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Folder Title: Audit, Internal - OED (Operations Evaluation Department) Audit

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Audit, Internal - OED (Operations Evaluation Department) Audit

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 2, 1996 11:03am

TO: J. Graham Joscelyne (J. GRAHAM JOSCELYNE)

FROM: Francisco Aguirre-Sacasa, OEDDR (FRANCISCO AGUIRRE-SACASA)

EXT.: 34380

SUBJECT: Draft IAD Audit of OED

Graham:

1. We have carefully reviewed IAD's draft audit of OED. We expected that this exercise would yield a balanced and methodologically sound report, which would shed light on how to induce Bank managers and staff to make better use of evaluation findings and/or, in agreement with the Board Committees concerned, to help illuminate how OED could realize more fully its potential in promoting development effectiveness at the Bank.

2. I must confess to you, however, that we were disappointed by the draft you sent to us. It does not do justice to the task. I list below some of our substantive comments on the draft audit. I would be pleased to sit down with you and/or your staff to go over these --and other points-- in more detail.

Methodology & Process

3. Whenever we in OED do an assessment of Bank products or processes, we do so within the context of an explicit methodological framework and an open process. We begin by discussing an "approach paper" (i.e., terms of reference) with CODE and Bank management and proceed to draft the report by looking carefully at the literature (including Bank products) pertinent to the topic, conducting field work, client surveys and statistical analyses as appropriate and in close consultation with Bank staff and management. On the basis of a thorough review, we arrive at our own judgment on what works well and what needs fixing, and carefully document our findings and recommendations. We had expected a similar approach from IAD.

4. Unfortunately, we find it difficult to understand the process which you have followed in your audit of OED. It is not at all clear to us how IAD arrived at its findings. Neither the Board Committees concerned with auditing and evaluation nor OED had have a chance to comment on terms of reference for your study prior to its launching. We see no evidence from the "write up" that you assessed any of our products in arriving at your findings. We note that while a dozen Bank staff were consulted on the first draft report, no one from OED was given an opportunity to do so -- until now.

where are TORs

5. As for the report's findings, they strike us more as a compendium of "perceptions" than as the thoughtful judgments regarding the substantive issues, methods and processes which make up quality in the evaluation business. Neither could we find any evidence of professional reviews of the relevance, rigor and timeliness of OED's products -- nor of OED's overall contribution to development effectiveness at the Bank.

6. Let me add a further thought on the process you followed. Your draft appears to draw heavily on 28 interviews of Bank staff, the majority of whom are at the Director level or higher. While interviews or focus group exercises can have value, they are most useful when designed with the help of experts. Normally, the findings are triangulated with results from other, less subjective kinds of inquiries. Is this how IAD proceeded? It is impossible for us to know since we have not seen the criteria which you used in selecting your interviewees, did not get the survey instrument you used and have had no access to the range of opinions expressed and how they have been weighed in reaching the conclusions. Should you propose to proceed with the approach as it now stands, we will request you to provide this kind of information so that the validity of the findings can be properly weighed by the reader.

7. We have seen no evidence to suggest that IAD made any effort to independently validate the opinions of the interviewees who, by the way, necessarily include the very people whose work OED is --by virtue of its mandate-- required to assess critically. To be more specific, it is unclear whether you sought the views of task managers, Board members, borrowers or of professionals in the broader evaluation community. If these views were not sought, how valid are your purported findings?

8. Your staff chose to interview GAO staff without consulting Board members, Bank management or OED about the appropriateness of the approach. Your choice of GAO staff was especially problematic soon after OED staff had been "carrying a lot of water" for the Bank during GAO's audit of the institution at the behest of the US Congress -- and was sometimes obliged to turn down GAO requests for information on the grounds that divulging it ran contrary to the Bank's disclosure policy. Against this background, I wonder how objective a GAO input into your "perceptions study" could be?

9. In short, we regret to have to conclude that the current draft audit is long on perceptions but short on substantive analysis. It is lacking in documentation and evidence to back up its findings. It has created amongst us the impression of a "rush to judgment". We hope that you will see fit to rework the substance as well as the tonality of the audit before it is issued. This may well take time, but it would be time well spent given the institutional damage which would be caused by the current version.

Specific Comments

10. On OED Quality: In a couple of places, the report contains fleeting positive references to OED. For instance, page two of the draft audit states that "OED, and in particular the DGO, are generally well regarded." But this is a tepid, endorsement which is erased by a draft audit which is replete with criticisms levied at OED and which questions the quality of OED's output and the relevance of its work.

11. Since joining OED little more than a year ago --and after more than a quarter of a century of Bank line experience, quality enhancement work and serving as the Bank's Director of External Affairs-- I have been impressed by the conscientious effort made by OED staff to produce evaluations which are analytical, rigorous and fair. I have also been struck by how well OED is regarded by Board members and within the evaluation community. OED is clearly perceived by its peers to be at the cutting edge of development evaluation and OED staff are often asked to take the lead at fora where new approaches to evaluation are being considered.

12. Last year, OED hosted the first conference on evaluation and development and published two books based on the papers and proceedings of the conference. More recently, the former President of the American Evaluation Association (Mrs. Eleanor Chelimsky) approached OED to contribute two articles to a special publication highlighting the results of the last AEA meeting. The articles have been produced and will be published. We would be pleased to let you have names of evaluation experts who are familiar with our work and with whom you might wish to consult.

13. Should you take the trouble of doing just this, you would find that OED is widely viewed as the pace-setter for evaluation standards among the multilateral development banks, a judgment recently confirmed by the Development Committee MDB Task Force.

14. High respect for the quality and independence of OED's work is not limited to external audiences. As recently as last Friday's CMG meeting of MDs and VPs, Mr. Bruno --the Bank's SVP and Chief Economist-- volunteered that he found the quality of OED reports to be high and that the main problem with evaluation had to do with management's failure to internalize and implement its recommendations!

15. OED's Work Program: The draft report conveys negative perceptions regarding OED's work program, which it describes as "drifting" and "fragmented." It goes on to question the relevance of some OED products. I don't quite know what drift and fragmentation imply in this context, but I can affirm that no other Bank unit's work program is more carefully scrutinized for balance, focus and relevance than that of OED. The program is a careful blend of project reviews, audits and impact evaluations;

country and sector policy assessments; and process studies. OED's annual work program --together with its strategy statement-- is designed in consultation with users, discussed with Bank management and PBD, carefully reviewed by CODE and approved by the Board.

16. Need to Clarify OED's Role: In light of the growing number of other Bank units engaged in evaluation in one form or another, the report calls for a clarification of the role of OED. Our view is that the more self evaluation done by the Bank the better. Hence, we have done our best to provide support to QAG the Regions and the CVPs to enhance the quality of self-evaluation. But OED's role is unambiguous and well documented --even though your draft report never refers to it-- and that is to be the independent evaluation outfit in the Bank. Its mandate was set in 1975, under President McNamara, in recognition of the importance that independent evaluation has in a modern, accountable institution like the Bank. What sets OED apart from the other evaluators --and make it a unique corporate asset-- is this independent mandate which has been carefully crafted and has been repeatedly endorsed by the Board.

17. The Priority of OED Work: The draft audit acknowledges that the Regions often do not make effective use of OED outputs and attributes this to the fact that RVPs do not always feel that OED findings are of priority or that the benefits to be gained by following these recommendations outweigh the cost of not doing so. The building of evaluation capacity in borrowers --something which OED has steadfastly supported given its mandate-- is cited as a case in point. While there may, indeed, be some managers who feel this way, there are many others --the President included-- who believe that enhancing the excellence of the Bank's work is imperative and who have made getting results on the ground "job one" for the institution.

18. In my frequent visits to the Regions, I have found dozens of managers and staff who have been energized by the call for higher quality and who buy fully into the usefulness of OED's work now that they perceive that the Bank is finally serious about putting the "lending culture" behind itself. As for strengthening evaluation capacity in borrowers, I have two comments. First, OED does not want to "take the point" on this issue. We have always realized that the Regions should be at the forefront of this initiative with technical backstopping by OED staff, when needed. And, second, we strongly believe that the development of evaluation capacity in our borrowers is a critical ingredient to nation building and to getting results on the ground.

19. Virtually all developed countries have adopted evaluation as a way of checking on whether their societies are getting value for public monies spent. In developing countries --and especially at a time when the Bank is vigorously and appropriately moving into issues of economic governance--

building local evaluation capacity should not be a low priority concern for the Bank. Rather, it should be a front burner issue within the broader framework of our dialogue on public sector management issues.

20. OED's Work is not Always Objective & Rigorous: This is yet another "perception" alleged by the draft report. And like the others, it must be backed up with facts or it should be dropped. As I mentioned earlier, OED has developed a careful methodology which its staff seek to follow in their evaluative work. As a further safeguard, each report and evaluation goes through a thorough process of internal review as well as careful consultation with other units in the Bank and in the Borrowing countries. Whenever there are disagreements on findings with CVPs or the Regions, they are carefully considered and discussed. Moreover, in those rare cases where we "agree to disagree" we note these differences in footnotes or annexes to our reports. Similarly, borrowers' comments are invariably sought and attached to the evaluation.

21. In order to ensure objectivity, OED's policy is never to put an OED reviewer to manage an evaluation on which he/she may have worked in an earlier incarnation. The audit suggests that in one case an OED reviewer with an axe to grind thrashed a project he/she had worked on. We would appreciate knowing what case this was so that we can investigate it and, should it be confirmed, take steps so that it will never be repeated. Here again, we call for full disclosure of the allegation -- or else we request that you drop the reference altogether.

22. Process Studies vs. New or Original Lessons: The audit affirms that VPs would prefer new or original OED findings instead of internal process studies. While we plead guilty to the charge that we often emphasize old lessons (e.g., the importance of securing Borrower ownership before going ahead with an operation), it is because experience confirms time and time again that some managers and staff are ignoring the elementary ingredients of quality at entry. But this does not mean that we are not coming up with new findings. A comprehensive analysis of management responses to OED findings confirms that considerable organizational learning has taken place as a result of OED studies.

23. To give one example, OED's recent review on the "Social Impact of Adjustment Lending" was the first publication to document that well done Bank-financed adjustment lending was benefiting the poor. And last year's "Annual Review of Evaluation Results" was the first Bank document to put the issue of more selectivity in lending to non performing countries squarely before the Board. It further challenged the old notion of going ahead with a "core" lending program in the case of non-performers. This OED position was acknowledged, once again, by Mr. Bruno as being an especially noteworthy contribution of OED to the internal Bank debate on how to deal with poor performers.

24. The discomfort with process studies and their alleged riskiness is easier to understand. This dislike is, I submit, often due to the fact that these process studies point to lack of Bank compliance with ODs or with previous commitments made to the Board. This may be a case, therefore, of seeking to "shoot the messenger" because the message is not what one wants to hear. Given that it is in a similar business, it is curious that IAD would not have recognized the self serving nature of this complaint. Obviously, OED gained no popularity by putting on the "front burner" the issue of the "disconnect" between supervision and completion ratings and yet the value of this finding and of the comprehensive recommendations regarding the ARPP process which followed have been considerable in terms of improved portfolio management. Consider too the dramatic use which the new President has made of the quality at entry analyses carried out by OED jointly with OPR. These benefits would not have been tapped without OED involvement in process evaluations.

25. Contradictory Recommendations: In a couple of places, the audit calls on OED to provide more timely feedback to its internal Bank clients, yet in another a recent (and generally well received) practice of providing "just in time" dissemination of evaluation findings at the IEPS stage is questioned. Another IAD recommendation is that we flatten our "top heavy" organizational structure, yet we are also advised to hire a "chief economist". These are two examples of contradictory findings in the draft audit.

26. An Improved Management Response System: The audit paints the picture of an OED and CODE which gang up on management which, in turn, "is perceived (that word, again) as being reactive and defensive." According to the audit "OED and CODE throw recommendations on the table at various times during the year...and demand that they be implemented." That is hardly the way we see this process working. From our perspective, OED simply draws management's attention to compliance problems related to Bank policies, ODs and commitments to the Board. We do so in a collaborative manner and after consultation (often extensive) with Bank staff. We demand nothing. It goes without saying that what should follow is a dialogue where management can endorse some or all of OED's recommendation or take issue with some or all of these. What management should avoid is to agree with OED's findings and then not comply with its own ODs, policies or past commitments.

27. This being said, it is my personal impression that the Bank's top management is now taking the management response process more seriously. A Managing Director has recently gotten fully involved in the process, we are moving towards periodic and comprehensive discussions on the "ledger" --indeed, one has just been completed with CODE. Basically, the consensus at this meeting, which took place yesterday, was that the process is running smoothly in most cases and there was a lot of support for

continuing with a transparent management response process and with complementary management actions to get even greater benefits from it.

28. OED Does Not Take an Integrated Approach to OED Identified Recommendations, Issues or Conclusions: This is simply incorrect. Both the DGO's Annual Report on the status of evaluation at the Bank and OED's Annual Review of Evaluation Results provide the integration which you presumably are calling for. Nor do we understand the rationale of having OED carry out cost estimates for its recommendations. Is this something that IAD does?

29. OED Should Re-organize Itself: The audit calls for a re-organization of OED and recommends several models. The problem is that IAD fails to make a compelling case for any re-organization, let alone for the models which it is espousing. Where is the link, in other words, between OED's presumed shortcomings and the actions you are suggesting?

30. For the record, OED current organizational structure was based on an expert review of OED by the Bank's organization planning staff three years ago. And like the service organization which we consider ourselves to be, we are considering ways of enhancing our effectiveness --including possible organizational changes-- in order to allow us to be more responsive to the new Bank. Every change we make will, however, be designed to deal with a real OED shortcoming and in order to render us more efficient and effective. It will not be driven by "poll findings" of questionable validity.

Conclusion

31. All the preceding notwithstanding, we did find some IAD recommendations which are useful and which we intend to follow up on. We agree, for instance, that we need to get more "new blood" into OED. To this end, we have been discussing with Personnel the creation of an OED "fellows" program, which would encourage young staff who are looking to make a career in the Bank to do a stint in OED. And we recently recruited a first rate ex-YP into OED only to recently lose her to WDR for eight months.

32. I also have a lot of sympathy for shorter OED reports produced during a shorter time frame. And I also favor a more programmatic approach to evaluation which your report seems to advocate. To move in both these directions and to draw on some best practices from GAO, we recruited two senior advisors from GAO last year and are already benefiting from their work and advice.

33. I apologize for the length of this response, but it reflects the depth of our concern regarding this exercise. We realize that you had to work under the pressure of time on a subject with which IAD had limited familiarity. OED is ready, as I stated at the outset, to work with you and your staff to help

improve the draft. I am sure that you are aware of the institutional damage which a substandard report could create.

Francisco

CC: Robert Picciotto	(ROBERT PICCIOTTO)
CC: Pablo Guerrero	(PABLO GUERRERO)
CC: Robert J Saunders	(ROBERT J SAUNDERS)
CC: OEDDR FILES	(OEDDR FILES)

JUN 21 1996

June 21, 1996

Bob Picciotto

Francisco Aguirre-Sacasa

Pablo Guerrero

Francisco

We are sending each of you a draft of the IAD review of OED. This an informal draft for your comments. We will revise the draft after receiving your comments and then formally send it back to Bob, as agreed with CODE.

Bob: Graham is not comfortable with our comments on OPR and doesn't know if they should have any role at all. If you could give us your particular input on that one we would find it very helpful.

Graham is going on home leave on July 3 and he would like to get the report officially back to you before then. Hence, if you could get comments back to us by early next week or at least by mid-week we would appreciate it.

Please call me with any questions on the draft.

Bob

Bob Saunders

cc: J. Graham Joscelyne



Record Removal Notice

File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date June 21, 1996	Document Type Letter w/attached report			
Correspondents / Participants To: Bob Picciotto, Francisco Aguirre-Sacasa, Pablo Guerrero From: Bob Saunders				
Subject / Title Draft of IAD Internal Auditing Department - An "Audit Paper" On OED - An Underutilized Resource in Development Effectiveness				
Exception(s) Corporate Administrative Matters				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date October 04, 2018</td></tr></table>	Withdrawn by Shiri Alon	Date October 04, 2018
Withdrawn by Shiri Alon	Date October 04, 2018			

EVALUATION WORKING GROUP

The change management initiative aims at professional excellence, responsiveness to clients and partners, and enhanced accountability for results on the ground. As operational processes get streamlined and new organizational structures emerge, more comprehensive and systematic ways of assessing performance are required.

The current evaluation system has many strengths. A broad Bank consensus has been reached about evaluation methods and criteria. Completion reporting has been streamlined and reoriented. The Bank is regarded within the development community as a pace setter in evaluation.

Yet, to enhance the effective utilization of evaluation findings within the Bank, there is agreement among management, CODE and OED, that a richer balance is needed between self evaluation and independent evaluation. Self-evaluation activities, particularly of non-lending services, are fragmented and not closely connected to operational decisions and policy work. The links between self and independent evaluation, strategy setting, budget allocations, training and personnel management are weak or non-existent. Many important Bank activities get cursory review or escape evaluation altogether. Evaluation processes are excessively Bank-centered and not participatory enough. Last but not least, effective learning through internalization of evaluation feedback is exceedingly slow.

The purpose of the working group is to review the approaches, processes and products currently used to evaluate the development effectiveness of World Bank activities, and define the appropriate balance between self and independent evaluation needed to close present gaps and enhance operational quality and responsiveness, organizational learning and accountability in the reconfigured organization.

The group will also focus on the linkages of evaluation to key Bank functions, particularly planning and budgeting, and assess the potential implications for operations, other relevant management units, and OED. The working group will be co-chaired by Mr. Francisco Aguirre-Sacasa and . Its members will include . Mr. James Kelly (Gemini) will assist the group.

After CODE consultation on these terms of reference, initial findings and recommendations of the group should reach the CMG by the end of September. This will be followed by a presentation to CODE. Based on the feedback received, final recommendations will be presented to the President and the Board by the end of the calendar year.

Caio Koch Weser
Managing Director,
Operations

Robert Picciotto
Director General,
Operations Evaluation

EVALUATION WORKING GROUP

The change management initiative aims at professional excellence, responsiveness to clients and partners, and results on the ground. As operational processes get streamlined and new organizational structures emerge, new ways of assessing performance should be introduced.

The current evaluation system has many strengths. A broad consensus has been reached about evaluation criteria. A judicious balance exists between self evaluation and independent evaluation. Completion reporting has been streamlined and reoriented. The Bank is regarded within the development community as a pace setter in evaluation methods.

Yet, effective utilization of evaluation findings within the Bank leaves a lot to be desired. Evaluation activities are fragmented and not closely connected to operational decisions and policy work. The links between evaluation, strategy setting, budget allocations, training and personnel management are loose. Many important Bank activities escape evaluation. Evaluation processes are excessively Bank-centered and not participatory enough. Last but not least, evaluation feedback is exceedingly slow.

The purpose of the working group is to review the methods, processes and products currently used to evaluate the development effectiveness of World Bank activities and to consider how they should be adapted to enhance operational quality and responsiveness, organizational learning and accountability in the reconfigured operational organization.

The focus of the group will be on the new role of evaluation within operations and on the potential implications for OED. The working group will be co-chaired by Mr Francisco Aguirre-Sacasa and . Its members will include . Mr James Kelly (Gemini) will assist the group.

The initial findings and recommendations of the group should reach the CMG by the end of September. This will be followed by a presentation to CODE. Based on the feedback received, final recommendations will be presented to the President and the Board by the end of the calendar year.

Caio Koch Weser
Managing Director,
Operations

Robert Picciotto
Director General,
Operations Evaluation



Record Removal Notice



File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date [undated]	Document Type Memorandum			
Correspondents / Participants To: Sven Sandstrom From: Robert Picciotto, DGO				
Subject / Title IAD Report				
Exception(s) Corporate Administrative Matters				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date October 04, 2018</td></tr></table>	Withdrawn by Shiri Alon	Date October 04, 2018
Withdrawn by Shiri Alon	Date October 04, 2018			

Meeting with R. Saunders.

1. On Methodology, they checked their process with Roger C

- They will not form an opinion on the quality of our work.
- They will note that we didn't like their methodology.
- They will quote Breene.
- They don't want to get into brawl over methodology, but they won't change much, except to explain their methodology.
- They followed yellow book of GAO.
- They didn't take Karsay
- They will mention how tough evaluators
- Turnover in OED up.
- Clarification of OED's role.
- Poor + sloppy wording everywhere
- They'll bless our involvement in IEPS.
- Will be receiving their report end of next week

file IAD Audit
of OED

THE WORLD BANK / IFC / M.I.G.A.
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FACSIMILE COVER SHEET AND MESSAGE

DATE: March 5, 1996	NO. OF PAGES 3 (including this sheet)	MESSAGE NO.
TO:		
Name	Mr. Francisco Aguirre-Sacasa	Fax Tel. No. 522-3122
Company/ Organization	The World Bank	City & Country
FROM:		
Name	Robert J. Saunders	Fax Tel. No. 1-202-522-3575
Dept./Div. Name	IAD/DR	Dept./Div. No. 443/05
Room No.	J2-063	Telephone No. 36877
SUBJECT/REFERENCE:		

MESSAGE:

Attached is a draft TOR of OED.

Transmission authorized by J. Graham Joscelyne, IADDR

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above in the box.

Internal Auditing Department

Draft Terms of Reference A Selective Review of OED

Audit Objectives

At the request of the President, the Internal Auditing Department will undertake a special review of selected issues relating to the performance of the Operations Evaluation Department (OED) in influencing development impact in the field. The primary area to be examined is OED and RVP management priorities and procedures which affect the impact of OED on Bank operations.

Issues to be examined will focus on impact in the field

In this review we will encompass not only whether OED is meeting its stated objectives, but whether the end result of OED's work has been operationalized by Bank staff and country officials resulting in better designed projects and other operational activities.

The review will outline the means by which OED is pursuing the dissemination of lessons learned and country evaluation capacity objectives set out for it by the Board. OED management controls related to the achievement of the above objectives, the interface between OED and Regional management responsibilities, and selected Regional impediments to the implementation of agreed OED recommendations and lessons learned will be reviewed.

Process-related issues not examined

Several process-related issues which are relevant to overall OED management efficiency and effectiveness, but which are not directly related to the more narrow objectives of this review, are not examined in this review. They include:

- Are comprehensive OED internal management controls in place for measuring and reporting results against objectives using established criteria, and are they adequate?
- Are the factors which inhibit satisfactory performance and outcomes regarding the OED work program identified, evaluated, and acted upon in an appropriate manner?

Audit Scope

The review will include an examination of relevant OED and other Bank reports and documents, and interviews with selected OED and other Bank staff, and Executive Directors.

Draft Table of Contents of the Audit Report

- **OED Responsibilities, Objectives, and Costs to the Institution**
- **Factors Inhibiting OED Impact**
- **Examples of Lagging Regional Input to OED Functions**
- **The OPR Factor—Have the Regions Bought-in?**
- **Recommendations for Better Utilization of OED by the Regions**
- **Options for Better Implementing Lessons Learned**

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: August 15, 1996 06:12pm

TO: Robert Picciotto

(ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO

(PABLO GUERRERO)

EXT.: 31717

SUBJECT: Joscelyne's reaction to your comments

Bob:

From a person who has been less than candid and transparent in approaching this sensitive piece of work since its beginning, his defensive response was to be expected.

Fortunately, the paper on OED lacks credibility. It is now full of caveats and counter arguments which render its "findings" and conclusions invalid.

Taking a cue from Linda Morra on the Bank's reaction to the GAO report, you should send a short memo to the President stressing:

1. The report is faulty - its methodology unsound.
2. The findings are based on hearsay and not supported by evidence.
3. In spite of this, some recommendations reflect courses of action which are, or will be considered on their true merits by the Evaluation Learning Group.

The President has respect for your knowledge of evaluation methods, so something along the above should do the job of putting a lid on this episode.

FAS 1 PG

all my
unhired -
I will let
sleeping dogs
lie.

9

9/3

OFFICE MEMORANDUM

DATE: August 13, 1996

TO: Mr. Robert Picciotto, DGO

FROM: J. Graham Joscelyne, Auditor General, IADDR

EXT.: 85412


DGO

RECEIVED
AUG 15 AM 10:56

SUBJECT: **Your Comments on the Audit Paper on OED**

This is in response to your memorandum of July 31, 1996 on our Audit Paper on OED.

First I want to thank you for your comments on the good efforts of the audit team. I can personally assure you that we were all very concerned that they did in fact make a determined effort to strike sound and balanced judgments in their work. I also thank you for your comments on report presentation. I don't know if you are aware, but about one year ago when we were revising our report presentation format one of OED's staff, Ms. Rachel Weaving, made a major contribution to the effort.

Methodology

I would be extremely concerned if the methodology used by any IAD audit team did not meet professional standards. I have personally reviewed the methodology used by the team reviewing OED. I also asked a former GAO Senior Evaluator who joined IAD about one year ago to compare the methodology with the sections of the GAO Yellow Book to which you refer in your note. Based on these reviews, it is our view that we do comply with all relevant professional standards.

I have three other comments. First, you are correct that we held (some not all) interviews with senior staff and managers whose work is actually or potentially subject to OED review. We did so because that is the group of Bank professionals who know OED and its activities perhaps better than anyone outside of OED staff themselves (whom we also interviewed). As professional auditors, it would have been a dereliction of duty on our part not to have interviewed a representative sample from that group.

Second as stated in the Audit Paper, we did interview outside evaluators (GAO). We did not interview Executive Directors for reasons which you are aware. Shengman Zhang can restate the relevant concerns better than I.

Third, we did validate the extent of management action in response to OED's work through our own review of a sample of SARs, and through corroboration with the report from the recent Bank *Working Group on Dissemination of Evaluation Results*. Also, we did, with the good assistance of OED staff, examine the processes designed to monitor management responses to OED recommendations.

We hope this addresses and clarifies the methodology issues which you raise.

Other Issues

Having noted the above, we stand fully behind our findings and recommendations as articulated in the Audit Paper

A final point of clarification, however, concerns your reference to our appearing "to question OED's involvement in just in time dissemination of lessons learned". In the report we state that, "In the absence of the RVPs and CVPs fully absorbing, disseminating and applying lessons, the OED initiative is a good one". Again, we stand by our statements.

Please do not hesitate to call me if we can do anything further to clarify or comment on the Audit Paper, or your comments on it.

OFFICE MEMORANDUM

DATE: August 13, 1996

TO: Mr. Robert Picciotto, DGO

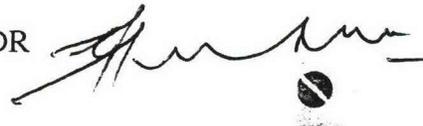
FROM: J. Graham Joscelyne, Auditor General, IADDR

EXT.: 85412

RECEIVED

AUG 15 AM 10:56

DGO



SUBJECT: **Your Comments on the Audit Paper on OED**

This is in response to your memorandum of July 31, 1996 on our Audit Paper on OED.

First I want to thank you for your comments on the good efforts of the audit team. I can personally assure you that we were all very concerned that they did in fact make a determined effort to strike sound and balanced judgments in their work. I also thank you for your comments on report presentation. I don't know if you are aware, but about one year ago when we were revising our report presentation format one of OED's staff, Ms. Rachel Weaving, made a major contribution to the effort.

Methodology

I would be extremely concerned if the methodology used by any IAD audit team did not meet professional standards. I have personally reviewed the methodology used by the team reviewing OED. I also asked a former GAO Senior Evaluator who joined IAD about one year ago to compare the methodology with the sections of the GAO Yellow Book to which you refer in your note. Based on these reviews, it is our view that we do comply with all relevant professional standards.

I have three other comments. First, you are correct that we held (some not all) interviews with senior staff and managers whose work is actually or potentially subject to OED review. We did so because that is the group of Bank professionals who know OED and its activities perhaps better than anyone outside of OED staff themselves (whom we also interviewed). As professional auditors, it would have been a dereliction of duty on our part not to have interviewed a representative sample from that group.

Second as stated in the Audit Paper, we did interview outside evaluators (GAO). We did not interview Executive Directors for reasons which you are aware. Shengman Zhang can restate the relevant concerns better than I.

Third, we did validate the extent of management action in response to OED's work through our own review of a sample of SARs, and through corroboration with the report from the recent Bank *Working Group on Dissemination of Evaluation Results*. Also, we did, with the good assistance of OED staff, examine the processes designed to monitor management responses to OED recommendations.

We hope this addresses and clarifies the methodology issues which you raise.

Other Issues

Having noted the above, we stand fully behind our findings and recommendations as articulated in the Audit Paper

A final point of clarification, however, concerns your reference to our appearing "to question OED's involvement in just in time dissemination of lessons learned". In the report we state that, "In the absence of the RVPs and CVPs fully absorbing, disseminating and applying lessons, the OED initiative is a good one". Again, we stand by our statements.

Please do not hesitate to call me if we can do anything further to clarify or comment on the Audit Paper, or your comments on it.



Record Removal Notice



File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date July 30, 1996	Document Type Report			
Correspondents / Participants				
Subject / Title The World Bank Group - IAD Internal Auditing Department - An "Audit Paper" On OED - An Underutilized Resource in Development Effectiveness				
Exception(s) Corporate Administrative Matters				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date October 04, 2018</td></tr></table>	Withdrawn by Shiri Alon	Date October 04, 2018
Withdrawn by Shiri Alon	Date October 04, 2018			

A L L - I N - 1 N O T E

DATE: 01-Aug-1996 07:33am

TO: Robert Picciotto

(ROBERT PICCIOTTO)

FROM: Robert J Saunders, IADDR

(ROBERT J SAUNDERS)

EXT.: 36877

SUBJECT: RE: Audit Paper on OED

Bob:

Thanks for your good comments on the audit paper. Graham will return to the office on Monday August 5 and will be able to respond to your comments shortly there after.

Thanks again.

Bob

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

No copy made
of Report, yet
A

RECEIVED

95 JUL 31 PM 2:17

DATE: July 31, 1996

TO: Mr. Robert Picciotto, DGO

FROM: J. Graham Joscelyne, Auditor General, IADDR

for ML

DGO

EXT.: 85412

SUBJECT: **An "Audit Paper" On OED - An Underutilized Resource In Development Effectiveness**

As requested by the President, we have completed our audit concerning OED. We have sent two copies (numbered 0001 and 0002) of the above Audit Paper on the subject to him as he requested. As agreed with Shengman Zhang, we are also sending the enclosed copy to you (0003).

We wish to convey our appreciation to you and to your staff for the time, cooperation, and good input which were given to us during the preparation of this audit. If you would like to discuss the findings of the audit in more detail or any other issues pertaining to it, please don't hesitate to contact me, or in my absence Bob Saunders.

See pocket file

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

RECEIVED

DATE: July 31, 1996

96 JUL 31 PM 2:17

TO: Mr. Robert Picciotto, DGO

FROM: J. Graham Joscelyne, Auditor General, IADDR *for PLK*

DGO

EXT.: 85412

SUBJECT: **An "Audit Paper" On OED - An Underutilized Resource In Development Effectiveness**

As requested by the President, we have completed our audit concerning OED. We have sent two copies (numbered 0001 and 0002) of the above Audit Paper on the subject to him as he requested. As agreed with Shengman Zhang, we are also sending the enclosed copy to you (0003).

We wish to convey our appreciation to you and to your staff for the time, cooperation, and good input which were given to us during the preparation of this audit. If you would like to discuss the findings of the audit in more detail or any other issues pertaining to it, please don't hesitate to contact me, or in my absence Bob Saunders.

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: July 26, 1996 10:26am

TO: Robert Picciotto (ROBERT PICCIOTTO)
TO: Francisco Aguirre-Sacasa (FRANCISCO AGUIRRE-SACASA)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: FYI

Bob/Francisco:

Let's wait and see. I believe Bob Saunders will want to get back to me again, as some of my comments were fundamental in redirecting the "findings" and recommendations.

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 25, 1996 07:37am EST

TO: Pablo Guerrero (PABLO GUERRERO)

FROM: Robert J Saunders, IADDR (ROBERT J SAUNDERS)

EXT.: 36877

SUBJECT: RE: IAD report on OED

Pablo:

On first reading we found your comments to be very helpful. We really appreciate your taking the time and making the extra effort to help improve the report.

We plan to sit down today and go through your good comments in more detail and make the revisions that are necessary.

Bob

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 16, 1996 10:05am

TO: Pablo Guerrero (PABLO GUERRERO)

FROM: Francisco Aguirre-Sacasa, OEDDR (FRANCISCO AGUIRRE-SACASA)

EXT.: 34380

SUBJECT: Meeting With Saunders Set

Pablo:

This is to confirm to you that we will meet with Saunders at 3:00 p.m. this afternoon in my office.

See you then.

Francisco

P.S. To the best of my knowledge, IAD has not yet modified the draft we saw, but we can confirm that at our meeting.

CC: Robert Picciotto (ROBERT PICCIOTTO)
CC: OEDDR FILES (OEDDR FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 16, 1996 07:58am

TO: Pablo Guerrero

(PABLO GUERRERO)

FROM: Francisco Aguirre-Sacasa, OEDDR

(FRANCISCO AGUIRRE-SACASA)

EXT.: 34380

SUBJECT: Meeting with Bob Saunders of IAD

Pablo:

I have agreed with Bob Saunders of IAD to meet with him today to begin working with him on revising the audit "non report" of OED which they copied to us.

My agenda is clear for this afternoon, and I would hope that yours is, too, so that together we can go "mano a mano" with him.

Please give me a call as soon as you get in to let me know what time would suit you.

Saludos.

Francisco

CC: Robert Picciotto
CC: OEDDR FILES

(ROBERT PICCIOTTO)
(OEDDR FILES)

The World Bank
Washington, D.C. 20433
U.S.A.

ZHANG SHENGMAN
Vice President and Secretary

RECEIVED

MAY -5 PM 1:05

To: Mr. Picciotto ^{DGO} DGO

Bob.

As promised.

I gave Sven a copy on
Wednesday, just so he has
a basic idea.

Shengman 5/7

**IAD Review of Operations Evaluation Department Functions
- Chronology of Main Events -**

1. On October 18, 1995, the Audit Committee reviewed IAD's FY96 work program which included a "Review of OED Functions" (AC/M95-12). The Committee was concerned about the plan to *review OED functions* and declined to express an opinion on the proposal without first consulting with CODE. Mr. Joscelyne informed the Committee that the review had been requested by the President but he could not yet provide any information about the terms of reference of the proposed review. He said that nothing had been done to date and nothing would be done without a full discussion with OED. The Committee decided that a clearer and fuller explanation of the President's intention was necessary before it either accepted or objected to the inclusion of this item in IAD's work program.
2. On May 22, 1996, a draft outline of the completed review of OED was sent to Zhang Shengman who alerted Mr. Saunders, the Acting Auditor General, to the sensitivity of the situation, i.e. the Audit Committee had asked for more information before it would give the "go-ahead" for the audit, yet IAD had proceeded without going back to the Committee or the chairmen of the AC and CODE. The delicate issue of OED's independence and the Director-General's direct reporting relationship with the Board further complicated the matter.
3. On June 7, 1996, at the request of all parties, Mr. Zhang convened a meeting with Mr. Joscelyne, Mrs. Jacoby (Chairman of CODE), Mr. Autheman (Chairman of the Audit Committee), and Mr. Picciotto to discuss the matter. During the meeting, Mr. Zhang suggested that in view of the lapse in procedure that had occurred, it might be best to retrace the process and go through the review again (all this in a short period of time), but this time, with the endorsement of all parties concerned. However, since the review was more or less completed, the meeting concluded that after further input from OED and Operations staff, the results of the review should be sent first to Mr. Picciotto as DGO, who would forward the report to CODE. CODE would then send the report to the President and to the Board.
4. On July 3, 1996, Mr. Joscelyne called Mr. Zhang to say that the President was anxious to receive the report on the review of OED functions and asked whether it would be procedurally possible to send the report to the DGO, the Chairman of CODE, and the President simultaneously. Mr. Zhang said that he would need to consult with the concerned parties since this was a deviation from the procedure agreed on June 7th. In a conversation with Mr. Picciotto later in the day, the DGO said that he would send a note to the Acting President on the substance of the report. Mr. Zhang would draft a chronology of events for the Acting President to clarify the genesis of the review and the actions to date. Meanwhile, Mr. Zhang would try to talk to all parties to see whether a practical solution could be found soon.

Constance Morris Hope

July 3, 1996



Record Removal Notice



File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date July 5, 1996	Document Type Memorandum			
Correspondents / Participants To: Marc Antoine Autheman From: Robert Picciotto, DGO				
Subject / Title Confidential/IAD Paper on OED				
Exception(s) Corporate Administrative Matters				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date October 04, 2018</td></tr></table>	Withdrawn by Shiri Alon	Date October 04, 2018
Withdrawn by Shiri Alon	Date October 04, 2018			



Record Removal Notice



File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date July 5, 1996	Document Type Memorandum			
Correspondents / Participants To: Francisco Aguirre-Sacasa, Pablo Guerrero From: Robert Picciotto, DGO				
Subject / Title Confidential/IAD Paper on OED				
Exception(s) Corporate Administrative Matters				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Record Removal Notice



File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date July 5, 1996	Document Type Memorandum			
Correspondents / Participants To: Ruth Jacoby From: Robert Picciotto, DGO				
Subject / Title Confidential/IAD Paper on OED				
Exception(s) Corporate Administrative Matters				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Shiri Alon	Date October 04, 2018			



Record Removal Notice



File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date July 5, 1996	Document Type Memorandum			
Correspondents / Participants To: Sven Sandstrom From: Robert Picciotto, DGO				
Subject / Title Confidential/IAD Paper on OED				
Exception(s) Corporate Administrative Matters				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Shiri Alon	Date October 04, 2018			

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 5, 1996 02:49pm

TO: RUTH JACOBY

(RUTH JACOBY @A1@EDSEL)

TO: MARC ANTOINE AUTHEMAN

(MARC ANTOINE AUTHEMAN @A1@EDSEL)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: IAD Paper on OED

In light of my statutory responsibilities to the Executive Directors, you recently decided that I should be the channel for the above document.

Based on my review of a draft paper forwarded by Mr Joscelyne, it is my considered judgment that the document does not provide an adequate basis for a discussion by CODE or the Audit Committee.

Accordingly, I recommend that the document should not be reviewed by CODE or the Audit Committee.

CC: SHENGMAN ZHANG

(SHENGMAN ZHANG @A1@EDSEL)

CC: DGO Files

(DGO FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 5, 1996 11:16am

TO: ROBERT PICCIOTTO (ROBERT PICCIOTTO@A1@WBWASH)

FROM: Shengman Zhang, SECVP (SHENGMAN ZHANG@A1@EDSEL)

EXT.: 80242

SUBJECT: RE: I would appreciate your comments

I am afraid Mr. Saunders is not coming in today. I will try to talk to him on Monday.

Shengman

CC: SVEN SANDSTROM (SVEN SANDSTROM@A1@WBWASH)
CC: DGO FILES (DGO FILES@A1@WBWASH)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 5, 1996 09:15am

TO: Robert Picciotto (ROBERT PICCIOTTO@A1@WBWASH)

FROM: Shengman Zhang, SECVP (SHENGMAN ZHANG@A1@EDSEL)

EXT.: 80242

SUBJECT: RE: I would appreciate your comments

Bob,

Thanks for your EM. As you know, we now have two issues: one procedural and one substantive. In a way, to treat the draft as a non-paper could solve the procedural problem while the chance for you to send in (or by any other means) your comments will deal with the substantive issue, although as of now, the two issues are somewhat interrelated. I agree with you absolutely that no one, at the least SEC, should encroach upon IAD's independence.

I will come back to you if I can get hold of IAD today.

Shengman

CC: Sven Sandstrom (SVEN SANDSTROM@A1@WBWASH)
CC: DGO Files (DGO FILES@A1@WBWASH)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 4, 1996 05:08pm

TO: Shengman Zhang (SHENGMAN ZHANG @A1@EDSEL)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: RE: I would appreciate your comments

Shengman:

Thank you for following up and for sending me a copy of the chronology. I will check it against our records.

Obviously, IAD has its independence to protect and it would be best to let IAD decide whether they wish to revise the paper before it is shown the President. The last thing anyone wants to happen is a claim by IAD that due process has been interfered with -- by the Board or the DGO or the Secretary's Department.

But they need to understand that they broke basic rules and that it is in their interest for the paper to (i) remain in draft; (ii) not be listed as a completed study within IAD's work program (e.g. for budget or JAC reporting purposes). Or else there is bound to a constitutional problem.

From my perspective, all I wish to have is an opportunity to have our day in court with the President in terms of what we think of the study -- in whatever form it is. We have nothing to hide and a lot to be proud of. What is at stake is to limit damage to the institution.

Bob

CC: Sven Sandstrom
CC: DGO Files

(SVEN SANDSTROM)
(DGO FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 4, 1996 08:06am

TO: Robert Picciotto (ROBERT PICCIOTTO@A1@WBWASH)

FROM: Shengman Zhang, SECVF (SHENGMAN ZHANG@A1@EDSEL)

EXT.: 80242

SUBJECT: RE: I would appreciate your comments

Bob,

I talked to both Jacoby and Autheman, and they expressed willingness to live with the non-paper solution, i.e. IAD would give their draft to the President only and you will provide comments on the draft as DGO to the President. However, in agreeing to this solution, all parties will need to adhere to some gentleman's agreement that while Board Committees will not ask for the IAD draft, the President and IAD will refrain from citing the draft in public. In this sense, the IAD draft and your comments will be treated strictly as part of internal managerial process.

I will talk to IAD first thing Friday to see if they can accept the non-paper solution or if they have any other idea. Thereafter, I will call you to brief you on their reaction and and to discuss your two drafts attached here.

By the way, as agreed, last night, I gave Mr.Sandstrom the note Ms. Hope had drafted which provided brief background of the whole matter. I will send you a copy tomorrow. I also briefed him on where things stand, and he agreed that I talk to IAD tomorrow about the possible non-paper solution.

This whole thing is unfortunate, but I think it can be reasonably dealt with in the end.

Have a good Holiday.

Shengman

CC: Sven Sandstrom
CC: DGO Files

(SVEN SANDSTROM@A1@WBWASH)
(DGO FILES@A1@WBWASH)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 3, 1996 07:42pm

TO: Sven Sandstrom

(SVEN SANDSTROM)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: I would appreciate your comments

CC: SHENGMAN ZHANG

(SHENGMAN ZHANG @A1@EDSEL)

CC: DGO Files

(DGO FILES)

July 5, 1996

DRAFT

To : Mrs Ruth Jacoby
Mr Marc Antoine Autheman

From : R. Picciotto, DGO

Subject : IAD Report on OED

In light of my statutory responsibilities to the Executive Directors, you recently decided that I should be the channel for the above report.

Based on my review of a draft forwarded by Mr Joscelyne, I consider it unlikely that the document under preparation can provide a suitable basis for review by CODE.

Accordingly, I suggest that the report should not be sent to, or reviewed by, CODE or the JAC.

I would appreciate your confirmation that this course of action meets with your approval.

cc: Shengman Zhang

DRAFT

July 5, 1996

To : Mr Sven Sandstrom, Acting President

From : R. Picciotto, DGO

Subject : IAD Report on OED

I am concerned with the reputational risks to the Bank associated with the on-going Internal Audit Department (IAD) review of the Operations Evaluation Department (OED).

Quite apart from the process flaws involved in its production, the draft I have seen is poorly based in evidence and the methodology used lacks credibility. The report simply transmits "perceptions" based on the comments of the very managers whose work OED is expected to evaluate critically.

No professional questionnaire instrument was used. IAD did not interview borrowers or Executive Directors. Nor did it carry out its own reviews of the work of OED or consult with evaluators in the broader development community.

OED has provided detailed comments on the draft and has offered help in improving it. But it may be difficult to get the report in shape for a wider audience without going back to the drawing board and expending a lot more time and resources.

Given the jurisdictional issues involved, the report if it is finalized and widely circulated, could exacerbate tensions between management and the Board. A leak to the public cannot be ruled out with all the risks which this may entail for the Bank.

Accordingly, it is my considered judgment that the report should not be finalized for circulation to the Committee on Development Effectiveness or the Joint Audit Committee since this could injure IAD's reputation and the reputation of the senior management whose views are allegedly summarized in the report. I am less worried about the impact on OED's reputation given OED's transparent and distinguished track record. But the allegations the current draft contains will not make the work of independent evaluation any easier.

I have made my views known to Mrs Ruth Jacoby and Mr Marc Antoine Autheman and they agree that, notwithstanding the jurisdictional issues involved, it would serve no useful purpose to discuss a report about the Operations Evaluation Department which the Director-General, Operations Evaluation does not consider relevant or useful.

I am, of course, at the disposal of Mr Wolfensohn discuss any substantive issue regarding the workings of evaluation in the

Bank and to brief him about the learning group which is about to be launched following the briefing I made to the Change Management Group meeting you chaired.

Caio Koch Weser and I have informed the Committee on Development Effectiveness about this initiative and Mrs Ruth Jacoby strongly supports it.

Please let me know whether a brief meeting with you, Mr Zhang and the Auditor General would be helpful to bring this matter to a close without undue disruption.

The World Bank
Washington, D.C. 20433
U.S.A.

ZHANG SHENGMAN
Vice President and Secretary

RECEIVED

13:05 PM -5 PM 1:05

To: Mr. Picciotto ^{DGO}

Rob.

As promised.

I gave Sven a copy on
Wednesday, just so he has
a basic idea.

Shengman 5/7

IAD Review of Operations Evaluation Department Functions
- Chronology of Main Events -

1. **On October 18, 1995**, the Audit Committee reviewed IAD's FY96 work program which included a "Review of OED Functions" (AC/M95-12). The Committee was concerned about the plan to *review OED functions* and declined to express an opinion on the proposal without first consulting with CODE. Mr. Joscelyne informed the Committee that the review had been requested by the President but he could not yet provide any information about the terms of reference of the proposed review. He said that nothing had been done to date and nothing would be done without a full discussion with OED. The Committee decided that a clearer and fuller explanation of the President's intention was necessary before it either accepted or objected to the inclusion of this item in IAD's work program.
2. **On May 22, 1996**, a draft outline of the completed review of OED was sent to Zhang Shengman who alerted Mr. Saunders, the Acting Auditor General, to the sensitivity of the situation, i.e. the Audit Committee had asked for more information before it would give the "go-ahead" for the audit, yet IAD had proceeded without going back to the Committee or the chairmen of the AC and CODE. The delicate issue of OED's independence and the Director-General's direct reporting relationship with the Board further complicated the matter.
3. **On June 7, 1996**, at the request of all parties, Mr. Zhang convened a meeting with Mr. Joscelyne, Mrs. Jacoby (Chairman of CODE), Mr. Autheman (Chairman of the Audit Committee), and Mr. Picciotto to discuss the matter. During the meeting, Mr. Zhang suggested that in view of the lapse in procedure that had occurred, it might be best to retrace the process and go through the review again (all this in a short period of time), but this time, with the endorsement of all parties concerned. However, since the review was more or less completed, the meeting concluded that after further input from OED and Operations staff, the results of the review should be sent first to Mr. Picciotto as DGO, who would forward the report to CODE. CODE would then send the report to the President and to the Board.
4. **On July 3, 1996**, Mr. Joscelyne called Mr. Zhang to say that the President was anxious to receive the report on the review of OED functions and asked whether it would be procedurally possible to send the report to the DGO, the Chairman of CODE, and the President simultaneously. Mr. Zhang said that he would need to consult with the concerned parties since this was a deviation from the procedure agreed on June 7th. In a conversation with Mr. Picciotto later in the day, the DGO said that he would send a note to the Acting President on the substance of the report. Mr. Zhang would draft a chronology of events for the Acting President to clarify the genesis of the review and the actions to date. Meanwhile, Mr. Zhang would try to talk to all parties to see whether a practical solution could be found soon.

Constance Morris Hope

July 3, 1996

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 3, 1996 08:30am

TO: Francisco Aguirre-Sacasa (FRANCISCO AGUIRRE-SACASA)

FROM: J. Graham Joscelyne, IADDR (J. GRAHAM JOSCELYNE)

EXT.: 85412

SUBJECT: RE: Draft IAD Audit of OEDE

Fransisco,

Thank you for the reply to the draft report. We are reviewing your comments carefully and Bob Saunders will arrange to meet you shortly to take the discussion further.

Graham.

CC: Robert Picciotto (ROBERT PICCIOTTO)
CC: Pablo Guerrero (PABLO GUERRERO)
CC: Robert J Saunders (ROBERT J SAUNDERS)
CC: OEDDR FILES (OEDDR FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 2, 1996 11:03am

TO: J. Graham Joscelyne (J. GRAHAM JOSCELYNE)

FROM: Francisco Aguirre-Sacasa, OEDDR (FRANCISCO AGUIRRE-SACASA)

EXT.: 34380

SUBJECT: Draft IAD Audit of OEDE

Graham:

1. We have carefully reviewed IAD's draft audit of OED. We expected that this exercise would yield a balanced and methodologically sound report, which would shed light on how to induce Bank managers and staff to make better use of evaluation findings and/or, in agreement with the Board Committees concerned, to help illuminate how OED could realize more fully its potential in promoting development effectiveness at the Bank.

2. I must confess to you, however, that we were disappointed by the draft you sent to us. It does not do justice to the task. I list below some of our substantive comments on the draft audit. I would be pleased to sit down with you and/or your staff to go over these --and other points-- in more detail.

Methodology & Process

3. Whenever we in OED do an assessment of Bank products or processes, we do so within the context of an explicit methodological framework and an open process. We begin by discussing an "approach paper" (i.e., terms of reference) with CODE and Bank management and proceed to draft the report by looking carefully at the literature (including Bank products) pertinent to the topic, conducting field work, client surveys and statistical analyses as appropriate and in close consultation with Bank staff and management. On the basis of a thorough review, we arrive at our own judgment on what works well and what needs fixing, and carefully document our findings and recommendations. We had expected a similar approach from IAD.

4. Unfortunately, we find it difficult to understand the process which you have followed in your audit of OED. It is not at all clear to us how IAD arrived at its findings. Neither the Board Committees concerned with auditing and evaluation nor OED had have a chance to comment on terms of reference for your study prior to its launching. We see no evidence from the "write up" that you assessed any of our products in arriving at your findings. We note that while a dozen Bank staff were consulted on the first draft report, no one from OED was given an opportunity to do so -- until now.

5. As for the report's findings, they strike us more as a compendium of "perceptions" than as the thoughtful judgments regarding the substantive issues, methods and processes which make up quality in the evaluation business. Neither could we find any evidence of professional reviews of the relevance, rigor and timeliness of OED's products -- nor of OED's overall contribution to development effectiveness at the Bank.

6. Let me add a further thought on the process you followed. Your draft appears to draw heavily on 28 interviews of Bank staff, the majority of whom are at the Director level or higher. While interviews or focus group exercises can have value, they are most useful when designed with the help of experts. Normally, the findings are triangulated with results from other, less subjective kinds of inquiries. Is this how IAD proceeded? It is impossible for us to know since we have not seen the criteria which you used in selecting your interviewees, did not get the survey instrument you used and have had no access to the range of opinions expressed and how they have been weighed in reaching the conclusions. Should you propose to proceed with the approach as it now stands, we will request you to provide this kind of information so that the validity of the findings can be properly weighed by the reader.

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8. Your staff chose to interview GAO staff without consulting Board members, Bank management or OED about the appropriateness of the approach. Your choice of GAO staff was especially problematic soon after OED staff had been "carrying a lot of water" for the Bank during GAO's audit of the institution at the behest of the US Congress -- and was sometimes obliged to turn down GAO requests for information on the grounds that divulging it ran contrary to the Bank's disclosure policy. Against this background, I wonder how objective a GAO input into your "perceptions study" could be?

9. In short, we regret to have to conclude that the current draft audit is long on perceptions but short on substantive analysis. It is lacking in documentation and evidence to back up its findings. It has created amongst us the impression of a "rush to judgment". We hope that you will see fit to rework the substance as well as the tonality of the audit before it is issued. This may well take time, but it would be time well spent given the institutional damage which would be caused by the current version.

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11. Since joining OED little more than a year ago --and after more than a quarter of a century of Bank line experience, quality enhancement work and serving as the Bank's Director of External Affairs-- I have been impressed by the conscientious effort made by OED staff to produce evaluations which are analytical, rigorous and fair. I have also been struck by how well OED is regarded by Board members and within the evaluation community. OED is clearly perceived by its peers to be at the cutting edge of development evaluation and OED staff are often asked to take the lead at fora where new approaches to evaluation are being considered.

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country and sector policy assessments; and process studies. OED's annual work program --together with its strategy statement-- is designed in consultation with users, discussed with Bank management and PBD, carefully reviewed by CODE and approved by the Board.

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21. In order to ensure objectivity, OED's policy is never to put an OED reviewer to manage an evaluation on which he/she may have worked in an earlier incarnation. The audit suggests that in one case an OED reviewer with an axe to grind thrashed a project he/she had worked on. We would appreciate knowing what case this was so that we can investigate it and, should it be confirmed, take steps so that it will never be repeated. Here again, we call for full disclosure of the allegation -- or else we request that you drop the reference altogether.

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23. To give one example, OED's recent review on the "Social Impact of Adjustment Lending" was the first publication to document that well done Bank-financed adjustment lending was benefiting the poor. And last year's "Annual Review of Evaluation Results" was the first Bank document to put the issue of more selectivity in lending to non performing countries squarely before the Board. It further challenged the old notion of going ahead with a "core" lending program in the case of non-performers. This OED position was acknowledged, once again, by Mr. Bruno as being an especially noteworthy contribution of OED to the internal Bank debate on how to deal with poor performers.

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26. An Improved Management Response System: The audit paints the picture of an OED and CODE which gang up on management which, in turn, "is perceived (that word, again) as being reactive and defensive." According to the audit "OED and CODE throw recommendations on the table at various times during the year...and demand that they be implemented." That is hardly the way we see this process working. From our perspective, OED simply draws management's attention to compliance problems related to Bank policies, ODs and commitments to the Board. We do so in a collaborative manner and after consultation (often extensive) with Bank staff. We demand nothing. It goes without saying that what should follow is a dialogue where management can endorse some or all of OED's recommendation or take issue with some or all of these. What management should avoid is to agree with OED's findings and then not comply with its own ODs, policies or past commitments.

27. This being said, it is my personal impression that the Bank's top management is now taking the management response process more seriously. A Managing Director has recently gotten fully involved in the process, we are moving towards periodic and comprehensive discussions on the "ledger" --indeed, one has just been completed with CODE. Basically, the consensus at this meeting, which took place yesterday, was that the process is running smoothly in most cases and there was a lot of support for

continuing with a transparent management response process and with complementary management actions to get even greater benefits from it.

28. OED Does Not Take an Integrated Approach to OED Identified Recommendations, Issues or Conclusions: This is simply incorrect. Both the DGO's Annual Report on the status of evaluation at the Bank and OED's Annual Review of Evaluation Results provide the integration which you presumably are calling for. Nor do we understand the rationale of having OED carry out cost estimates for its recommendations. Is this something that IAD does?

29. OED Should Re-organize Itself: The audit calls for a re-organization of OED and recommends several models. The problem is that IAD fails to make a compelling case for any re-organization, let alone for the models which it is espousing. Where is the link, in other words, between OED's presumed shortcomings and the actions you are suggesting?

30. For the record, OED current organizational structure was based on an expert review of OED by the Bank's organization planning staff three years ago. And like the service organization which we consider ourselves to be, we are considering ways of enhancing our effectiveness --including possible organizational changes-- in order to allow us to be more responsive to the new Bank. Every change we make will, however, be designed to deal with a real OED shortcoming and in order to render us more efficient and effective. It will not be driven by "poll findings" of questionable validity.

Conclusion

31. All the preceding notwithstanding, we did find some IAD recommendations which are useful and which we intend to follow up on. We agree, for instance, that we need to get more "new blood" into OED. To this end, we have been discussing with Personnel the creation of an OED "fellows" program, which would encourage young staff who are looking to make a career in the Bank to do a stint in OED. And we recently recruited a first rate ex-YP into OED only to recently lose her to WDR for eight months.

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33. I apologize for the length of this response, but it reflects the depth of our concern regarding this exercise. We realize that you had to work under the pressure of time on a subject with which IAD had limited familiarity. OED is ready, as I stated at the outset, to work with you and your staff to help

improve the draft. I am sure that you are aware of the institutional damage which a substandard report could create.

Francisco

CC: Robert Picciotto	(ROBERT PICCIOTTO)
CC: Pablo Guerrero	(PABLO GUERRERO)
CC: Robert J Saunders	(ROBERT J SAUNDERS)
CC: OEDDR FILES	(OEDDR FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: July 1, 1996 10:36pm

TO: Francisco Aguirre-Sacasa (FRANCISCO AGUIRRE-SACASA)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: Draft IAD Audit of OEDE
Comments incorporated in the attached

CC: Pablo Guerrero (PABLO GUERRERO)

CC: DGO Files (DGO FILES)

Graham:

1. We have carefully reviewed IAD's draft audit of OED. We expected that this exercise would yield a balanced and methodologically sound report, which would shed light on how to induce Bank managers and staff to make better use of evaluation findings and/or, in agreement with the Board Committees concerned, to help illuminate how OED could realize more fully its potential in promoting development effectiveness at the Bank.

2. I must confess to you, however, that we were sorely disappointed by the draft you sent to us. It does not do justice to the task. I list below some of our substantive comments on the draft audit. I would be pleased to sit down with you and/or your staff to go over these --and other points-- in more detail.

Methodology & Process

3. Whenever we in OED do an assessment of Bank products or processes, we do so within the context of an explicit methodological framework and an open process. We begin by discussing an "approach paper" (i.e., terms of reference) with CODE and Bank management and proceed to draft the report by looking carefully at the literature (including Bank products) pertinent to the topic, conducting field work, client surveys and statistical analyses as appropriate and in close consultation with Bank staff and management. On the basis of a thorough review, we arrive at our own judgment on what works well and what needs fixing, and carefully document our findings and recommendations. We had expected a similar approach from IAD.

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5. As for the report's findings, they strike us more as a compendium of informal "musings" and "perceptions" than as the thoughtful judgments regarding the substantive issues, methods and processes which make up quality in the evaluation business. Neither could we find any evidence of professional reviews of the relevance, rigor and timeliness of OED's products -- nor of OED's overall contribution to development effectiveness at the Bank.

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are most useful when designed with the help of experts. Normally, the findings are triangulated with results from other, less subjective kinds of inquiries. Is this how IAD proceeded? It is impossible for us to know since we have not seen the criteria which you used in selecting your interviewees, did not get the survey instrument you used and have had no access to the range of opinions expressed and how they have been weighed in reaching the conclusions. Should you propose to proceed with the approach as it now stands, we will request you to provide this kind of information so that the validity of the findings can be properly weighed by the reader.

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8. Your staff chose to interview GAO staff without consulting Board members, Bank management or OED about the appropriateness of the approach. Your choice of GAO staff was especially problematic soon after OED staff had been "carrying a lot of water" for the Bank during GAO's audit of the institution at the behest of the US Congress -- and was sometimes obliged to turn down GAO requests for information on the grounds that divulging it ran contrary to the Bank's disclosure policy. Against this background, I wonder whether any weight should be given to the views you secured from this particular source.

9. In short, we regret to have to conclude that the current draft audit is long on perceptions but short on substantive analysis. It is utterly lacking in documentation and evidence to back up its findings. It has created amongst us the impression of a "rush to judgment" -- if not a "hatchet job". We hope that you will see fit to rework the substance as well as the tonality of the audit before it is issued. This may well take time but it would be time well spent given the institutional damage which would be caused by the current version.

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O F F I C E M E M O R A N D U M

DATE: July 1, 1996 01:16pm

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Francisco Aguirre-Sacasa, OEDDR (FRANCISCO AGUIRRE-SACASA)

EXT.: 34380

SUBJECT: My Response to IAD

Bob:

I spent the morning preparing the attached EM to IAD. I have sought to incorporate into it your main comments as well as some of Pablo's and my own. I have, of course, also put it into my own language.

Before sending it off, I would welcome any substantive comments. Wording changes, where my own editing is unclear, would also be appreciated.

Regards.

Francisco

CC: Pablo Guerrero (PABLO GUERRERO)
CC: OEDDR FILES (OEDDR FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE:

TO: J. Graham Joscelyne (J. GRAHAM JOSCELYNE)

FROM: Francisco Aguirre-Sacasa, OEDDR (FRANCISCO AGUIRRE-SACASA)

EXT.: 34380

SUBJECT: Draft IAD Audit of OEDE

Graham:

1. We have carefully reviewed IAD's draft audit of OED. We expected that this exercise would yield a balanced and methodologically sound report, which would shed light on how to help OED realize more fully its potential in promoting development effectiveness at the Bank. I must confess to you, however, that we were disappointed by this first draft.

2. I list below some of our substantive comments on the draft audit. We would be pleased to sit down with you and/or your staff to go over these --and other points-- in more detail.

Methodology & Process

3. Whenever we in OED do an assessment of Bank products or processes, we do so within the context of a rigorous methodological framework and an open process. We begin by discussing an "approach paper" (i.e., terms of reference) with CODE and Bank management and proceed to draft the report by looking carefully at the literature (including Bank products) pertinent to the topic and in close consultation with Bank staff and management. On the basis of a thorough review, we arrive at our own judgment on what works well and what needs fixing, and carefully document our findings and recommendations.

4. It is not at all clear to us how IAD arrived at its findings. We never received terms of reference for your study, see no evidence from the "write up" that you assessed any of our products in arriving at your findings, and note that while a dozen Bank staff were consulted on the draft report, no one from IAD was given an opportunity to do so. This strikes us as curious, to say the least.

5. As for the report's findings, they strike us more as a compendium of "perceptions" than as the thoughtful judgment of IAD based on a professional review of OED's products and of its contribution to development effectiveness at the Bank.

6. Let me add a further thought on methodology. It appears from your draft that it draws heavily on 28 interviews of Bank

staff, the majority of whom are at the Director level or higher. While interviews and focus group exercises can have value, they must be carefully done with the help of experts who are experienced in their design and implementation. Did this happen in this case? It is impossible for us to know since we have not seen the criteria which you used in selecting your interviewees, did not get the survey instrument or have access to the range of the opinions expressed.

7. Furthermore, there is no evidence to suggest that IAD made any effort to independently validate the opinions of your interviewees who, by the way, must in part have included the very people whose work OED is --by virtue of its mandate-- required to evaluate. To be more specific, there is no evidence to suggest that you sought the views of task managers, Board members, borrowers or of other evaluation units in either the MDBs or bilateral lenders.

8. One final point on methodology and processes. I find it inappropriate to have consulted on OED with persons in GAO. This was especially problematic at a time when OED staff have been "carrying a lot of water" for the Bank during GAO's ongoing audit of the Bank and was sometimes obliged to turn down GAO requests for information on the grounds that divulging it ran contrary to the Bank's disclosure policy. Against this background, I really wonder how objective a GAO input into your perceptions study could be.

9. In short, IAD's audit is long on perceptions but short on substantive analysis. It is lacking in documentation and evidence to back up its soundings and recommendations and has created amongst us the impression that it is more a "rush to judgment" than a professional review.

Specific Comments

10. On OED Quality: In a couple of places, the report contains positive references to OED. For instance, page two of the draft audit states that "OED, and in particular the DGO, are generally well regarded." But this is a tepid endorsement especially since the audit is replete with criticisms of OED and since it questions the consistency of the quality of OED's output and the relevance of its work.

11. Since joining OED little more than a year ago and after more than a quarter of century of Bank line experience, quality assurance work and serving as the Bank's Director of External Affairs, I have been impressed by the conscientious effort made by OED staff to produce quality outputs. More importantly, I have been struck by how well OED is regarded by Board members and within the evaluation community of development agencies: both MDBs and bilateral donors. OED is clearly perceived by these, its peers, to be at the cutting edge of evaluation and are often asked to take the lead at fora where new approaches to evaluation

are being considered.

12. This positive view is, by the way, not limited to external evaluators. As recently as last Friday's meeting of MDs and VPs, Mr. Bruno --the Bank's chief economist-- volunteered that he found the quality of OED reports to be high.

13. OED's Work Program & Relevance: The report speaks of a perception that OED's work and work program are "drifting" and "fragmented." It also questions the relevance of some of our products. I don't quite know what drift and fragmentation imply in this context, but I can affirm that no other Bank unit's work program is more carefully scrutinized for balance, focus and relevance than that of OED. The program is a careful blend of project reviews, audits and impact evaluations; country and sector policy assessments; and process studies. OED's annual work program --together with a strategy statement-- is first discussed with an MD and PBD and is then carefully reviewed by CODE and the Board. At both fora, Management is represented and has further opportunities to comment on the work program.

14. Need to Clarify OED's Role: In light of the growing number of other Bank units engaged in evaluation in one form or another, the report calls for a clarification of the role of OED. Our view is that the more self evaluation done by the Bank the better. Hence, we have done our best to provide support to QAG the Regions and the CVPs to enhance the quality of honest self evaluation. But our role is very clear --even though your report never cited it-- and that is to be the independent evaluating outfit in the Bank. Mr. McNamara founded it as such in recognition of the importance that independent evaluation has in a modern, accountable institution like the Bank, and what sets us apart from the other evaluators --and make us the unique corporate asset which we believe we are-- is this independent mandate.

15. The Priority of OED Work: The draft audit acknowledges that the Regions often do not make effective use of OED outputs and attributes this to the fact that RVPs do not always feel that OED findings are of priority or that the benefits to be gained by following these recommendations outweigh the cost of not doing so. The building of evaluation capacity in borrowers --something which OED has steadfastly supported-- is cited as a case in point.

16. While there may, indeed, be some managers who feel this way, there are many others --the President included-- who believe that enhancing the excellence of the Bank's work is imperative and who have made getting results on the ground "job one" for the institution. In my frequent visits to the Regions, I have found dozens of managers and staff who have been energized by the call for higher quality and who buy fully into the usefulness of OED's work now that they perceive that the Bank is finally serious about putting the "lending culture" behind itself.

17. As for strengthening evaluation capacity in borrowers, I have two comments. First, OED does not want to "take the point" on this issue. We have always realized that the Regions should be at the forefront of this initiative with technical backstopping by OED staff, when needed. And, second, we strongly believe that the development of evaluation capacity in our borrowers is a critical ingredient to nation building and to getting results on the ground. Virtually all developed countries have adopted evaluation as a way of checking on whether their societies are getting value for public monies spent. In developing countries --and especially at a time when the Bank is vigorously and appropriately moving into issues of economic governance-- building local evaluation capacity should not be a low priority concern for the Bank. Rather, it should be a front burner issue within the broader framework of our dialogue on public sector management issues.

18. OED's Work is not Always Objective & Rigorous: This is yet another "perception" contained in the report. And like the others, it must be backed up with facts or be dropped. As I mentioned earlier, OED has developed a careful methodology which its staff seek to follow in their evaluative work. As a further safeguard, each report and evaluation goes through a thorough process of internal review as well as careful consultation with other units in the Bank and, whenever possible, in the Borrowing countries. Whenever there are disagreements on findings with CVPs or the Regions, we have begun documenting these in our outputs.

19. In order to insure objectivity, OED's policy is never to put an OED reviewer to work on a project on which he/she may have worked in an earlier incarnation. The audit suggests that in one case an OED reviewer with an axe to grind thrashed a project he/she had worked on. We would appreciate knowing what case this was so that we can investigate it ourselves and take steps so that it will never be repeated.

20. Process Studies vs. New or Original Lessons: The audit affirms that VPs would prefer new or original OED findings instead of internal process studies. While we plead guilty to the charge that we often emphasize old lessons (e.g., the importance of securing Borrower ownership before going ahead with an operation), it is because experience confirms time and time again that Bank managers and staff are ignoring the elementary ingredients of quality at entry. But this does not mean that we are not coming up with new findings. Our recent report on the "Social Impact of Adjustment Lending" was the first Bank publication to confirm that well done adjustment lending was benefiting the poor. And last year's "Annual Review of Evaluation Results" was the first Bank document to put the issue of more selectivity in lending to non performing countries squarely before the Board. It further challenged the old notion of going ahead with a "core" lending program in the case of non

performers. This notion was acknowledged, once again, by Mr. Bruno as an especially noteworthy contribution of OED to the internal Bank debate on how to deal with non performers.

21. The dislike for process studies and their alleged riskiness is easier to understand. This dislike is, I submit, often due to the fact that these process studies point to lack of Bank compliance with ODs or with previous commitments made to the Board. This may be a case, therefore, of "shooting the messenger" because the message is not what one wants to hear.

22. Contradictory Recommendations: In a couple of places, the audit calls on OED to provide more timely feed back to its internal Bank clients, yet in another our practice of commenting on Bank projects at the IEPS stage is questioned. Another IAD recommendation is that we flatten our "top heavy" organizational structure, yet we are also advised to hire a "chief economist" whom, by the way, we already have on board. These are two examples of contradictory evaluations in the draft audit.

23. An Improved Management Response System: The audit paints the picture of an OED and CODE which gang up on management which, in turn, "is perceived (that word, again) as being reactive and defensive." According to the audit "OED and CODE throw recommendations on the table at various times during the year...and demand that they be implemented." That is hardly the way we see this process working. From our perspective, OED simply draws management's attention to compliance problems related to Bank policies, ODs and commitments to the Board. We do so in a collaborative manner and after consultation (often extensive) with Bank staff. We demand nothing. It goes without saying that what should follow is a dialogue where management can endorse some or all of OED's recommendation or take issue with some or all of these. What management should avoid is to agree with OED's findings and then not comply with its own ODs, policies or past commitments.

24. This being said, it is my personal impression that the Bank's top management is now taking the management response process more seriously. A Managing Director has recently gotten fully involved in the process, we are moving towards periodic discussions on the "ledger" --indeed, one is scheduled with CODE today-- and OED, for its part, is striving to provide greater focus and a ranking of its recommendations.

25. OED Does Not Take an Integrated Approach to OED Identified Recommendations, Issues or Conclusions: This is incorrect. Both the DGO's Annual Report on the status of evaluation at the Bank and OED's Annual Review of Evaluation Results provide the integration which you presumably are calling for.

26. OED Should Re-organize Itself: The audit calls for a re-organization of OED and recommends several models. The problem is that IAD fails to make a compelling case for any

re-organization, let alone for the models which it is espousing. Where is the link, in other words, between OED's shortcomings and the actions you are suggesting?

27. For the record, OED current organizational structure was based on an expert review of OED by the Bank's organization planning staff a few years ago. And like the service organization which we believe ourselves to be, we are considering ways of enhancing our effectiveness --including possible organizational changes-- in order to allow us to be more responsive to the new Bank. Every change we make will, however, be designed to deal with a real OED shortcoming and in order to render us more efficient and effective. It will not be driven by "poll findings" whose methodology is unknown or even questionable.

Conclusion

28. All the preceding notwithstanding, we did find some IAD recommendations which are useful and which we intend to follow up on. We agree, for instance, that we need to get more "new blood" into OED. To this end, we have been discussing with Personnel the creation of an OED "fellows" program, which would encourage young staff who are looking to make a career in the Bank to do a stint in OED. And we recently recruited a first rate ex-YP into OED only to recently lose her to WDR for eight months.

29. I also have a lot of sympathy for shorter OED reports produced during a shorter time frame. And I also favor a more programmatic approach to evaluation which your report seems to advocate. To move in both these directions and to draw on some best practices from GAO, we recruited two senior advisors from GAO last year and are already benefiting from their work and advice.

30. I apologise for the length of this response, but it reflects how seriously Messrs Picciotto, Guerrero and I have taken your audit. OED is ready, as I stated at the outset, to work with you and your staff on getting out a second draft of the report at an early date.

Francisco

CC: Robert Picciotto	(ROBERT PICCIOTTO)
CC: Pablo Guerrero	(PABLO GUERRERO)
CC: Robert J Saunders	(ROBERT J SAUNDERS)
CC: OEDDR FILES	(OEDDR FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 24, 1996 03:04pm

TO: Francisco Aguirre-Sacasa
TO: Pablo Guerrero

(FRANCISCO AGUIRRE-SACASA)
(PABLO GUERRERO)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: FYI

CC: DGO Files

(DGO FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 24, 1996 11:59am EST

TO: Robert Picciotto

(ROBERT PICCIOTTO)

FROM: Robert J Saunders, IADDR

(ROBERT J SAUNDERS)

EXT.: 36877

SUBJECT: RE: IAD's Review of OED

Bob:

Thank you for your note to Graham. He is out of the office this week but will return next Monday July 1. The July 3 date was a target only. If it takes longer to revise the paper, we will take longer.

We look forward to your comments and to meeting with you and your colleagues following their receipt.

Bob

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 24, 1996 03:02pm

TO: See Distribution Below

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: FYI

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(SVEN SANDSTROM)

CC: DGO Files

(DGO FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 24, 1996 10:32am EST

TO: J. Graham Joscelyne (J. GRAHAM JOSCELYNE)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: IAD's Review of OED

Over six months since you advised us of your intention to initiate a review of OED, we received an informal draft late on Friday afternoon.

I understand that you wish to finalize the report before your home leave on July 3. This seems like a tall order given the numerous comments we have on the extraordinary findings and sweeping recommendations of the draft.

We will be ready with detailed comments by mid-week as requested by Robert Saunders. However, in my considered judgment that substantive reworking of the draft is required and this may well involve more time than is currently allowed.

Quite apart from process flaws, the current version is not based on sound analysis or on factual evidence. Indeed, if sent forward in this form, the report could be damaging not only to OED but also to IAD -- and to the Bank as a whole.

CC: Robert J Saunders (ROBERT J SAUNDERS)
CC: Francisco Aguirre-Sacasa (FRANCISCO AGUIRRE-SACASA)
CC: Pablo Guerrero (PABLO GUERRERO)
CC: DGO Files (DGO FILES)

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OCT 03 2018

WBG ARCHIVES

A L L - I N - 1 N O T E

DATE: 24-Jun-1996 09:10am

TO: Robert Picciotto

(ROBERT PICCIOTTO)

FROM: Francisco Aguirre-Sacasa, OEDDR

(FRANCISCO AGUIRRE-SACASA)

EXT.: 34380

SUBJECT: RE: CONFIDENTIAL ///FOR YOUR COMMENTS

Let us get together at 1000 in my office on Monday to discuss this

Bob:

I fully support the tone and message of your proposed EM on the IAD audit of OED. I'll be in your office at 10:00 a.m.

Francisco

CC: Pablo Guerrero

(PABLO GUERRERO)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 24, 1996 09:52am

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: RE: Comments on IAD report

Bob:

A few other considerations:

* Since most OED recommendations are about effective implementation of existing policies and procedures, the so-called indirect costs of OED are not additional. Hence, there is a true opportunity cost to borrowers of not implementing OED recommendations.

* I find it quite unethical for an audit office to circulate the report to others before sending it to us for comment -even informally.

* ECD and CASSs -there is no evidence I know about where the ECD issue has been taken up in the CAS framework -yet this is what the ECD TF recommended. If ECD were left to the RVPs alone, ECD would die.

* IAD takes it for granted that the RVPs and CVPs are producing analytically sound and highly relevant output. The record shows that this is far from reality -without OED this fantasy would be perpetuated.

* The record shows that it has not been up to OPR to agree to quick fixes on OED recommendations. The management response system is driven by RVP/CVP inputs.

* There is no overlap on ECON. The work was requested by the Board from OED as follow up to the next-steps. The President decided that it should be done jointly with OPR.

* A most serious problem with this report is its almost total lack of concern for accountability, objectivity and credibility, in assessing the Bank's work. OED is prized for being able to deliver on these - the Development Committee most recently recognized this value.

* The IAD report is sometimes ignorant about existing processes. For example, the management response system is a very formal process.

* On the work program IAD suggests that the role of various units needs to be clarified. Interestingly it omits the role of RVPs.

* On OED recommendations, IAD suggests that if management doesn't like them all it has to do is say so.

* The recommendation about standardizing lessons learned in project documents is a proven loser. It has never worked and it invites mechanistic and bureaucratic consideration of lessons.

CC: Francisco Aguirre-Sacasa
CC: DGO Files

(FRANCISCO AGUIRRE-SACASA)
(DGO FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 23, 1996 11:18pm

TO: Francisco Aguirre-Sacasa
TO: Pablo Guerrero

(FRANCISCO AGUIRRE-SACASA)
(PABLO GUERRERO)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: Comments on IAD report

To save time and get it out of my system, I have drafted the attached. It is simply an input into a note which should be sent by Francisco as Director of OED. Let us talk tomorrow.

CC: DGO Files

(DGO FILES)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE:

TO: Francisco Aguirre-Sacasa (FRANCISCO AGUIRRE-SACASA)
TO: Pablo Guerrero (PABLO GUERRERO)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: IAD Report

OED COMMENTS ON DRAFT IAD REVIEW OF OED

Introduction

The objective of IAD's review was to ascertain the factors which impede OED's ability to realize its potential in "making a difference in the field".

Methodology and Process

Given this objective, it is surprising that the report makes no attempt to assess the impact OED has had over the years in making the Bank more accountable and responsive, e.g. through its input to the Wapenhans report. Nor does it examine the effectiveness of OED in relation to similar units in other organizations.

No terms of reference are appended to explain the genesis and the scope of the study. No consistent methodology appears to have been applied and the basis for the conclusions is therefore unclear.

Twenty eight staff were interviewed by IAD. But the selection criteria are not given; the survey instrument is not provided and the range of opinions expressed is not described. IAD did interview a few OED staff and managers but their views were apparently ignored.

No effort seems to have been made to validate the opinions expressed by the selected respondents. No input was sought from task managers; Board members; or borrowers. No independent review of OED studies was commissioned and no audit of evaluation processes was carried out. No bibliography was made available.

Thus, the review is long on opinion but short on substantive analysis. It provides no documentation or corroborating evidence to back up its sweeping findings and surprising recommendations. The impression created is one of a rush to judgment, a hatchet job... All in all the review represents a missed opportunity to improve the interaction between OED and its clients.

A professional focus group exercise is currently underway to ascertain the perceptions of OED among staff at various levels as well as among borrowers. It may provide a firmer basis on which to base action.

Comments on Major Findings and Recommendations

A list of the major findings and recommendations follows, together with OED comments.

1. OED, and in particular the DGO, are generally well regarded. OED is viewed as being able to make a valuable and necessary contribution in an institution which only recently has become subject to some market forces... However, opportunities exist for improvement within OED ...

This tepid acknowledgment contrasts with the exceptionally high regard in which OED work is held, both in evaluation circles and in the development community.

2. Our concerns focus on ... what is perceived to be a drifting and fragmentation of OED's work and work program...

OED's work program is carefully balanced to ensure an appropriate mix of completion reviews, performance audits, impact studies, country evaluations, sector policy evaluations and process evaluations. The annual work program is reviewed with management, discussed in detail by CODE and approved by the Board.

3. The RVPs must make tradeoffs among competing priorities and OED is not usually a relatively high priority.

IAD seems to hold the view that OED lessons are not of high priority for the Regions to implement. The twin premise is that OED's work lacks support among managers and that this lack of support is justified. Both hypotheses are unproven and at variance with recent analyses of management responses to OED recommendations which point to substantial organizational learning in connection with OED work.

4. OED does not usually state its estimate of the costs and the impacts of doing or not doing what it recommends. This makes it difficult for managers ...

IAD accepts uncritically the self serving assertion that the OED recommendations which are not implemented involve heavy, unquantified costs. Not a single instance is cited by IAD to justify this view. Instead, the burden is put on OED to quantify the costs of its recommendations, a curious proposal -- and one which IAD does not heed in its own work.

5. RVP management generally do not feel that the building of evaluation capacity in client countries should be an OED concern.

This kind of recommendation is irresponsible. If retained, it would undermine the lynchpin of the Bank's evaluation system.

11. There are risks inherent in OED's involvement in project formulation.

OED provides lessons of experience just in time, at the IEPS stage, on a selective basis. This is a dissemination initiative -- not one which involves a potential conflict of interest. OED staff do not attend the decision meeting. The initiative was introduced at the urging of a Country Director and has been well received by operational managers and staff. The question of "why the CVPs should not do it?" is a good if rhetorical one: OED would willingly withdraw this service should the CVPs take it on.

12. There are risks which the Bank incurs by having OED increasingly undertake internal process reviews.

OED's moderate increase in process reviews mostly relates to the reviews of the Annual Report on Portfolio Performance mandated by the Wapenhans Report and the next steps. This work has had a positive impact on portfolio management. Equally, OED's work on economic analysis of projects proved very useful to improving quality at entry standards. Why isn't IAD weighing the risks of OED not doing process reviews? Doesn't policy oversight by the Board also include "process"?

13. OED could broaden its focus to contribute directly to country assistance strategies.

This suggestion is one which OED is currently exploring, as noted by IAD on page 11.

14. Engage in broad consultation when preparing the work program

The view that OED programming is not guided by users is demonstrably wrong. OED has a highly transparent and participatory programming system. The three year rolling plan of work is reviewed at all levels of management and only finalized for review by CODE after a meeting chaired by a Managing Director.

15. Produce more impact evaluations and fewer process reviews.

This is a paradoxical proposal since the budget department has proposed a cut in the impact evaluation work program, year after year. The priority of process reviews depends, of course, on other units having the expertise and the independence to do this kind of work effectively. At this stage, OED has a significant comparative advantage for process reviews directly connected to development effectiveness.

16. A more formal mechanism needs to be put in place whereby OED, CODE and the RVPs can sit down periodically (perhaps once a year)

and review what is on the table (for implementing OED recommendations).

Such a mechanism already exists (in connection with the Annual Report of the DGO) but it does not substitute for a clear management response mechanism for individual studies.

17. A change in organizational structure would help facilitate a refocusing of OED. OED has difficulty attracting the best and brightest upwardly mobile staff.

An expert review of OED's structure was carried out by the organization planning staff a couple of years ago. A fresh review is starting in the context of the change management initiative. IAD's views will be considered in this context.

18. CODE together with senior Bank management should clarify the roles of OED and of other Bank groups doing evaluation work.

A more systematic approach to programming the work of evaluation units across the Bank has been repeatedly proposed by the DGO in his annual reports. Ironically, IAD has been the most reluctant to share programming information.

19. CODE should ask OED to consider changes in product mix, content and dissemination.

This kind of discussion occurs annually.

20. CODE should ask OED to quantify the cost of less than full support from RVPs and CVPs

Such an exercise amounts to a massive effort to cross check on whether units are implementing recommendations which management has undertaken to carry out. OED will nevertheless consider whether quantification would be helpful in presenting the findings of its follow up work.

CC: DGO Files

(DGO FILES)

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JUL 20 2023

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A L L - I N - 1 N O T E

DATE: 23-Jun-1996 09:23pm

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: RE: CONFIDENTIAL ///FOR YOUR COMMENTS

Let us get together at 1000 in my office on Monday to discuss this

Bob:

I share your assessment about the poor evidence. I'll see you at tomorrow at 10 am.

CC: Francisco Aguirre-Sacasa (FRANCISCO AGUIRRE-SACASA)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: June 23, 1996 11:24am

TO: RUTH JACOBY

(RUTH JACOBY @A1@EDSEL)

TO: MARC ANTOINE AUTHEMAN

(MARC ANTOINE AUTHEMAN @A1@EDSEL)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: IAD Report

An "informal" draft of the IAD review was received by OED late on Friday with a request to respond within a few days.

As next step, we understand that the Auditor General proposes to issue the report formally through the DGO before he goes on home leave on July 3 -- a tight deadline given the sweeping scope of the report.

CC: Francisco Aguirre-Sacasa

(FRANCISCO AGUIRRE-SACASA)

CC: Pablo Guerrero

(PABLO GUERRERO)

CC: DGO Files

(DGO FILES)

File

RECEIVED

96 JUN 21 PM 3:31

DGO

June 21, 1996

Bob

Bob Picciotto
Francisco Aguirre-Sacasa
Pablo Guerrero

We are sending each of you a draft of the IAD review of OED. This an informal draft for your comments. We will revise the draft after receiving your comments and then formally send it back to Bob, as agreed with CODE.

Bob: Graham is not comfortable with our comments on OPR and doesn't know if they should have any role at all. If you could give us your particular input on that one we would find it very helpful.

Graham is going on home leave on July 3 and he would like to get the report officially back to you before then. Hence, if you could get comments back to us by early next week or at least by mid-week we would appreciate it.

Please call me with any questions on the draft.

Bob

Bob Saunders

cc: J. Graham Joscelyne



Record Removal Notice



File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
Document Date June 21, 1996	Document Type Report			
Correspondents / Participants				
Subject / Title Draft - The World Bank Group - IAD Internal Auditing Department - A Review of OED - An Underutilized Resource in Development Effectiveness				
Exception(s) Corporate Administrative Matters				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date October 04, 2018</td></tr></table>	Withdrawn by Shiri Alon	Date October 04, 2018
Withdrawn by Shiri Alon	Date October 04, 2018			

The World Bank
Washington, D.C. 20433
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JULES W. MUIS
Vice President and Controller

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June 6, 1996



Messrs. R. Picciotto
J. Graham Joscelyne

Amici,

This is to invite you both for lunch to clarify (i.e., iron out conflicting feedback I receive from both of you) as to the modus operandi/program/purpose or intent of the IAD/OED quality review. More importantly, however, to have the privilege of your company and inspiring contribution to the prudential, efficiency, and effectiveness setting and the roles we all play in this. My secretary will contact your office to set a convenient date and time.

Sec comes
confidentially

to PG in

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put in Mr

RL



Done
8/1/96

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: April 5, 1996 11:16am

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: IAD Review of OED

Bob:

I met with Bob Saunders and Godfrey (?) yesterday.

He started by explaining the origin of the review. That Mr. Wolfesohn had spoken three times to Graham Joscelyne about IAD doing a review of OED, yet there were no clear terms of reference. He said that the review would not focus on OED's use of funds or other internal control issues. The only telling sign from Wolfensohn had been a question something like: What is the impact of OED on the ground and is it too little too late?

Bob raised a series of issues:

- *The relations between OED and OPR and the Regions.
- *The importance of the ICR backlog.
- *The adequacy/effectiveness of OED feedback/dissemination, e.g. comments on IEPSSs.
- *OED role in helping borrowers implementation capacity.
- *Task Mangers complaints about OED not taking their reservations on project ratings seriously.
- *Regional interest in OED playing a bigger role in mid-term reviews and restructuring -being more involved in the lending processes. Potential conflicts of interest by upstream involvement.
- *Regional perceptions about lack of incentives to take lessons into account.

I responded to each point and pointed Bob to various sources of information and actions which illustrate OED's direct and catalytic contributions. I mentioned the role of management responses and ETB -which puts evaluation findings and lessons on the laps of task managers.

I suggested that in examining OED's impact he had to consider not only the dissemination of lessons, but also OED's accountability contribution to the Bank and the stakeholder community at large. He had to consider the counterfactual, i.e. the Bank without OED. I pointed to him the Development Committee's report. I indicated that OED's budget was only 1% of the total which we leveraged heavily. I explained the role of the Board and CODE.

I also explained the subsidiarity principle under which we operate. The fact that the evaluation function in the Bank was designed to encourage self-evaluation, as a means to enhance learning and the ownership of lessons. Etc., etc...

Finally, he said that within a couple of weeks he would have a draft for us to look at.

He seemed genuinely interested in our cooperation, and he cited our feedback on their ECON review as an example.

CC: Francisco Aguirre-Sacasa
CC: DGO Files

(FRANCISCO AGUIRRE-SACASA)
(DGO FILES)



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File Title Audit, Internal - OED (Operations Evaluation Department) Audit		Barcode No. 1770113		
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Correspondents / Participants				
Subject / Title The World Bank Group - IAD Internal Auditing Department - A Review of OED - An Underutilized Resource in Development Effectiveness				
Exception(s) Corporate Administrative Matters				
Additional Comments		<p>The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.</p> <table border="1"><tr><td>Withdrawn by Shiri Alon</td><td>Date October 04, 2018</td></tr></table>	Withdrawn by Shiri Alon	Date October 04, 2018
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