

APPENDIX A: PROJECT PERFORMANCE RESULTS

This appendix presents long-term trends in project performance based on IEG project evaluations. Consistent with past ARDEs, the appendix uses the year 1990 as a starting point in analyzing long-term trends. Following a brief description of the cohort of recent IEG project evaluations, analysis of the Bank's lending effectiveness is presented for each of IEG's three key performance criteria: outcome, sustainability, and institutional development impact.

Composition of the ARDE 2006 Exiting Cohort

IEG has evaluated 502 closed projects since the last ARDE; 82 percent of these exited the Bank's portfolio during fiscal 2004 and 2005.¹ These evaluations cover US\$33.6 billion in disburse-

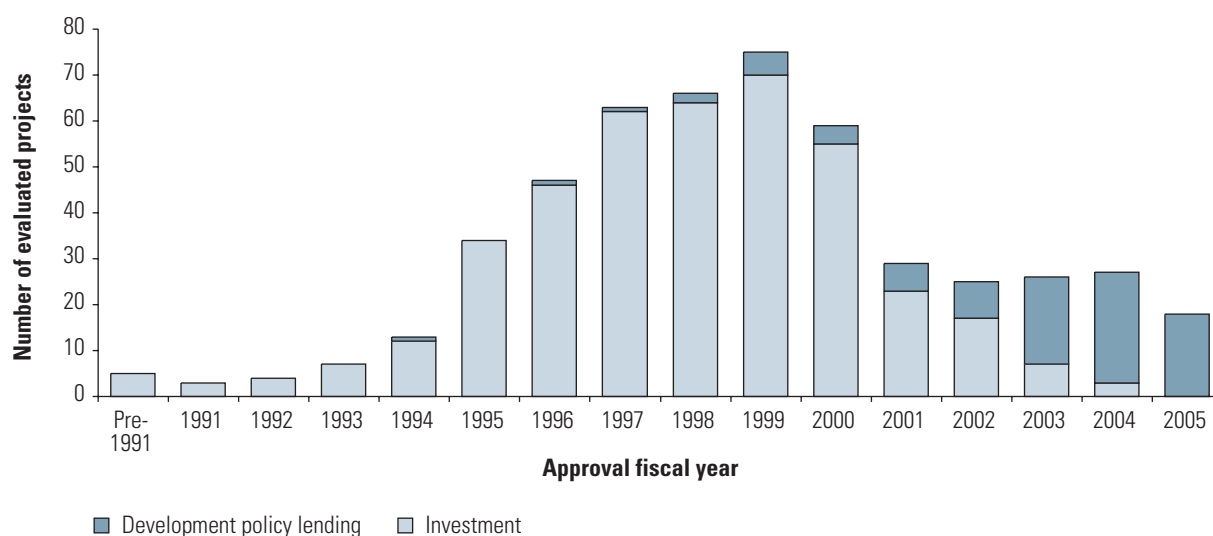
ments and consist of 410 ICR Reviews and 92 Project Performance Assessment Reports (PPARs).² This newly evaluated cohort consists of 89 development policy lending operations and 412 investment operations, the vintage of which is shown in figure A.1.³ The data for fiscal 2005 exits represent a partial cohort of lending exits (274 out of 317).

Performance Trends

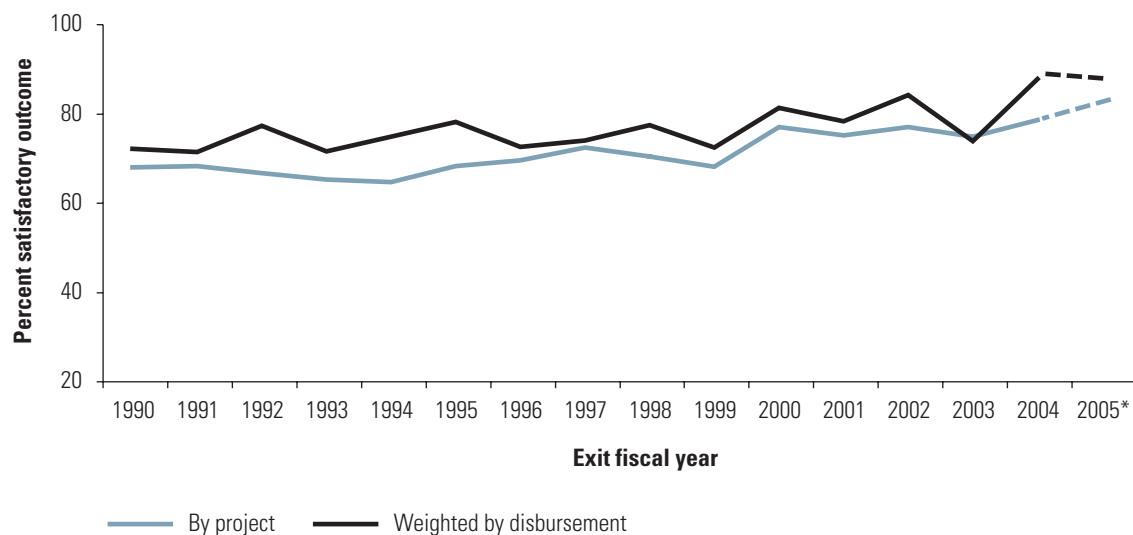
Outcome

Projects in exit fiscal year 2004 registered an increase in performance outcome,⁴ which jumped from 74 percent to 78 percent satisfactory between fiscal 2003 and 2004, as shown in figure A.2. Project performance in exit fiscal 2004 exceeded the Strategic Compact target of 75

Figure A.1: ARDE 2006 Exiting Cohort by Approval Year



Source: World Bank database.

Figure A.2: Project Performance Continues to Meet Strategic Compact Target

Source: World Bank database.

Note: 2005 data are partial (dashed line).

percent satisfactory outcomes, which had not been met by exit fiscal 2003 projects.

IEG had evaluated 82 percent of the 317 fiscal 2005 exits as of September 15, 2006. For this partial fiscal 2005 cohort,⁵ outcome is rated satisfactory for 82 percent of projects, and for 87 percent weighted by disbursements. This represents a significant recovery from the fiscal 2003 drop and a return to improved results that began in fiscal 2000.

Sustainability and institutional development impact

Eighty-eight percent (weighted by disbursements) of the exit fiscal 2004 cohort are rated “likely” or “highly likely” to be resilient to future risks.⁶ The fiscal 2004 rating for sustainability marks a significant increase from the fiscal 2003 cohort rating of 73 percent and represents a return to the upward trend that began in 1996. For the fiscal 2005 (partial) cohort, sustainability ratings weighted by disbursements continued to improve, increasing to 90 percent.

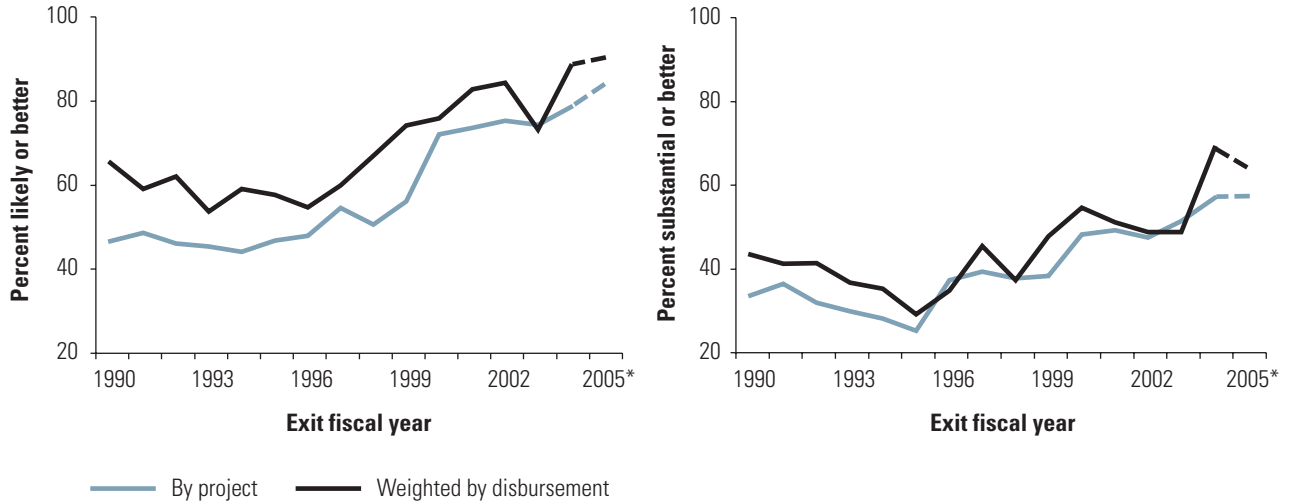
Sixty-eight percent (weighted by disbursements) of the fiscal 2004 cohort are rated to have a

substantial or high institutional development impact.⁷ The institutional development impact rating represents a significant increase over the fiscal 2003 cohort rating of 48 percent. For the fiscal 2005 (partial) cohort, institutional development impact modestly decreased to 64 percent (disbursement weighted) substantial or better. Notwithstanding this modest decline, both sustainability and institutional development impact ratings represented, at a minimum, a 15-percentage-point increase for the fiscal 2005 (partial) cohort over the fiscal 2003 cohort. As with outcome ratings, these improvements may indicate a resumption of the upward trend in project performance (figure A.3).

Regional performance

Figure A.4 presents the percentage of satisfactory project outcomes, weighted by disbursement, for the fiscal 2001–05 (partial) cohort compared with the fiscal 1996–2000 cohort. The East Asia and Pacific, Middle East and North Africa, Europe and Central Asia, and South Asia Regions are the top performers for the fiscal 2001–05 (partial) cohort, exceeding the Bank average of 81 percent. The Latin America and Caribbean Region, which was the best performer

Figure A.3: Long-Term Trends in Sustainability and Institutional Development

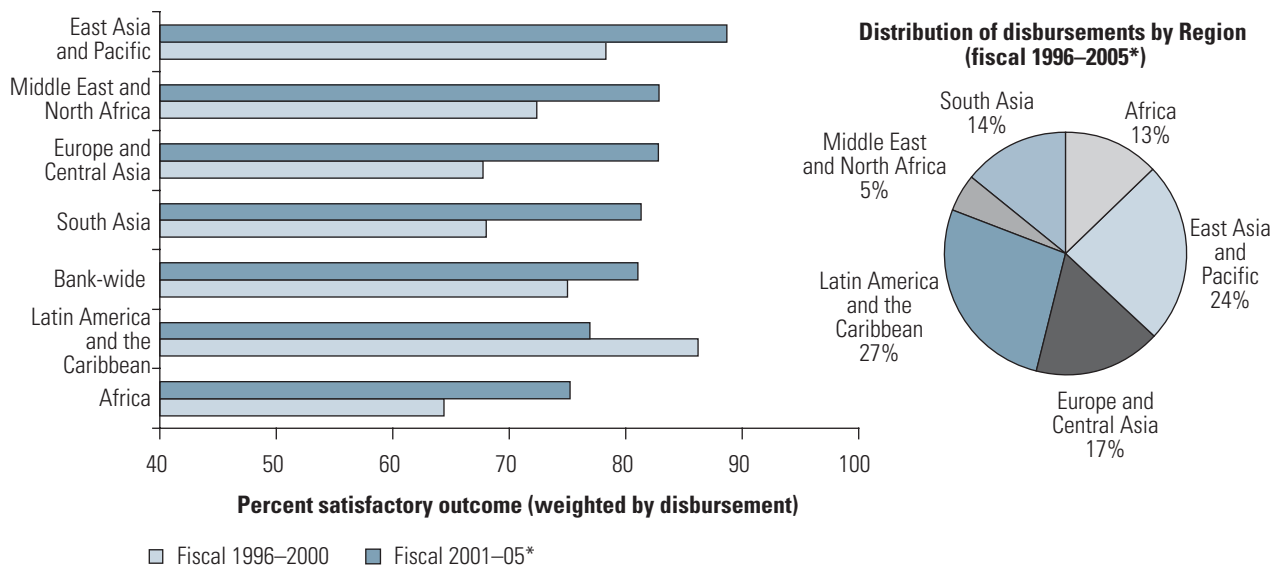


Source: World Bank database.
 Note: 2005 data are partial (dashed line).

for the fiscal 1996–2000 cohort, is the only one that declined in performance for the fiscal 2000–05 (partial) cohort. The Africa Region improved in performance for fiscal 2000–05, but

was below the Bank average in both periods and continues to lag behind all other Regions. The Europe and Central Asia and South Asia Regions made the most progress in outcome perform-

Figure A.4: Projects Improved in All but One Region



Source: World Bank database.
 Note: 2005* data are partial.

ance, improving by 15 and 13 percentage points, respectively.

Sectoral performance

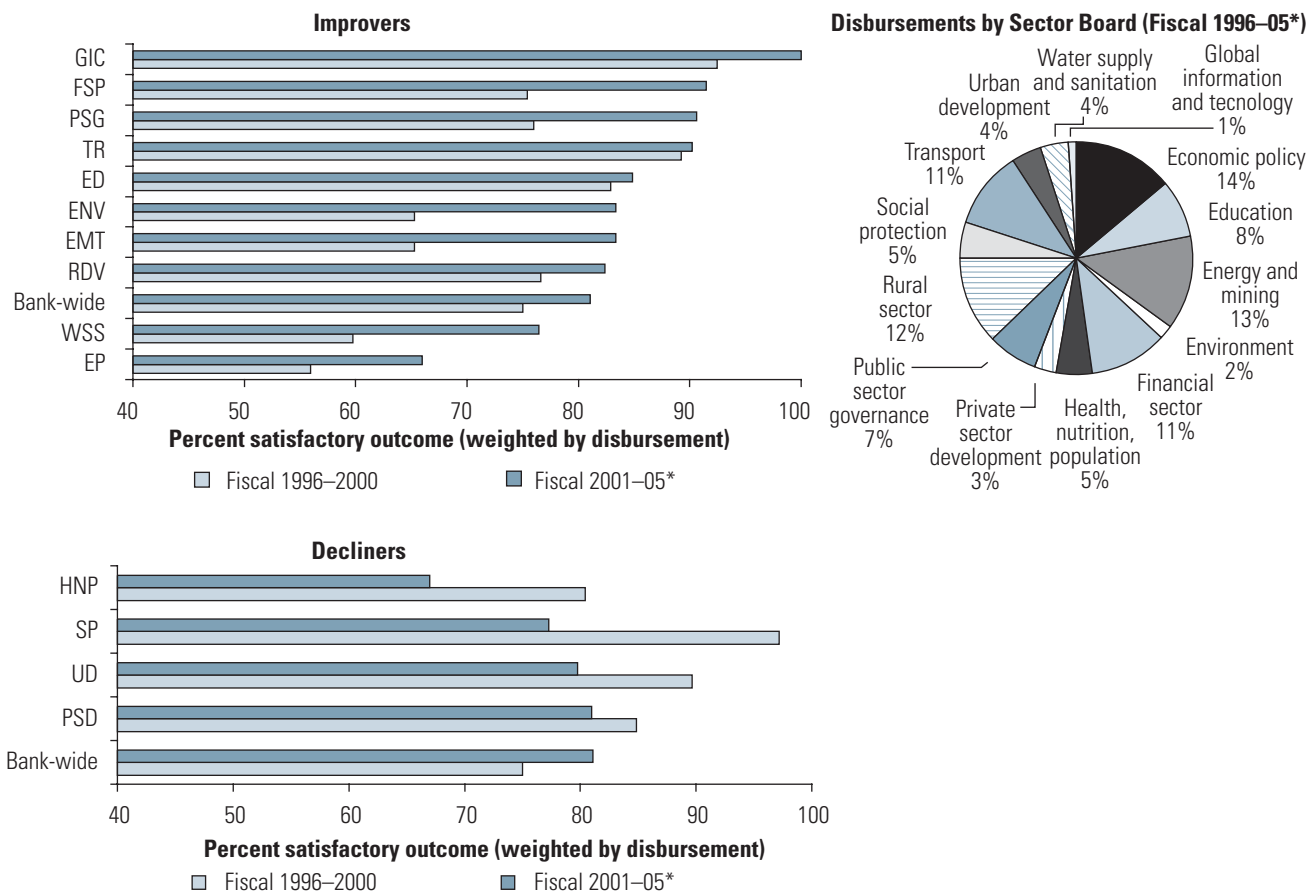
Compared with the fiscal 1996–2000 cohort, the outcome performance weighted by disbursement for the fiscal 2001–05 (partial) cohort improved in 10 of 14 sector boards.⁸ Figure A.5 presents the sector boards’ outcome performance in order of improvement. The biggest improvements in outcome ratings were in energy and mining, environment, water supply and sanitation, and the financial sector. The largest declines in performance were in the

social protection sector and in health, nutrition, and population. Outcomes for economic policy and water supply and sanitation were below the Bank-wide average in both periods.

Lending instrument performance

Outcomes of development policy lending operations rebounded in fiscal 2004, registering a significant improvement to 94 percent from a low of 71 percent in fiscal 2003. As figure A.6 shows, outcomes (disbursement-weighted) of development policy lending have fluctuated in recent years. However, exit fiscal 2005 (partial), at a high disbursement-weighted performance

Figure A.5: Trends in Sectoral Performance

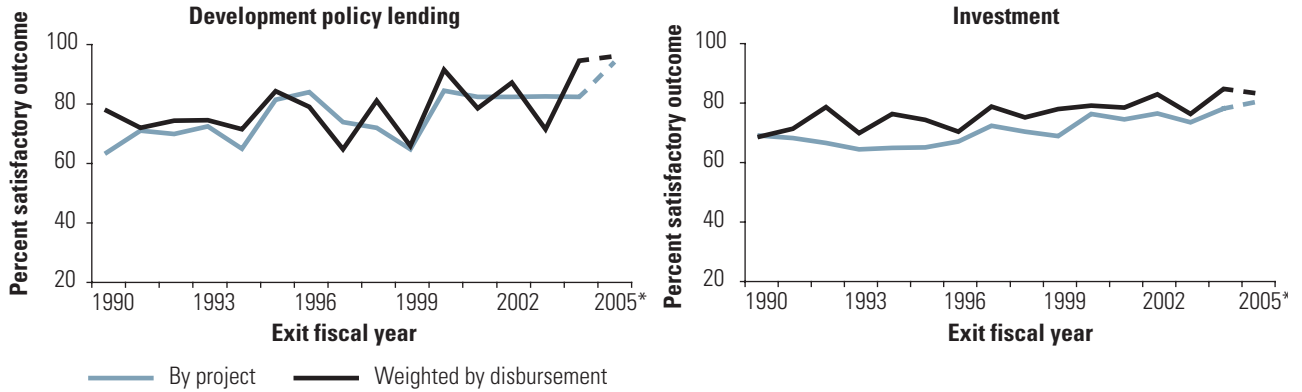


Source: World Bank database.

Note: 2005* data are partial. The sector board classification applies to the whole project and enables outcomes to be matched to it.

Key: EP = economic policy; ED = education; EMT = energy and mining; ENV = environment; FSP = financial sector; GIC = global information and technology; HNP = health, nutrition, and population; PSD = private sector development; PSG = public sector governance; RDV = rural sector; SP = social protection; TR = transport; UD = urban development; WSS = water supply and sanitation.

Figure A.6: Long-Term Trends in Development Policy and Investment Lending



Source: World Bank database.

Note: 2005* data are partial (dashed line).

of 96 percent, shows that outcome ratings for development policy lending operations may be on a steady improvement trend.

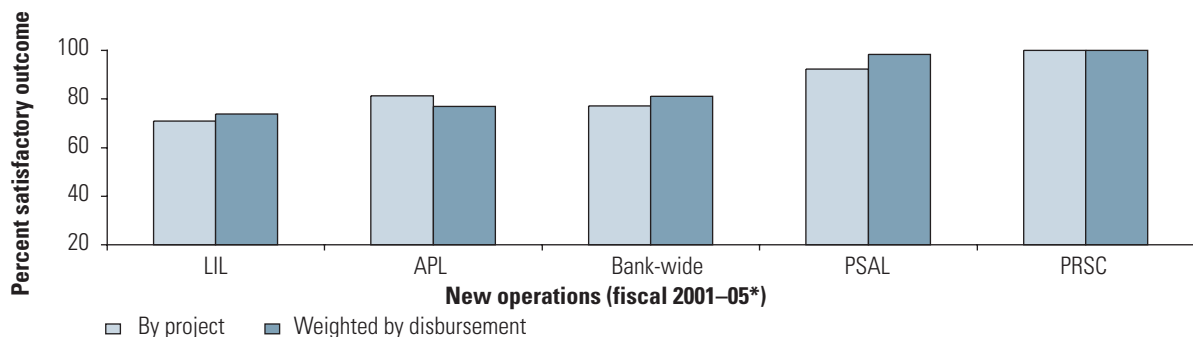
New lending instruments

IEG has evaluated 172 operations employing the Bank’s four new lending instruments—Adaptable Program Loans (APLs), Learning and Innovation Loans (LILs), Programmatic Sector Adjustment Loans (PSALs), and Poverty Reduction Support Credits (PRSCs).⁹ All but two of these operations exited the Bank’s portfolio during the fiscal 2001–05 (partial) period, amounting to \$12.6 billion in disbursements, and accounting for 12 percent of all the projects

and 13 percent of all the disbursements that exited during that period.

For these instruments, in the aggregate, outcome is rated satisfactory for 82 percent of projects, and 95 percent weighted by disbursements, exceeding the Bank-wide averages of 77 percent and 81 percent, respectively (figure A.7). PRSCs and PSALs are the best performers of the group, exceeding the Bank averages for both projects and disbursement-weighted. APLs, while exceeding the Bank average for projects, are performing below the Bank average for disbursement-weighted, while LILs are performing below the Bank average across the board.

Figure A.7: Outcome Performance of New Lending Instruments



Source: World Bank database.

Note: LIL = Learning and Innovation Loan; APL = Adaptable Program Loan; PSAL = Programmatic Sector Adjustment Loan; PRSC = Poverty Reduction Support Credit.

Table A.1: Outcome, Sustainability, and Institutional Development (ID) Impact by Various Dimensions, by Project, Fiscal 1996–2005*

	Exit fiscal year 1996–2000				
	Number of projects	Share (%)	Outcome (% satisfactory)	Sustainability (% likely or better)	ID impact (% substantial or better)
Sector board					
Economic policy	96	7.3	65.6	63.4	32.3
Educaton	114	8.6	77.2	55.0	29.8
Energy and mining	154	11.7	63.2	52.3	38.8
Environment	55	4.2	72.7	66.7	41.8
Financial sector	79	6.0	62.3	56.0	42.1
Global information/ communications technology	21	1.6	81.0	76.2	57.1
Health, nutrition, and population	77	5.8	64.9	52.6	35.1
Poverty reduction	0	0.0	0.0	0.0	0.0
Private sector development	62	4.7	70.5	60.7	28.3
Public sector governance	86	6.5	78.6	75.0	47.6
Rural sector	253	19.2	65.7	45.3	39.6
Social development	0	0.0	0.0	0.0	0.0
Social protection	66	5.0	86.2	50.0	52.3
Transport	127	9.6	86.1	67.8	56.6
Urban development	67	5.1	77.3	51.5	33.3
Water supply and sanitation	63	4.8	59.7	41.9	27.4
Overall result	1,320	100.0	71.0	55.8	39.7
Lending instrument type					
Development policy lending	193	14.6	74.6	69.0	43.2
Investment	1,126	85.3	70.3	53.5	39.1
Not assigned	1	0.1	0.0	100.0	0.0
Overall result	1,320	100.0	71.0	55.8	39.7
Network					
Environmentally & socially sustainable development	308	23.3	67.0	49.2	40.0
Financial sector	79	6.0	62.3	56.0	42.1
Human development	257	19.5	75.8	53.0	37.1
Infrastructure	432	32.7	72.3	56.3	42.3
Poverty reduction & economic management	182	13.8	71.7	68.8	39.4
Private sector development	62	4.7	70.5	63.9	28.3
Overall result	1,320	100.0	71.0	55.8	39.7
Region					
Africa	385	29.2	57.3	38.9	32.4
East Asia and Pacific	195	14.8	78.6	62.6	44.0
Europe and Central Asia	214	16.2	80.5	73.2	50.5
Latin America and the Caribbean	273	20.7	79.3	63.1	45.7
Middle East and North Africa	102	7.7	69.3	55.0	30.7
South Asia	151	11.4	69.3	54.1	33.3
Overall result	1,320	100.0	71.0	55.8	39.7

Exit fiscal year 2001–05*					Exit fiscal year 1996–2005*				
Number of projects	Share (%)	Outcome (% satisfactory)	Sustainability (% likely or better)	ID impact (% substantial or better)	Number of projects	Share (%)	Outcome (% satisfactory)	Sustainability (% likely or better)	ID impact (% substantial or better)
80.0	5.7	77.2	75.0	40.5	176	6.4	70.9	68.2	36.0
146	10.3	83.4	82.3	58.3	260	9.5	80.7	69.7	45.7
102	7.2	76.8	81.1	63.6	256	9.4	68.5	63.1	48.6
81	5.7	71.8	73.6	51.9	136	5.0	72.2	70.6	47.8
70	5.0	79.4	90.2	66.2	149	5.4	70.3	71.3	53.5
13	0.9	100.0	100.0	46.2	34	1.2	88.2	84.4	52.9
122	8.6	65.5	71.1	48.7	199	7.3	65.3	63.7	43.4
9	0.6	100.0	100.0	44.4	9	0.3	100.0	100.0	44.4
78	5.5	61.8	70.8	42.7	140	5.1	65.7	66.1	36.3
118	8.3	75.4	77.8	49.2	204	7.5	76.7	76.6	48.5
222	15.7	80.0	72.9	52.6	475	17.4	72.3	57.3	45.6
13	0.9	66.7	70.0	41.7	13	0.5	66.7	70.0	41.7
92	6.5	78.3	69.7	44.6	158	5.8	81.5	60.0	47.8
122	8.6	87.6	84.9	63.6	249	9.1	86.8	75.8	60.1
80	5.7	73.4	68.0	38.0	147	5.4	75.2	60.3	35.9
66	4.7	76.9	74.6	50.8	129	4.7	68.5	57.9	39.4
1,414	100.0	77.1	76.7	52.1	2,734	100.0	74.1	66.1	46.1
205	14.5	84.2	86.5	51.0	398	14.6	79.5	77.5	47.2
1,208	85.4	75.8	75.0	52.2	2,334	85.4	73.2	64.1	45.9
1	0.1	0.0	100.0	100.0	2	0.1	0.0	100.0	50.0
1,414	100	77.1	76.7	52.1	2,734	100	74.1	66.1	46.1
316	23.3	77.4	73.0	52.0	624	22.8	72.2	60.5	46.0
70	6.0	79.4	90.2	66.2	149	5.4	70.3	71.3	53.5
360	19.5	76.1	75.5	51.5	617	22.6	76.0	65.4	45.5
383	32.7	80.4	78.9	55.4	815	29.8	76.1	66.4	48.5
207	13.8	77.2	77.7	45.6	389	14.2	74.6	73.3	42.7
78	4.7	61.8	67.6	42.7	140	5.1	65.7	66.7	36.3
1,414	100.0	77.1	76.7	52.1	2,734	100.0	74.1	66.1	46.1
349	24.7	69.4	63.8	44.2	734	26.8	63.0	49.9	37.9
217	15.3	77.7	76.2	56.3	412	15.1	78.1	69.4	50.5
303	21.4	82.4	87.6	58.3	517	18.9	81.6	81.3	55.0
296	20.9	79.8	79.0	59.4	569	20.8	79.6	71.0	52.8
126	8.9	75.8	73.9	36.3	228	8.3	72.9	64.9	33.8
123	8.7	79.7	83.8	50.4	274	10.0	74.0	66.4	41.0
1,414	100	77.1	76.7	52.1	2,734	100	74.1	66.1	46.1

Table A.2: Outcome, Sustainability, and Institutional Development (ID) Impact by Various Dimensions, by Disbursement, Fiscal 1996–2005*

	Exit fiscal year 1996–2000				
	Number of projects	Share (%)	Outcome (% satisfactory)	Sustainability (% likely or better)	ID impact (% substantial or better)
Sector board					
Economic policy	13,610	13.1	56.0	75.5	39.7
Educaton	7,108	6.8	82.9	64.4	36.1
Energy and mining	16,476	15.8	65.3	57.0	41.9
Environment	1,263	1.2	69.0	61.4	38.9
Financial sector	14,249	13.7	75.4	73.3	41.5
Global information/ communications technology	1,150	1.1	92.4	94.3	65.4
Health, nutrition, and population	4,134	4.0	80.4	68.4	42.7
Poverty reduction	0	0.0	0.0	0.0	0.0
Private sector development	3,442	3.3	84.9	75.8	42.2
Public sector governance	4,899	4.7	76.0	78.0	46.8
Rural sector	12,903	12.4	76.6	55.4	48.4
Social development	0	0.0	0.0	0.0	0.0
Social protection	4,833	4.6	97.2	72.6	54.7
Transport	11,012	10.6	89.2	70.1	57.9
Urban development	4,715	4.5	89.7	63.1	30.4
Water supply and sanitation	4,493	4.3	59.7	35.0	20.7
Overall result	104,286	100.0	75.0	66.0	43.4
Lending instrument type					
Development policy lending	35,612	34.1	74.0	79.7	44.9
Investment	68,674	65.9	75.5	59.2	42.6
Not assigned	0	0.0	0.0	0.0	0.0
Overall result	104,286	100.0	75.0	66.0	43.4
Network					
Environmentally & socially sustainable development	14,166	13.6	75.9	55.9	47.5
Financial sector	14,249	13.7	75.4	73.3	41.5
Human development	16,074	15.4	86.6	67.9	43.4
Infrastructure	37,846	36.3	75.4	60.0	43.3
Poverty reduction & economic management	18,509	17.7	61.3	77.6	41.6
Private sector development	3,442	3.3	84.9	75.8	42.2
Overall result	104,286	100.0	75.0	66.0	43.4
Region					
Africa	13,448	12.9	64.4	45.4	33.6
East Asia and Pacific	28,405	27.2	78.3	76.1	46.2
Europe and Central Asia	15,813	15.2	67.7	72.6	46.0
Latin America and the Caribbean	25,562	24.5	86.2	69.1	54.0
Middle East and North Africa	5,905	5.7	72.3	49.8	33.9
South Asia	15,154	14.5	68.0	60.8	30.5
Overall result	104,286	100.0	75.0	66.0	43.4

Exit fiscal year 2001–05*					Exit fiscal year 1996–2005*				
Number of projects	Share (%)	Outcome (% satisfactory)	Sustainability ID impact (% likely or better)	Sustainability ID impact (% substantial or better)	Number of projects	Share (%)	Outcome (% satisfactory)	Sustainability ID impact (% likely or better)	Sustainability ID impact (% substantial or better)
12,479	12.7	66.0	60.8	26.5	26,090	12.9	60.8	68.7	33.4
8,957	9.1	84.9	92.7	65.4	16,065	7.9	84.0	79.7	52.4
10,156	10.4	83.4	83.3	64.4	26,632	13.2	72.2	66.9	50.4
2,781	2.8	64.1	79.9	41.4	4,044	2.0	65.9	74.1	40.6
8,661	8.8	91.5	96.4	74.9	22,910	11.3	81.5	80.8	56.0
855	0.9	100.0	100.0	57.5	2,005	1.0	95.7	96.7	62.0
6,308	6.4	67.0	77.6	55.3	10,442	5.2	72.3	73.9	50.3
662	0.7	100.0	100.0	33.5	662	0.3	100.0	100.0	33.5
3,243	3.3	81.0	89.1	73.7	6,685	3.3	83.0	82.2	57.4
8,967	9.2	90.6	91.2	52.8	13,866	6.9	85.4	87.3	50.7
11,144	11.4	82.4	79.5	59.2	24,047	11.9	79.3	66.6	53.5
405	0.4	29.8	92.1	22.2	405	0.2	29.8	92.1	22.2
4,788	4.9	77.3	81.9	52.4	9,621	4.8	87.3	76.8	53.6
10,874	11.1	90.2	91.6	59.5	21,885	10.8	89.7	80.1	58.7
4,131	4.2	79.8	73.3	40.6	8,846	4.4	85.1	67.8	35.2
3,581	3.7	76.4	70.6	50.9	8,074	4.0	67.1	50.6	34.1
97,994	100.0	81.1	82.6	54.9	202,281	100.0	77.9	73.7	49.1
36,490	37.2	82.3	83.2	51.6	72,102	35.6	78.2	81.4	48.4
61,504	62.8	80.3	82.2	56.9	130,179	64.4	77.8	69.7	49.4
0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0
97,994	100.0	81.1	82.6	54.9	202,281	100.0	77.9	73.7	49.1
14,330	14.6	77.8	79.9	54.7	28,497	14.1	76.9	68.0	51.2
8,661	8.8	91.5	96.4	74.9	22,910	11.3	81.5	80.8	56.0
20,053	20.5	77.4	85.3	59.1	36,128	17.9	81.5	77.2	52.1
29,597	30.2	85.0	83.6	57.4	67,442	33.3	79.6	70.0	49.5
22,109	22.6	77.0	74.5	37.4	40,618	20.1	69.8	76.0	39.3
3,243	3.3	81.0	89.1	73.7	6,685	3.3	83.0	82.2	57.4
97,994	100.0	81.1	82.6	54.9	202,281	100.0	77.9	73.7	49.1
13,200	13.5	75.2	70.2	41.9	26,648	13.2	69.8	57.0	37.7
19,678	20.1	88.7	88.3	69.6	48,083	23.8	82.5	81.1	56.4
17,782	18.1	82.8	91.9	63.0	33,594	16.6	75.7	82.4	55.0
28,545	29.1	76.9	75.1	52.3	54,107	26.7	81.4	72.2	53.1
4,955	5.1	82.8	85.4	36.3	10,860	5.4	77.1	65.7	35.0
13,833	14.1	81.3	88.6	48.3	28,987	14.3	74.3	73.2	39.0
97,994	100.0	81.1	82.6	54.9	202,281	100.0	77.9	73.7	49.1