



## IEG's Approach

The purpose of IEG's evaluation system has remained unchanged for more than 40 years: to assess the performance of Bank Group policies, programs, projects, and processes (accountability) and to learn what works in what context (lessons). As the scope of Bank Group operations and its portfolio of products have grown, IEG has continued to develop and adapt its approach to evaluating development effectiveness.

The diversity of projects and programs that the Bank Group employs to support public and private sector development requires that IEG use a variety of evaluation approaches. These approaches include assessing outcomes against stated objectives, benchmarks, standards, and expectations, or assessing what might have happened in the absence of the project, program, or policy (counterfactual analysis). For example, private sector investment projects are mainly assessed against absolute economic and financial performance criteria and the extent to which they contribute to private sector development. Public sector projects are assessed in relation to their relevance and the efficacy and efficiency with which they achieve their development objectives.

To judge the Bank Group's performance and identify lessons for improving Bank Group operations, IEG conducts not only project-level evaluations, based on the review of self-evaluation reports prepared by Bank Group staff and supplemented by independent assessments, but also reviews of literature, analytical work, and project documentation; portfolio reviews; country case studies; structured interviews and surveys of staff and stakeholders; and impact evaluations.



## IEG in a rapidly changing world

- Responds to emerging and strategic issues:
  - Undertakes forward-looking evaluations
  - Focuses on key aspects of the Bank Group's internal structure
- Promotes joint activities with external partners
- Increases attention to advisory and analytical services
- Enhances accountability and learning through greater outreach and dissemination



# Development Effectiveness... ...Evaluative Excellence

**The Independent Evaluation Group (IEG) is charged with evaluating the activities of IBRD and IDA (the World Bank), the work of IFC in private sector development, and MIGA's guarantee projects and services. The Director-General of IEG reports directly to the World Bank Group's Board of Directors. The goals of evaluation are to provide an objective assessment of the results of the Bank Group's work and to identify and disseminate lessons learned from experience.**



Improving Development Results  
Through Excellence in Evaluation

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**IEG** WORLD BANK | IFC | MIGA  
INDEPENDENT EVALUATION GROUP

## Because of Its Independence, IEG Has a Unique Role

IEG is an independent unit within the World Bank Group. It reports directly to the Board of Executive Directors, which oversees IEG's work through its Committee on Development Effectiveness. The managements of the World Bank, IFC, and MIGA cannot alter study findings or prevent their release. This independence allows IEG to address accountability issues and to set to recommendations based on lessons of experience.

*"All large organizations...if they're honest with themselves, will admit that they have successes and failures. We should learn from these experiences of success and failure."*

- Robert S. McNamara  
Independent Evaluation Group  
(formerly the Operations Evaluation Department), *The First 30 Years*



The world is being buffeted by financial crises, increasingly frequent natural disasters, and looming water and food shortages. The challenges faced by those fighting poverty have never been greater. Long-standing social issues underlie many of these pressing developments. And because development financing is limited, spending each dollar in the most effective manner has never been more important. This is where the work of the Independent Evaluation Group (IEG) can help.

### Finding What Works

IEG evaluates the interventions of the World Bank Group to find what works, what does not work, and the reasons why. It identifies and disseminates the lessons of experience and offers recommendations drawn from its findings. These efforts are intended to help improve the contributions of the World Bank Group to development results.

### Why Does Independent Evaluation Matter?

Independent evaluation is an essential building block for effective development programs. It creates an objective basis for assessing results, providing accountability, and helping development practitioners to learn from experience. To ensure impartiality and transparency, the evaluation function needs to be independent of institutional management and free of conflicts of interest.

Knowing what works and what does not can help to improve the way governments and organizations achieve their development objectives. Evaluation sheds light on a specific development activity in a given country context and on how results vary across different situations. The use of evaluation findings can save time and money, as development practitioners can learn from one another's experience. By promoting evidence-based policy making and stronger accountability, evaluation can help decision makers identify ways to achieve better development results.

### Products and Services

IEG's mandate is to carry out independent and objective evaluation of the strategies, policies, programs, projects, and corporate activities of the World Bank Group—which includes the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). With its accumulated knowledge of successes and failures at the project, country, sector, corporate, regional, and global levels, IEG distills lessons and shares the knowledge gained from its investigations across the World Bank Group and the wider international development community.

IEG produces a variety of country, sector, and thematic evaluations designed to improve accountability and results.

### IEG's Products

- PROJECT EVALUATIONS
- COUNTRY PROGRAM EVALUATIONS
- GLOBAL PROGRAM REVIEWS
- SECTOR EVALUATIONS
- THEMATIC EVALUATIONS
- CORPORATE EVALUATIONS

To help countries develop their own monitoring and evaluation capacity, IEG is working with the Regional Centers for Learning on Evaluation and Results Initiative, and the International Program for Development Evaluation Training. With greater monitoring and evaluation capacity, governments and their partners are better able to manage their development programs and improve the delivery of basic services to their citizens, and civil society is better able to hold government accountable for their performance.

### Translating Evaluation Findings into Results

Evaluation adds the most value when its findings bring out fresh ways of looking at issues and shed new light on potential policy directions. IEG strives to influence the work of the World Bank Group in this way.

### Enhancing the Impact of World Bank Policies and Practices

An evaluation on natural disasters recommended that the World Bank increase the capacity and enhance its flexibility to respond to disasters and ensure that the needed skills can be mobilized more quickly. These

evaluation findings served as an input for a new emergency policy and the creation of a Global Fund for Disaster Risk Reduction. They also provided a basis for IEG's guidance on the Bank Group's initial responses to the earthquakes in Haiti and Chile as well as the floods in Pakistan and West Africa.

Another evaluation examined how safeguards and sustainability policies helped to mitigate or avoid large-scale social and environmental risks in the World Bank Group's projects. The evaluation highlighted the need for the Bank Group to consolidate its safeguard and sustainability policies and improve the coverage of social effects of its policies. Since IEG completed its report, the Bank committed to a 24-month consultative process that will lead to a comprehensive update of its safeguard policy framework.

IEG's evaluation of the Doing Business Indicators clarified that these indicators really measure a portion of the private cost of business regulations. IEG urged that the World Bank Group not use them as a measure of country reform and adopt a more modest—and more accurate—way of interpreting country rankings based on such a measure. It also identified limitations in the methods Doing Business uses to gather, analyze, and present data about business regulations, and recommended greater transparency about these limitations. The recommendations have sparked continuing discussion both inside the World Bank Group and among outside audiences.

### Influencing IFC Investments in China

In 2006, IFC invested in the China Utility-Based Energy Efficiency Finance Program. The goal of the program was to promote commercial financing for energy efficiency through local financial institutions. IEG found that the overall social returns of the program were substantial—sharp reductions in carbon emissions were accompanied by private gains through energy savings for participating companies. The evaluation also found that there were untapped areas of higher impact. It recommended that the IFC program be more strategically focused on small and medium-size enterprises, where much greater energy savings and high potential emissions reductions could be realized. Both IFC and the government of China took recommendations from the evaluation into account as they planned for the next phase of the program; IFC also incorporated these recommendations in recent efficiency finance operations in other countries.

### Addressing Institutional Effectiveness in MIGA

The evaluation of the World Bank Group's guarantee instruments found that guarantees have been effective in facilitating the flow of investment to high-risk sectors and countries. The use of guarantees has fallen short of expectations due to external, market factors, and internal institutional constraints. Following these findings, MIGA amended its Convention and Operational Regulations, giving it more flexibility to adapt to market trends, and signed a joint marketing agreement with IFC that strengthened cooperation on business development, cross-selling of services, and joint projects. This initiative has already produced a small pipeline of transactions.

