developed simply by recasting operational directives. Most Bank staff are sensitive to the importance of M&E, but need help in putting it to work. Arrangements are needed to develop, replicate, and sustain the “best practice” M&E designs. Systematic training and advisory services are also needed.

These services should be promoted by the Bank's central vice presidencies, although final responsibility for promoting and practicing appropriate M&E would rest with regional staff. A temporary center could be created to launch a Bankwide M&E program.

New skills, such as knowledge of statistical methods for surveys and data handling and analysis, need to be brought in to any Bankwide M&E support operation. Individuals with solid experience in managing M&E are needed for such support efforts, and these persons are noticeably missing from the Bank’s roster.

The M&E program should especially focus on social programs such as education and agriculture. These are the sectors where processes matter, and where reasonable, effective management information systems cannot be taken for granted.

Involve borrowers. Building an M&E culture at the country and project levels will take longer. Most government and project staff in borrower countries are not yet “on board.” Expectations must be tailored to the reality that M&E is a difficult, unfamiliar, and sometimes unfriendly exercise, and that country project staff are likely to seek to minimize their inputs and hide some of the findings. Requirements for key performance indicators must be modest as well as practical. Rather than engaging project staff in a Bank-imposed M&E system, efforts should concentrate on building self-sustaining monitoring and evaluation habits. The Bank's Evaluation Capacity Development Program is aimed in this direction and warrants continued support. (See OED Lessons & Practices 4, November 1994—ed.)

Make indicators user-friendly. The Bank's attempts to identify sector-specific indicator lists have tended to emphasize indicators of particular interest to the Bank. Any performance indicator exercise should bear in mind the borrower's interests as well as the institutional capacity to undertake the exercise.

Simplify and shift the responsibilities for formal evaluation. M&E

Box 3: New work on performance indicators

Beyond the efforts of individual projects, a number of forces are paving the way for better monitoring and evaluation. Among these is the Bank's Next Steps action program, which calls for the establishment of key performance indicators at both the project and sector levels.

The team working to develop indicators for industry and mining operations has been focusing on the exogenous and policy variables (or risk factors) that establish the environment in which a project must function. These indicators have implications beyond industry and mining projects—they may be the key to better portfolio management.

On the housing front, the joint Bank/United Nations Housing Indicators Program has concentrated on identifying indicators at the sector level, with the goal of establishing a framework for discussing new investments. Meanwhile, the housing team in the Bank’s Transport, Water, and Urban Development department (TWU) has developed indicators to measure both sector and project performance, and to monitor policy and other reforms. TWU has also come up with a new twist to an old concept—structured learning—with great potential for improving M&E within the Bank (see Box 4). The Bank's Education and Poverty teams have produced other useful reports on indicators.
efforts to use large-scale statistical surveys, and to assess a project's impact on beneficiary welfare or the regional economy, have been poor. Two ways of handling this problem are to simplify and shift the responsibilities for formal evaluation.

Simplified M&E design reduces the burden on project staff who may lack the capacity to undertake complex evaluation exercises. Formal surveys of large samples and econometric methods should be used sparingly—the tools of rapid appraisal are good enough to handle most questions about outputs and impact. Rapid appraisal does not preclude the use of formal analysis, but recognizes that the potential advantages of formal analysis over informal methods are often lost in practice. The Bank should also accept the fact that impact studies are generally better when conducted outside the project and on a selective basis.

Bank management, responding to the OED study, noted that the Bank's poor record on M&E should be seen against the finding that in recent years, compliance has improved in all sectors and regions. Management agrees that the Next Steps action program will strengthen this trend toward compliance. The challenge is to propagate within the Bank the attitudes and practices that promote a learning culture.

Management broadly agrees with the study's recommendations to improve M&E efforts, but believes that the focus should be on careful design of, and borrower commitment to, M&E before projects enter the portfolio. Efforts should also focus on monitoring expected development results during implementation, as promoted by the action program. Management endorses the recommendation to improve the M&E efforts of borrowing countries, noting that support for these efforts should be driven by demand and tailored to specific needs.

In its discussion of the report, the Joint Audit Committee of the Bank's executive directors welcomed the broad agreement between OED and management on how to improve the Bank's M&E efforts and encouraged continued cooperation in this regard. The Committee emphasized that much remained to be done to achieve the goal of mainstreaming and internalizing the M&E culture now emerging. The first step to better Bank M&E work was for the Bank to take M&E seriously, backing up its exhortations with professional and institutional support. The Committee emphasized the need to enhance incentives for sound M&E, and for a training program to disseminate support on M&E from the central vice presidencies and regions more rapidly within the operational complex.

The Committee strongly agreed that improvements in the M&E efforts of borrowing countries were essential both at the country and project level. It emphasized that, to succeed, such efforts should be tailored to specific conditions and requirements, and that increased support to borrowers in this area should be demand driven, based on strong internal incentives and basic agreement on sectoral goals. The Committee was impressed by the finding that participatory evaluation seemed to be gaining a foothold and was encouraged by the recommendations to judiciously promote this effort. The Committee agreed that the Bank's research program should include studies to help develop the knowledge, tools, and key performance indicators needed to design and incorporate better M&E efforts into existing operations. The Committee did not endorse an aggressive use of a proposed link between disbursements and performance indicators.