

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

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

Part I: Tracking Bank Performance

Overall Summary

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

members believed that IEG and management should work together on ways to improve the current MAR structure. Overall, the Committee felt that the ARDE as well as other IEG reviews provide a valuable contribution to CODE's oversight role.

Recommendations and Next Steps

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

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

Next steps are:

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

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

The following main issues were raised at the meeting:

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

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

MAR. Members raised concerns about the decline in the level of adoption of IEG

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

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

Part II: Achieving Sustainable Development

Overall Summary

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

Recommendations and Next Steps

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

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

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

port (for example, on water, energy, and land management).

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

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

Giovanni Majnoni, Chairman